THE

PUBLIC GENERAL STATUTES

15 & 16 GEO. 6 & 1 ELIZ. 2

CHAPTER 10

Income Tax Act, 1952

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An Act to consolidate certain of the enactments relating to income tax, including certain enactments relating also to other taxes. [28th February 1952.]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

PRELIMINARY

Charge of income tax.

1. Where any Act enacts that income tax shall be charged for any year at any rates, then, subject to the provisions of this Act, the tax at those rates shall be charged for that year in respect of all property, profits or gains respectively described or comprised in the Schedules contained in the sections of this Act enumerated below, that is to say—

Schedule A—Section eighty-two;

Schedule B—Section eighty-three;

Schedule C—Section one hundred and seventeen;

Schedule D—Section one hundred and twenty-two; and

Schedule E—Section one hundred and fifty-six,

and in accordance with the provisions of this Act respectively applicable to those Schedules.

PART I —*cont.*

Effect of charge of income tax at a standard rate and at higher rates.

2.—(1) Where any Act provides that income tax shall be charged for any year at a standard rate and, in the case of an individual whose total income exceeds a stated amount, at a rate or rates exceeding the standard rate in respect of any part or parts of his income in excess of that amount, then, subject to the provisions of this Act—

(*a*) this Act, in so far as it relates to the tax at the standard rate, shall have effect as if income tax were charged for that year at the standard rate only and, in the case of an individual whose total income exceeds the stated amount, the amount of the income tax charged at the standard rate shall, so far as that income tax is borne by him in respect of his income, be deemed to be an instalment at the standard rate of the amount of income tax for which he is chargeable for that year; and

(*b*) where the amount of income tax payable by an individual for that year in respect of his total income is greater than the amount which would have been payable by him in respect thereof if income tax had been chargeable at the standard rate only, the difference between those two amounts (in this Act referred to as "surtax") shall be computed, assessed, charged, collected and paid as a deferred instalment of income tax according to the provisions of this Act relating to surtax.

(2) Where, for a year for which income tax is charged in the manner specified in subsection (1) of this section, a person is required to be assessed and charged with income tax in respect of any property, profits or gains out of which he makes any payment in respect of—

(*a*) any annual interest, annuity or other annual sum; or

(*b*) any royalty or other sum in respect of the user of a patent; or

(*c*) any rent, royalty or other payment which, under any of the provisions of this Act, is declared to be subject to deduction of tax under Chapter I of Part VII of this Act as if it were a royalty or other sum paid in respect of the user of a patent,

he shall, in respect of so much of the property, profits or gains as is equal to the said payment, and may be deducted in computing his total income, be charged at the standard rate only.

Yearly assessments.

3. Every assessment and charge to income tax shall be made for a year commencing on the sixth day of April and ending on the following fifth day of April.

Fractions of twenty shillings.

4. The due proportion of income tax shall be charged for every fractional part of twenty shillings, but no tax shall be charged of a lower denomination than one penny.

PART II

PRINCIPAL PROVISIONS AS TO ADMINISTRATION, ASSESSMENT, APPEALS AND COLLECTION

CHAPTER I

COMMISSIONERS AND OFFICERS

Commissioners of Inland Revenue.

5.—(1) The income tax shall be under the care and management of the Commissioners of Inland Revenue.

(2) The said Commissioners may do all such acts as may be deemed necessary and expedient for raising, collecting, receiving and accounting for the tax in the like and as full and ample a manner as they are authorised to do with relation to any other duties under their care and management and, unless the Treasury otherwise direct, shall appoint such officers and other persons for collecting, receiving, managing and accounting for the tax as are not required to be appointed by some other authority.

(3) All such appointments shall continue in force notwithstanding the death, or ceasing to hold office, of any Commissioner of Inland Revenue, and the holders shall have power to execute the duties of their respective offices, and to enforce, in the execution thereof, all laws and regulations relating to the tax in every part of the United Kingdom.

(4) The Commissioners may suspend, reduce, discharge or restore, as they see cause, any such officer or person.

General and Additional Commissioners.

6.—(1) All matters relating to the income tax under Schedules A, B and D, so far as they are not directed by this Act to be executed by any other Commissioners, and, subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force, all matters relating to the income tax under Schedule E so far as they are not executed by any other Commissioners, shall be executed, as heretofore, by the Commissioners for the general purposes of the income tax (in this Act referred to as " General Commissioners "), who shall continue to act for the same separate areas as heretofore (in this Act referred to as " divisions "):

Provided that where any lands in England or Wales, or lands and heritages in Scotland, are partly in one division and partly in another, or where it is desirable for the convenience of assessment to transfer any lands in England or Wales, or lands and heritages in Scotland, from one division to another division, the Commissioners of Inland Revenue, at the request of the General Commissioners concerned, shall, by order in writing, determine which body of General Commissioners shall have the jurisdiction, and the whole lands, or lands and heritages, aforesaid shall be within such jurisdiction accordingly.

(2) Whenever the General Commissioners for any division deem it expedient that certain of the powers under this Act shall be executed by Commissioners other than and in addition

PART II —*cont.*

to the persons appointed to be General Commissioners, they may appoint Additional Commissioners.

(3) Whether or not Additional Commissioners are appointed for any division, any General Commissioner for any division may act as an Additional Commissioner for that division, and references in this Act to Additional Commissioners shall be construed accordingly.

(4) A General Commissioner shall not be precluded from acting as such by reason of his acting or having acted (whether under subsection (3) of this section or otherwise) as an Additional Commissioner, except only in the hearing or determining of appeals relating to assessments made by him as an Additional Commissioner.

(5) The provisions of the First Schedule to this Act shall have effect with respect to the appointment of, and otherwise in relation to, General Commissioners and Additional Commissioners.

Clerks and Assistant Clerks to General Commissioners.

7.—(1) The General Commissioners for every division shall, at meetings held as may from time to time be necessary, by a majority elect a fit person to be their clerk and, if they deem it necessary, one other fit person to be his assistant, for all matters under their jurisdiction within their division, and the persons so appointed shall continue in office during the pleasure of the Commissioners by whom they were appointed.

(2) The clerk to the General Commissioners for each division or his assistant shall be appointed clerk to the Additional Commissioners for the same division, and shall attend their meetings as such.

(3) Every such clerk and assistant shall execute his office under the provisions and regulations of this Act and shall act as such in all matters under the jurisdiction of the General and Additional Commissioners respectively.

(4) A person elected as clerk shall not be removable from office otherwise than by a majority of Commissioners present at a meeting of the Commissioners called for that purpose, and any such meeting shall be summoned by a notice in writing, signed by the Commissioners, or in Scotland by their respective conveners, and served upon each Commissioner qualified for the division.

(5) A clerk shall not demand or receive any fee, gratuity or perquisite for anything done by him as clerk in pursuance of this Act, from any person otherwise than as permitted by this Act.

(6) A person who holds the office of clerk to the Commissioners shall receive as remuneration—

(*a*) a sum not less than the amount paid to the clerk by way of poundage for income tax for the year 1890-91; and

(*b*) such further sum, if any, as the Commissioners of Inland Revenue, if they consider it expedient, may with the consent of the Treasury grant either on account of expenses incurred other than necessary office expenses or as additional remuneration.

(7) A clerk or clerk's assistant who—

(*a*) wilfully obstructs or delays the execution of this Act; or

(*b*) negligently conducts or wilfully misconducts himself in the execution of this Act,

shall incur a penalty of one hundred pounds, and shall be dismissed from his office, and be incapable of again acting as clerk or clerk's assistant.

Special Commissioners.

8.—(1) The Commissioners of Inland Revenue, together with such other persons as the Treasury may by warrant from time to time appoint, shall be Commissioners for the special purposes of the Income Tax Acts (herein referred to as "Special Commissioners"), and shall, by virtue of their office and appointment, respectively, and without other qualification, have authority to execute such powers, and to perform such duties, as are assigned to them by this Act.

(2) In cases in which the Special Commissioners have authority to make, sign or allow assessments or to hear appeals, they shall possess and exercise all the powers of the Additional Commissioners and General Commissioners with respect to assessments, appeals and the collection and recovery of tax.

(3) The Special Commissioners shall, in matters within their jurisdiction, have all the powers of any other Commissioners under this Act but, save when acting in the place of General Commissioners or in the matter of any appeal, and subject to any provision of this Act authorising or requiring them to hear and determine any matter in like manner as on an appeal made to them against an assessment under Schedule D, shall not have power to summon any person to be examined before them, but all enquiries by or before them shall be answered by affidavit, to be taken before one of the General Commissioners in their respective divisions.

(4) Special Commissioners shall be allowed such sums in respect of salary and incidental expenses as the Treasury direct.

(5) The Treasury shall cause an account of all appointments of Special Commissioners with salaries to be laid before Parliament, within twenty days of their appointment, or, if Parliament be not then sitting, within twenty days after the next meeting of Parliament.

PART II —*cont.*

Commissioners for affairs of Banks of England and Ireland and National Debt Commissioners.

9. For the purpose of assessing and charging income tax in the cases mentioned in this section, the following persons shall be Commissioners, and shall have all the powers of the General Commissioners for that purpose, and shall make assessments under and subject to the provisions of this Act, that is to say—

(*a*) in respect of—

(i) interest, annuities, dividends and shares of annuities, and the profits attached to the same, payable out of the public revenue of the United Kingdom to the Bank of England; and

(ii) interest, annuities, dividends and shares of annuities entrusted to the Bank of England for payment; and

(iii) profits or gains of the Bank of England chargeable under Schedule D; and

(iv) all other interest, annuities and dividends payable by the Bank of England; and

(v) subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force, salaries and pensions payable by the Bank of England; and

(vi) all other profits chargeable with tax arising within any office or department under the management or control of the Bank of England; and

(vii) interest, annuities, dividends and shares of annuities, and the profits attached to the same, payable out of the public revenue of the United Kingdom to the Bank of Ireland; and

(viii) interest, annuities, dividends and shares of annuities entrusted to the Bank of Ireland for payment, being dividends, as defined in section one hundred and twenty-one of this Act, on Government stock registered or inscribed in the books of the Bank of Ireland in Dublin, as so defined,

the Governor and Directors of the Bank of England;

(*b*) in respect of interest, annuities, dividends and shares of annuities to which paragraph (1) of Article 1 of the Bank of Ireland (Belfast Register) Order, 1923 (as amended by Part II of the Eleventh Schedule to the Finance Act, 1942) applies which are entrusted to the Bank of Ireland for payment, such of the officers appointed by the Bank of Ireland under that Order for the management of the stock, annuities and bonds to which that paragraph relates as the Treasury may nominate;

PART II —*cont.*

(*c*) in respect of interest, annuities, and dividends payable by the National Debt Commissioners and, subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force, salaries and pensions payable in any office or department under their management or control, those Commissioners.

Commissioners for courts, public departments, and Houses of Parliament.

10.—(1) The Lord Chancellor, the judges, and the principal officer or officers of each court or public department of office under the Crown, shall have authority to appoint Commissioners from among the officers of that court or department:

Provided that—

(*a*) the Treasury may determine that, in any particular department of office, or in any naval or military court, Commissioners shall not be appointed, and that the officers of any such department or court shall be assessed in some other department named by them:

(*b*) in any case where, under the provisions hereinafter contained, the Treasury appoint Commissioners in any court or department, they may, where necessary, unite two or more courts or departments under the same Commissioners, but in any such case there shall be distinct officers from each court or department so united for assessing and collecting the tax, and where the Commissioners of one department execute this Act in relation to any other department, the collectors for such last-named department shall be appointed from the officers of that department:

(*c*) if any dispute arises as to the department in which any office is executed, the Treasury shall determine the same.

In this subsection, "court," unless the context otherwise requires, includes every court, whether civil, judicial, criminal, ecclesiastical, commissary, naval or military.

(2) The Speaker and the principal clerk of either House of Parliament, and the principal or other officers in any county palatine, or of the Duchy of Cornwall, or of any ecclesiastical court, or of any inferior court of justice, or ecclesiastical body or corporation, shall respectively be authorised to appoint Commissioners from among the persons executing offices in either House of Parliament, or in their respective departments of office.

(3) Any three or more Commissioners, not exceeding seven, appointed as aforesaid, shall execute this Act in relation to the offices and employments of profit in either House of Parliament, or in their respective courts or departments.

(4) The names of Commissioners so appointed shall be notified to the Commissioners of Inland Revenue within one month

PART II —*cont.*

after the fifth day of April in every year, and the failure of notification in due time shall be conclusive evidence of default in making any such appointment.

(5) Where there shall be any default in the appointment of Commissioners under this section, the Treasury, within one month of the notification by the Commissioners of Inland Revenue of such default, shall appoint Commissioners from the officers of either House of Parliament, or any court or department, as the case may require.

If, in any case, the Treasury make no such appointment as aforesaid, the General Commissioners shall, on due notice, execute this Act in respect of the offices and employments of profit concerned.

Where there is not a sufficient number of officers in a court or department proper to be appointed, the Treasury may direct that the Commissioners for some other department shall execute this Act in respect of the offices and employments of profit in that court or department.

(6) Every appointment under this section shall be until other Commissioners are appointed, but may be renewed annually on or before the fifth day of April:

Provided that Commissioners once appointed may continue to act from year to year without any new appointment, unless it be deemed expedient that any department, for which Commissioners have been appointed under the provisions of this Act, should be assessed under the Commissioners of some other department.

(7) In respect of tax on pensions or stipends payable by the Crown, or out of the public revenue, in cases not otherwise provided for by this Act, the paymasters of civil services, and such other persons as the Treasury shall appoint, shall be Commissioners for executing this Act in relation thereto or shall appoint Commissioners from among the officers of their departments for the purpose.

(8) The Treasury may, if they think special circumstances so require, by minute assign to the persons to whom this subsection applies such remuneration as they think expedient.

Every such minute shall state the circumstances under which it is made, and shall be laid before Parliament within one month after it is made, or, if Parliament be not then sitting, within one month after the next meeting of Parliament.

The persons to whom this subsection applies are persons acting as clerks to Commissioners, or as collectors, in the offices of either House of Parliament, the National Debt Commissioners, courts and public departments, or in the offices of paymasters of civil services.

PART II —*cont.*

(9) The references in this section to either House of Parliament include references to either House of the Parliament of Northern Ireland.

Commissioners for public offices in municipalities.

11.—(1) In every corporate city, borough, town or place, the mayor and members of the corporation, by whatever name described, or any three or more of them, not exceeding seven, shall be Commissioners for executing this Act in relation to public offices or employments of profit therein, and in every guild, fraternity, company or society, whether corporate or not corporate, therein, and may act in all respects as fully and effectually as any other Commissioners in relation to tax under this Act.

(2) The names of any such Commissioners shall be notified to the Commissioners of Inland Revenue within one month after the fifth day of April in every year, and the failure of notification in due time shall be conclusive evidence of default in making any such appointment.

General provisions as to Commissioners.

12.—(1) Anything required under this Act to be done by the General Commissioners, the Special Commissioners, or any other Commissioners may, save as otherwise expressly provided by this Act, be done by any two or more Commissioners:

Provided that—

(*a*) any assessment to be made, signed or allowed by the Special Commissioners may be made, signed or allowed by one Special Commissioner; and

(*b*) this subsection shall apply to the Additional Commissioners only as respects the exercise of the powers conferred on them by section forty-nine of this Act (which relates to the charge of treble tax where an assessment is increased), and save as aforesaid—

(i) anything required by this Act to be done by the Additional Commissioners may be done by one Additional Commissioner; and

(ii) one Additional Commissioner shall be competent to form a meeting of the Additional Commissioners.

(2) Any General Commissioner may administer an oath required or permitted to be taken before the General Commissioners under this Act in any matter touching the execution of this Act.

(3) If any Commissioners fail to hold a meeting, or to make any appointment, or to do any other act required of them by this Act, within the time prescribed by this Act, they shall do so as soon as may be after the expiration of that time, and any meeting so held, or appointment so made, or act so performed, shall be valid and effectual.

PART II —*cont.*

(4) Every Commissioner acting in the execution of this Act shall be chargeable with tax in the same manner as any other person, but shall take no part in the proceedings, and shall not be present, when any assessment, statement, or schedule is under consideration, or any controversy or appeal is being determined, with reference to any case in which he is interested, either in his own right or in the right of any other person as his agent, except during the hearing of an appeal for the purpose of being examined orally by the Commissioners, and he shall withdraw during the consideration and determination of the controversy or appeal.

(5) A Commissioner who, in any such case, takes any part in the determination of any such controversy or appeal, or fails to withdraw, shall incur a penalty of fifty pounds.

(6) The respective Commissioners for executing this Act in relation to offices and employments of profit and pensions and stipends shall, as soon as practicable after their appointment, meet and make and subscribe the declaration contained in Part II of the Second Schedule to this Act, and may respectively elect a clerk, and if the tax cannot be deducted at the department of office of the Commissioners or at the office for which they act, they may, from among the officers in their respective departments, appoint separate collectors for each such department:

Provided that no collector shall be appointed by any Commissioners acting under the last preceding section.

Inspectors and surveyors.

13.—(1) The Treasury may appoint inspectors and surveyors, and all such inspectors and surveyors, and all other officers and persons employed in the execution of this Act, shall observe and follow the orders, instructions and directions of the Commissioners of Inland Revenue.

(2) The Treasury may fix such salaries and allowances for the remuneration of inspectors and surveyors, and all other officers and persons employed in the execution of this Act, as the Treasury think fit, and may discharge such incidental charges and expenses in connection therewith as the Treasury may think reasonable.

(3) An inspector or surveyor who—

(*a*) wilfully makes a false and vexatious surcharge of tax; or

(*b*) wilfully delivers, or causes to be delivered, to the General Commissioners a false and vexatious certificate of surcharge, or a false and vexatious certificate of objection to any supplementary return in a case of surcharge; or

(*c*) knowingly or wilfully, through favour undercharges or omits to charge any person; or

(*d*) is guilty of any fraudulent, corrupt or illegal practices in the execution of his office, PART II —*cont.*

shall, for any such offence, incur a penalty of one hundred pounds, and on conviction shall be discharged from his office.

Collectors.

14.—(1) Collectors of taxes (other than collectors appointed by Commissioners appointed under section ten of this Act) shall be appointed by the Commissioners of Inland Revenue and shall hold office during their will and pleasure, and shall be paid such remuneration as the Treasury may determine.

(2) Every collector appointed by the Commissioners of Inland Revenue shall be a collector for every division or district and shall have, in relation to every division or district, all the powers conferred by this Act on the collector, and references in this Act to the collector shall be construed accordingly.

(3) A collector appointed by the Commissioners of Inland Revenue shall, on his appointment, receive from the Commissioners of Inland Revenue a warrant for collecting and levying the tax from time to time charged in any division or district, including tax due or assessed before the date of the warrant.

(4) A collector shall, for the purpose of any indictment or criminal proceedings for any felony or misdemeanour committed by him as such collector, be deemed to be employed in the public service of the Crown and to be a clerk, officer or servant of the Commissioners of Inland Revenue.

Assessors.

15. Any functions conferred by this Act on the assessor shall be exercised, as may be necessary, by the surveyor or the collector, according as the Commissioners of Inland Revenue may direct, and references in this Act to assessors shall be construed accordingly.

Declarations on taking office.

16.—(1) Every person appointed to one of the offices named in Part I of the Second Schedule to this Act shall, before he begins to act in the execution of this Act so far as relates to the tax under Schedule D, make and subscribe the declaration therein contained in respect of his office.

(2) The declaration may be made before any General, Additional or Special Commissioner, but where it is made by any such Commissioner, it shall be made either before a General Commissioner or a Special Commissioner.

(3) A person who acts in the execution of his office in relation to the tax under Schedule D (otherwise than in respect of any such declaration made before him) before he has made the prescribed declaration, shall forfeit the sum of one hundred pounds.

PART II —*cont.*

Exemption of Commissioners from serving on juries.

17.—(1) Every person acting as a Commissioner in the execution of this Act shall, on request, be entitled to a certificate thereof, under the hands of the Commissioners of Inland Revenue.

(2) The holder of a certificate shall, while the same is in force, be discharged from all parish and ward offices in the parish and ward, and from serving on juries in the county wherein he dwells.

(3) A certificate shall continue in force so long only as the person to whom it is granted continues to act as such Commissioner, and may be revoked by the Treasury if it appears to them that the holder has neglected to perform his duty as such Commissioner.

(4) A certificate shall be enrolled by the clerk of the peace of the county or city in which the holder dwells, on payment of a fee of one shilling, and the clerk of the peace shall cause every certificate which is revoked to be taken off the roll, on notice thereof being given to him by the Commissioners of Inland Revenue.

(5) Nothing in this section shall affect subsection (1) of section two of the Juries Act, 1922 (which provides that persons named in the jurors book shall be liable to serve as jurors notwithstanding that they might have claimed exemption).

CHAPTER II

RETURNS AND ASSESSMENT

Duty of person chargeable to give notice of chargeability.

18.—(1) It shall be the duty of every person who is chargeable to income tax for any year of assessment to give notice to the surveyor that he is so chargeable at or before the end of that year:

Provided that no such notice need be given by any person as respects any year for which he has delivered a statement of his profits and gains in accordance with the provisions of this Act.

(2) If any person, without reasonable excuse, fails to give such a notice as aforesaid, he shall—

(*a*) if proceeded against by action in any court, forfeit the sum of twenty pounds and treble the tax which he ought to be charged under this Act; or

(*b*) if proceeded against before the General Commissioners, forfeit a sum not exceeding twenty pounds and treble the tax which he ought to be charged under this Act,

and where he is proceeded against before the General Commissioners, the penalty shall be recovered in the same manner as any other penalty under this Act, and the increased tax shall be added to the assessment.

PART II —*cont.*

Return by individual of previous year's income from all sources.

19. Every individual, when required so to do by a notice given to him by the surveyor, shall, within the time limited by the notice, prepare and deliver to the surveyor a true and correct return in the prescribed form of all the sources of his income and of the amount derived from each source for the year preceding the year of assessment, computed in accordance with the provisions of this Act except that the computation of income shall be made by reference to the year preceding the year of assessment and not by reference to any other year or period:

Provided that where the individual is chargeable to surtax and there is in force an election by him under section two hundred and thirty-one of this Act to make a return of his total income to the Special Commissioners, the return required to be made by the individual under this section shall be limited to a return of any income which is assessable under either Schedule D or Schedule E.

Return of current year's chargeable income under the respective Schedules.

20.—(1) Every person chargeable under this Act, when required so to do by a notice given to him by the surveyor, shall, within the time limited by the notice, prepare and deliver to the surveyor a true and correct statement in writing, signed by him, containing the amount of the profits or gains arising to him, from each and every source chargeable according to the respective Schedules, estimated for the period and according to the provisions of this Act.

(2) To the said statement shall be added a declaration that such amounts are estimated in respect of all the sources of income mentioned in this Act, describing the same, after deducting only such sums as are allowed.

(3) Every such statement shall be made exclusive of any interest of money or other annual payment arising out of the property of any other person charged in respect thereof.

(4) Every person upon whom a notice has been served by the surveyor requiring him to deliver a statement of any profits, gains, or income in respect of which he is chargeable under Schedule D or Schedule E shall deliver a statement in the form required by the notice, whether or not he is so chargeable:

Provided that the penalty inflicted upon any person proceeded against for not complying with this provision who proves that he was not chargeable to tax shall not exceed five pounds for any one offence.

Returns by persons acting for others.

21.—(1) Every person acting in any character on behalf of any incapacitated person or person not resident in the United Kingdom who, by reason of such incapacity or non-residence in the United Kingdom, cannot be personally charged under this Act, shall, whenever required to do so by a notice given to him by the surveyor, within the time limited by the notice and in any division in which he may be chargeable on his own

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account, deliver such a statement as in the last preceding section is described of the profits or gains in respect of which tax is to be charged on him on account of that other person, together with the prescribed declaration.

(2) Where two or more such persons are liable to be charged for the same person—

(*a*) one statement only shall be required to be delivered which may be made by them jointly, or by any one or more of them; and

(*b*) notice in writing may be given by any such persons to the General Commissioners for each division in which they are called upon for a statement stating in which divisions or division they are respectively chargeable on their own account, and in which of those divisions they desire to be charged on behalf of the person for whom they act, and they shall, if any one of them be liable to be charged on his own account in that division, be charged therein accordingly by one assessment.

Delivery of lists by persons in receipt of taxable income belonging to others.

22.—(1) Every person who, in whatever capacity, is in receipt of any money or value, or of any profits or gains arising from any of the sources mentioned in this Act, of or belonging to any other person who is chargeable in respect thereof, or who would be so chargeable if he were resident in the United Kingdom and not an incapacitated person, shall, whenever required so to do by a notice given to him by the surveyor, prepare and deliver, within the time mentioned in the notice, a list in the prescribed form, signed by him, containing—

(*a*) a true and correct statement of all such money, value, profits or gains; and

(*b*) the name and address of every person to whom the same belong; and

(*c*) a declaration whether every such person is of full age, or is a married woman, or is resident in the United Kingdom or is an incapacitated person.

(2) If any person above described is acting jointly with any other person, he shall, in like manner, deliver a list of the names and addresses of all persons joined with him at the time of delivery of the list mentioned in subsection (1) of this section.

List of lodgers and inmates.

23. Every person, when required so to do by a notice served on him by the surveyor, shall, within the time limited by the notice, prepare and deliver to the surveyor a list, in writing, containing to the best of his belief—

(*a*) the name of every lodger or inmate resident in his dwelling-house; and

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(*b*) the name and ordinary place of residence of any such lodger or inmate who has any ordinary place of residence elsewhere at which he can be assessed and who desires to be assessed at such ordinary place of residence.

Returns as to annual value of land.

24.—(1) Every person chargeable under this Act, when required to do so by a notice given to him by the assessor, shall, within the period limited by the notice, prepare and deliver to the assessor a true and correct statement in writing, signed by him, containing the annual value of all lands and tenements in his occupation, whether situate in one or more than one division.

(2) To the said statement there shall be added a declaration that such values are estimated after deducting only such sums as are allowed.

(3) Any person who delivers a statement of the amount of the annual value on which any tax is chargeable shall, so far as the same are applicable, observe the rules and directions contained in the Third Schedule to this Act.

Form of returns and penalties for neglect to deliver returns.

25.—(1) Any such lists, declarations, statements and returns as are provided for by the preceding provisions of this Chapter shall be in such form as the Commissioners of Inland Revenue shall prescribe, and in prescribing forms under this subsection the Commissioners shall have regard to the desirability of securing, so far as may be possible, that no person shall be required to make more than one return annually of the sources of his income and the amounts derived therefrom.

(2) Any statement of annual value or profits or gains to be charged under Schedule A, Schedule B, Schedule D or Schedule E shall include a general declaration declaring the truth thereof and that the same is fully stated on every description of property, or profits or gains, included in the Act relating to the tax, and appertaining to the person returning the statement, estimated to the best of his judgment and belief, according to the provisions of this Act.

(3) A person who neglects or refuses to deliver, within the time limited in any notice served on him, or wilfully makes delay in delivering, a true and correct list, declaration, statement or return which he is required under the preceding provisions of this Chapter to deliver shall—

(*a*) if proceeded against by action in any court, forfeit the sum of twenty pounds and treble the tax which he ought to be charged under this Act; or

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(*b*) if proceeded against before the General Commissioners, forfeit a sum not exceeding twenty pounds and treble the tax which he ought to be charged under this Act,

and where he is proceeded against before the General Commissioners, the penalty shall be recovered in the same manner as any other penalty under this Act, and the increased tax shall be added to the assessment.

(4) The Commissioners shall also proceed to assess or cause to be assessed every such person who makes default as aforesaid.

(5) If any person who is required to deliver a list, declaration, statement or return on behalf of any other person delivers an imperfect list, declaration, statement or return and declares himself unable, within the time limited, to deliver a more perfect list, declaration, statement or return and states the reasons for his inability, he shall not, if the General Commissioners are satisfied with his explanation and grant further time for delivery, be liable to the penalty prescribed by this section if he delivers, within the further time granted, as perfect a list, declaration, statement or return as the nature of the case permits.

(6) If a person delivers to any surveyor a list, declaration or statement on a form prepared for the purpose by direction of the Commissioners of Inland Revenue, he shall be deemed for the purposes of this section to have been required by a notice under the preceding provisions of this Chapter to prepare and deliver that list, declaration or statement, and the time limited for the delivery thereof shall be deemed for the purposes of this section to have expired on the date of its delivery to the said surveyor.

(7) Any list, declaration, statement or return required by the preceding provisions of this Chapter to be delivered to the surveyor shall be made available to the General, Additional or Special Commissioners and their respective clerks, and, whenever necessary, to the assessors for the preparation and making of assessments.

Returns by persons coming to reside in a division.

26.—(1) If any person comes into a division in which he has not been charged to tax, the collector or surveyor may give him notice in writing to deliver, within fourteen days from the giving of the notice—

(*a*) a declaration in writing, signed by him, specifying the division in which he has been assessed ; or

(*b*) in default thereof, a statement in order that he may be assessed and charged in the division into which he has come.

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(2) A person who neglects or refuses to deliver, within the time limited, any such declaration or statement, or makes a declaration or statement which is false or untrue in any particular, shall forfeit a sum not exceeding twenty pounds.

(3) If in any case a person who is, or who resides, in any division has not been assessed therein, the Commissioners acting for the division may assess him as though he had been resident there at the beginning of the year of assessment, unless he proves to their satisfaction that he has been duly assessed in some other division.

Lists of employees, etc.

27.—(1) Every employer, when required to do so by notice from the assessor, shall, within the time limited by the notice, prepare and deliver to the assessor a return containing—

(*a*) the names and places of residence of all persons employed by him; and

(*b*) the payments made to those persons in respect of that employment,

except persons who are not employed in any other employment and whose remuneration in the employment for the year does not exceed one hundred and ten pounds or, if the employment is for less than the year, a proportionately reduced amount:

Provided that an employer shall not be liable to any penalty for omitting from any such return the name or place of residence of any person employed by him and not employed in any other employment, if it appears to the General Commissioners, on inquiry before them, that that person is entitled to total exemption from tax.

The references in this subsection to payments made to persons in respect of their employment and to the remuneration of persons in their employment shall be deemed to include references—

(i) to any payments made to employed persons in respect of expenses; and

(ii) to any payments made on behalf of employed persons and not repaid; and

(iii) to any payments made to the employees in a trade or business for services rendered in connection with the trade or business, whether the services were rendered in the course of their employment or not.

(2) Any director of a company, or person engaged in the management of a company, shall be deemed for the purposes of this section to be a person employed.

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(3) Where the employer is a body of persons, the secretary of the body, or other officer (by whatever name called) performing the duties of secretary, shall be deemed to be the employer for the purposes of this section:

Provided that where the employer is a body corporate, that body corporate shall be liable to a penalty for failure to deliver a return in pursuance of this section as well as the said secretary or other officer.

Return as to commissions to persons other than employees.

28.—(1) Every person carrying on a trade or a business, if required to do so by notice from the surveyor, shall, within the time specified in the notice, make and deliver to the surveyor a return of all payments or other consideration to which this section applies, made or given during a year specified in the notice, giving the names and addresses of the individuals to whom the payments were made or the consideration given, and, in each case, stating the amount of the payment or giving particulars of the consideration, as the case may be:

Provided that no payment made to any individual shall be required to be included in any such return if the total amount of the payments to that individual in the year covered by the return does not exceed fifteen pounds.

(2) This section applies to any payment or other valuable consideration made or given in the course of the trade or business in question or in connection with its formation, acquisition, development or disposal, being a payment or consideration which is in the nature of a commission for services rendered, and is made or given to any individual who is not an employee of the person making the return.

Power to obtain information as to interest paid or credited without deduction of tax.

29.—(1) Every person carrying on a trade or business who, in the ordinary course of the operations thereof, receives or retains money in such circumstances that interest becomes payable thereon which is paid or credited without deduction of income tax, and, in particular, every person carrying on the trade or business of banking, shall, if required to do so by notice from a surveyor, make and deliver to the surveyor, within the time specified in the notice, a return of all interest paid or credited by him as aforesaid during a year specified in the notice in the course of his trade or business or any such part of his trade or business as may be so specified, giving the names and addresses of the persons to whom the interest was paid or credited and stating, in each case, the amount of the interest:

Provided that—

(*a*) no interest paid or credited to any person shall be required to be included in any such return if the total

amount of the interest paid or credited to that person which would otherwise have fallen to be included in the return does not exceed fifteen pounds; and

(*b*) the year specified in a notice under this subsection shall not be a year ending more than three years before the date of the service of the notice.

(2) Without prejudice to the generality of so much of subsection (1) of this section as enables different notices to be served thereunder in relation to different parts of a trade or business, separate notices may be served under that subsection as respects the transactions carried on at any branch or branches respectively specified in the notices, and any such separate notice shall, if served on the manager or other person in charge of the branch or branches in question, be deemed to have been duly served on the person carrying on the trade or business; and where such a separate notice is so served as respects the transactions carried on at any branch or branches, any notice subsequently served under the said subsection (1) on the person carrying on the trade or business shall not be deemed to extend to any transaction to which the said separate notice extends.

(3) This section shall, with any necessary adaptations, apply in relation to the Post Office Savings Bank as if it were a trade or business carried on by the Postmaster General.

This subsection shall have effect notwithstanding anything in section four of the Post Office Savings Bank Act, 1861, but save as aforesaid that section shall remain in full force and effect.

(4) This section shall apply to interest paid or credited on or at any time after the sixth day of April, nineteen hundred and fifty.

(5) This section shall apply only to money received or retained in the United Kingdom, and if a person to whom any interest is paid or credited in respect of any money received or retained in the United Kingdom by notice in writing served on the person paying or crediting the interest—

(*a*) declares that the person who was beneficially entitled to that interest when it was paid or credited was not then ordinarily resident in the United Kingdom; and

(*b*) requests that the interest shall not be included in any return under this section,

the person paying or crediting the interest shall not be required to include that interest in any such return; and paragraph 4

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of the Sixth Schedule to this Act (which relates to fraudulent claims for relief) shall, with the necessary adaptations, apply in relation to notices under this subsection as it applies in relation to the claims mentioned in the said paragraph 4.

Penalty for neglect to deliver returns under ss. 27, 28 & 29.

30. The provisions of section twenty-five of this Act with respect to the failure to deliver lists, declarations, statements and returns shall apply to returns under the three last preceding sections.

Power to require production of accounts and books.

31.—(1) Where a person who has been duly required to deliver a statement of the profits or gains arising to him from any trade, profession or vocation fails to deliver the statement, or where the Commissioners of Inland Revenue are not satisfied with the statement delivered by any such person, the Commissioners of Inland Revenue may serve on that person a notice in writing or notices in writing requiring him to do any of the following things, that is to say—

(*a*) to deliver to the surveyor copies of such accounts (including balance sheets) relating to the trade, profession or vocation as may be specified or described in the notice within such period as may be therein specified, including, where the accounts have been audited, a copy of the auditor's certificate;

(*b*) to make available, within such time as may be specified in the notice, for inspection by the surveyor or by any officer authorised by the Commissioners of Inland Revenue, all such books, accounts and documents in his possession or power as may be specified or described in the notice, being books, accounts and documents which contain information as to transactions of the trade, profession or vocation,

and, if a person on whom any such notice is served fails without reasonable excuse to comply with the requirements of the notice, he shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

Where the person on whom the notice is served is a body corporate, that body corporate shall be liable to a penalty when there is any failure to comply with the notice, as well as the secretary or other officer performing the duties of secretary of the body corporate.

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(2) The surveyor or other officer may take copies of, or extracts from, any books, accounts or documents made available for his inspection under this section.

Inspection of rate books, etc.

32. The Additional Commissioners, General Commissioners, surveyors and assessors, or any person authorised by them or any of them, may, respectively, in any place within the limits for which they act, from time to time, and at all seasonable times, without payment of any fee, inspect and take copies or extracts from any book kept by a rating officer or other person of or concerning general or poor rates, or any other public taxes, rates or assessments; and a person having the custody of, or power over, any such book who fails to permit such inspection, or the making of copies or extracts, or to attend the Additional Commissioners or General Commissioners with any such books when required to do so, shall for every such offence incur a penalty of ten pounds.

Power of assessors to survey, etc. lands.

33. If—

(*a*) a person chargeable does not, after due notice under this Act, deliver a statement of the annual value of property in his occupation, estimated according to the provisions applicable to the case; or

(*b*) the Commissioners are not satisfied with any statement which has been delivered,

the assessor, on obtaining a signed order of the General Commissioners to that effect, and after two days' notice to the occupier, may, with the assistance of a person or persons of skill named in the order, at all seasonable times in the daytime, view and examine any lands or property chargeable, in order to make a survey thereof, or otherwise to ascertain the annual value at or by reference to which the same ought to be charged, and may enter upon any lands or grounds, whether enclosed or not, and measure and survey the same, if he cannot otherwise ascertain the annual value thereof.

Duty of assessor, etc., as to assessment.

34.—(1) The assessor shall deliver to the Additional Commissioners his certificates of assessment under Schedules A and B and his certificates of assessment under Schedule E, if any, and all statements and lists which have been received by him.

(2) The assessments under Schedules A and B for any division shall contain—

(*a*) the full and just annual value of all lands, tenements, hereditaments and heritages estimated in each particular case as directed by this Act; and

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(*b*) the names of the occupiers and proprietors thereof,

and such assessments, together with all statements which have been delivered to the assessors, both of annual value and of any deductions claimed to be made therefrom, shall be progressively numbered.

(3) The clerks to the respective General Commissioners shall, with all convenient speed, abstract the particulars contained in the lists and statements delivered to the Commissioners, so far as they concern assessments under Schedule A, into books provided for the purpose and according to the forms prescribed by the Commissioners of Inland Revenue.

The abstracts shall contain the names of the persons delivering such lists and statements and shall be delivered to the Commissioners, and every surveyor shall be allowed free access to the books of abstract at all seasonable times and may take copies of or make extracts from them.

(4) If the surveyor or the assessor does not receive a statement from a person liable to be charged to tax, the assessor shall, to the best of his information and judgment—

(*a*) make an assessment upon that person of the amount at which he ought to be charged under Schedules A and B and, subject to the provisions of any regulations under section one hundred and fifty-seven of this Act for the time being in force, under Schedule E; and

(*b*) estimate the amount at which that person ought to be charged under Schedule D, and make a return to the Additional Commissioners of the name and address of that person and of any other particulars which the Additional Commissioners may require.

Allowance of assessments under Schedules A, B and E by Additional Commissioners.

35. The Additional Commissioners shall take into consideration the assessments under Schedules A and B, and any assessments under Schedule E, delivered by the assessors, and if the Commissioners are satisfied that they have been made truly and without fraud and so as to charge the persons, properties and profits to which they relate with the full tax which ought to be charged, they shall sign and allow them.

Assessments under Schedule D.

36.—(1) Statements of profits or gains under Schedule D shall, unless an assessment thereon is required to be made by the Special Commissioners, be laid before the Additional Commissioners, and the Additional Commissioners shall appoint

meetings for the consideration of all such statements as are from time to time delivered to them.

(2) If—

(*a*) the Additional Commissioners are satisfied that a statement has been bona fide made in accordance with this Act, and so as to enable them to assess a person with the full tax which ought to be charged; and

(*b*) no information is given to the Additional Commissioners as to the insufficiency of the statement, and the surveyor makes no objection thereto, which he is hereby authorised to make for sufficient cause,

the Additional Commissioners shall direct an assessment to be made in accordance with the statement:

Provided that—

(i) if the surveyor then declares himself dissatisfied with the determination of the Additional Commissioners, as not being in accordance with the true intent and meaning of this Act, he may require them to state and sign a case, giving their determination thereon, for the opinion of the General Commissioners for the division, which they shall sign and state accordingly; and

(ii) the case so stated and signed shall be delivered to the surveyor, who shall transmit it to the General Commissioners; and

(iii) the General Commissioners shall with all convenient speed return the case with their opinion subscribed thereon, and the assessment shall be altered or confirmed accordingly.

(3) If—

(*a*) a person makes default in the delivery of a statement in respect of any tax under Schedule D with which he has not otherwise been charged; or

(*b*) the Additional Commissioners are not satisfied with a statement which has been delivered, or have received any information as to its insufficiency; or

(*c*) the surveyor makes an objection in writing to a statement as aforesaid, setting forth the cause thereof,

the Additional Commissioners shall make an assessment on the person concerned in such sum as, according to the best of their judgment, ought to be charged on him.

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(4) The Additional Commissioners may refer any statement to the General Commissioners, without making any assessment thereon, by delivering to them a case in writing setting forth the matters in question, either of law or of fact, relating thereto, and the General Commissioners shall proceed to enquire into the merits of such statement, in the like manner as they are authorised to do in the case of an appeal against an assessment, and thereupon an assessment shall be made in accordance with the determination of the General Commissioners.

(5) The Additional Commissioners shall, as their assessments are from time to time completed, cause to be embodied in books provided for the purpose certificates of assessments, in the form prescribed by the Commissioners of Inland Revenue, containing—

(*a*) the names, surnames and addresses of the persons assessed, progressively distinguished by numbers or letters; and

(*b*) the sums which ought to be paid by them respectively.

(6) The assessments shall be signed by the Additional Commissioners and shall thereupon become effective.

Notices of assessment.

37.—(1) Notices of assessments under Schedules D and E shall be served on the persons respectively assessed.

(2) All notices of assessment under Schedules B and D shall be prepared and issued by the surveyor.

(3) As respects tax chargeable under Schedule E this section shall have effect subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force.

Right of persons chargeable under Schedule D to be assessed by the Special Commissioners.

38.—(1) A person chargeable under Schedule D may require that all proceedings in order to an assessment upon him under that Schedule shall be taken before the Special Commissioners, instead of before the Additional Commissioners, and in that case shall deliver a notice of his request, together with the statement of his profits or gains, to the surveyor of the district.

(2) The surveyor shall, after examining the statement, make an assessment to the best of his judgment, and deliver a certificate thereof, together with the statement, to the Special Commissioners, who, after examination thereof, shall sign and allow such an assessment as appears to them just and proper, which shall be subject to appeal as hereinafter provided.

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(3) The Special Commissioners shall notify the amount of the charge to the person charged, who shall pay the tax to the proper officer.

Powers of assessors for public departments.

39.—(1) The provisions of this section shall, subject to the provisions of any regulations under section one hundred and fifty-seven of this Act for the time being in force, have effect with respect to any public department or office for which Commissioners are specially appointed under this Act.

(2) The assessors shall, on request, be furnished, free of charge, by any officer in the department or office or by any agent by whom the same are payable, with true accounts of any salaries, fees, wages, perquisites, profits, pensions or stipends chargeable under Schedule E, and every assessor shall have access to all documents in his department or office which concern any such payments.

(3) Every assessor may, if he is dissatisfied with any such account as aforesaid, or in any case in which it may be necessary, require, from any person to be charged, an account of any salary, fees, wages, perquisites, profits, pensions or stipend, within the like period as is limited for the delivery of statements of profits or gains under this Act, and under the like penalty as is provided in the case of failure to deliver such statements.

(4) The assessors shall assess the persons who hold offices, or are entitled to pensions or stipends, in accordance with the annual amount thereof from the documents, accounts and papers in their respective departments, and shall deliver to the respective Commissioners, within the time prescribed by them, signed certificates of their assessments, in the manner prescribed in respect of assessors for any division.

The said certificates of assessments shall be made without concealment or favour upon all persons employed in the respective departments or offices (including the assessors themselves if so employed) and upon persons in receipt of pensions and stipends.

(5) Every assessment shall set forth—

(*a*) the full and just annual emoluments of every office and employment of profit, and the full annual amount of every pension or stipend;

(*b*) the names of the persons entitled thereto; and

(*c*) the tax payable in each case.

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Power of surveyors to examine assessments and statements.

40.—(1) The surveyor may examine all statements and assessments made for any division for any year of assessment, whether the said assessments have been signed and allowed or not.

(2) Every person having the custody of any statement shall, on request of the surveyor, deliver it into his custody, taking his receipt for the same; and every person having the custody of any assessment shall, on the like request, produce the same to the surveyor, who may take charge of it until he has taken such copies or extracts as may be necessary.

Additional assessments.

41.—(1) If the surveyor discovers—

that any properties or profits chargeable to tax have been omitted from the first assessments; or

that a person chargeable has not delivered any statement, or has not delivered a full and proper statement, or has not been assessed to tax, or has been undercharged in the first assessments; or

that a person chargeable has been allowed, or has obtained from and in the first assessments, any allowance, deduction, exemption, abatement or relief not authorised by this Act,

then and in every such case—

(i) where the tax is chargeable under Schedule A, Schedule B or Schedule E—

(*a*) if the first assessments have not been signed and allowed, the surveyor shall amend the assessment and assess the person liable to the full amount, and at the full rate of tax, at which he ought to be charged;

(*b*) if the first assessments have been signed and allowed, the surveyor shall certify the particulars to the Additional Commissioners, who shall sign and allow an additional first assessment in accordance therewith, which shall be subject to appeal and other proceedings as in the case of a first assessment;

(ii) where the tax is chargeable under Schedule D, the Additional Commissioners shall make an assessment on the person chargeable, in an additional first assessment, in such a sum as, according to their judgment, ought to be charged, and any such assessment shall be subject to appeal.

(2) Any assessments not made at the time when the first assessments are signed and allowed shall, as soon as they are made, be added to the first assessments by means of separate forms of assessment.

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(3) As respects tax chargeable under Schedule E, this section shall have effect subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force.

Certificates and notices of surcharge.

42.—(1) If the surveyor discovers that a person liable to tax has not been charged in respect thereof in any first or additional first assessment, he may surcharge, to the best of his judgment, the person liable, to the amount which ought to have been charged for that year.

(2) In every such case the surveyor shall certify the particulars of the omission, and of the surcharge, to the General Commissioners, and shall give to any person so surcharged notice of the surcharge and particulars thereof.

(3) The General Commissioners, upon the delivery of the certificate and upon oath being made, by the surveyor or some other credible witness, that service of the notice of surcharge has been duly made upon the person surcharged, shall sign and allow the certificate, as hereinafter prescribed, subject to appeal.

(4) Any such certificate of surcharge shall not be signed or allowed, nor shall any appeal against the surcharge be heard, by the General Commissioners, before the expiration of ten days after service of the notice of surcharge.

(5) The certificate of the surveyor, together with the oath of service of the notice of surcharge, shall be sufficient proof of the contents thereof, unless, on the production of the notice to the General Commissioners, the contrary is shown by the person surcharged, and no other proof than as aforesaid of the contents of any such notice shall be required before the certificate is signed and allowed, or on appeal therefrom, or in any matter relating thereto.

(6) The oath of service of notice of surcharge shall be to the effect that a notice was duly served, upon each person mentioned in the certificate, containing the particulars as set forth therein, on the day or days mentioned in the certificate.

Power of person surcharged to make amended return.

43.—(1) A person to whom such a notice of surcharge has been given may, whether he has previously delivered a statement or not, within ten days from the service of the notice—

(*a*) deliver to the surveyor a true and perfect return, containing all the particulars required by this Act; or

(*b*) give notice in writing to the surveyor that he abides by the statement previously delivered by him.

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(2) To such return or notice shall be annexed a declaration signed by the person to whom the notice of surcharge was given and further signed and attested by one or more credible witnesses, and the declaration shall state, as the case may require—

(*a*) the grounds and cause of the neglect to deliver a statement; or

(*b*) the grounds and cause of every omission made, or stated in the notice of surcharge to have been made, in any statement delivered by him; or

(*c*) the grounds and cause of every claim of exemption, abatement, relief, allowance or deduction made in any such statement; and

(*d*) that the statement by which he abides, or the return to which the declaration is annexed, is a true and perfect return of all particulars required by this Act, to the best of the judgment and belief of the declarant; and

(*e*) that any neglect, omission or claim was not made with intent to defraud the revenue.

(3) If a person, in any such declaration as aforesaid, wilfully and fraudulently declares anything which is false, he shall be guilty of a misdemeanour, and shall be liable to imprisonment not exceeding six months, and to a fine not exceeding treble the amount of tax for which he has been surcharged, as the court shall order.

The indictment for any such misdemeanour shall, subject to the provisions of section eleven of the Criminal Justice Act, 1925, and of any other enactment passed after the Income Tax Act, 1918, which relates to the place where persons may be indicted, be laid in the county in which the declaration was exhibited to the General Commissioners.

(4) If the surveyor is satisfied with the statement or return and the declaration, he may certify his satisfaction therewith to the General Commissioners, and the Commissioners shall thereupon cause the person surcharged to be charged on the amount set forth in the statement or return, in single rate of tax.

Power of surveyor to object to amended return.

44.—(1) The surveyor may object to any such statement, return, or declaration, and in that case—

(*a*) he shall serve notice of objection on the person surcharged; and

(*b*) he shall certify the statement or return and the declaration, together with the cause of his objection, to the General Commissioners.

(2) The General Commissioners shall thereupon cause a charge to be made in accordance with the said certificate of objection, and no abatement shall be made therefrom except upon an appeal by the person surcharged.

Allowance of surcharges.

45.—(1) If, within ten days after the service of the notice of surcharge, the person surcharged delivers a return and declaration to which the surveyor objects, that delivery shall operate as a notice of appeal to the General Commissioners against the surcharge.

(2) If the person surcharged does not, before the expiration of ten days after service of the notice of surcharge, deliver a return or declaration, the General Commissioners may, if he or his agent appears upon the day appointed for hearing appeals against surcharges and delivers a return and declaration as is herein required, hear and determine the matter, although the person surcharged has not given notice of his intention to appeal.

(3) If, upon the said day, neither the person surcharged nor his agent appears, or in default of the delivery of a return or declaration as aforesaid, the General Commissioners shall confirm the certificate of surcharge.

(4) If—

(*a*) the Commissioners do not meet before the time limited for the hearing of appeals from the surcharges of the surveyor; or

(*b*) the surveyor has not had notice of a meeting of the Commissioners,

the Commissioners shall, at their next subsequent meeting, sign and allow the certificates, and afterwards hear and determine all appeals therefrom.

(5) In default of a meeting of the Commissioners, the delivery of a certificate of surcharge by the surveyor to their clerk shall be a sufficient delivery.

Supplementary assessments.

46.—(1) A certificate of surcharge, as aforesaid, shall be sufficient authority to the General Commissioners for causing supplementary assessments to be made from time to time.

(2) Supplementary assessments shall include—

(*a*) all surcharges according to the certificates of surcharge, amended in cases requiring amendment, according to the determination of the Commissioners;

(*b*) all treble tax, or any part thereof, assessed over and above the rate or rates of tax prescribed; and

(*c*) all penalties imposed by the Commissioners for offences under this Act.

PART II —*cont.*

Time limit for assessments, additional assessments and surcharges.

47.—(1) Subject to the provisions of this section and to any provision of this Act allowing a longer period in any particular class of case, an assessment, an additional first assessment or a surcharge under any Schedule may be amended or made, as the case may be, under the preceding provisions of this Chapter at any time not later than six years after the end of the year to which the assessment relates or the year for which the person liable to income tax ought to have been charged:

Provided that where any form of fraud or wilful default has been committed by or on behalf of any person in connection with or in relation to income tax, assessments, additional assessments and surcharges on that person to income tax for that year may, for the purpose of making good to the Crown any loss of tax attributable to the fraud or wilful default, be amended or made as aforesaid at any time.

(2) For the purposes of the charge of income tax on the executors or administrators of a deceased person in respect of the profits or gains or income which arose or accrued to him before his death, the time allowed by subsection (1) of this section shall in no case extend beyond the end of the third year next following the year of assessment in which the deceased person died.

(3) An objection to the amending or making of any assessment, additional assessment or surcharge to income tax on the ground that the time limited for the amendment or making thereof has expired shall only be made on appeal from the assessment, additional assessment or surcharge.

Penalty for fraudulent conversion of property or making fraudulent statements, etc.

48.—(1) Where a person who ought to be charged with tax, as directed by this Act, is not duly assessed and charged by reason that he has—

(*a*) fraudulently changed his place of residence or fraudulently converted, or fraudulently released, assigned or conveyed any of his property; or

(*b*) made and delivered any statement or schedule which is false or fraudulent; or

(*c*) fraudulently converted any of his property, which was chargeable, by altering any security relating thereto or by fraudulently rendering it temporarily unproductive, in order not to be charged for the same or any part thereof; or

(*d*) been guilty of any falsehood, wilful neglect, fraud, covin, art or contrivance whatsoever,

such person shall, on proof thereof to the General Commissioners for the division in which he has been charged, or, if he has not been charged, then for any division in which he is chargeable, be assessed and charged treble the amount of the charge which ought to have been made upon him:

PART II —*cont.*

Provided that, if any charge has been made, but that charge is less than the charge which ought to have been made, such person shall be assessed and charged, over and above the former charge, treble the amount of the difference between the charge which was made and the charge which ought to have been made, such amount to be added to the assessment.

(2) A person who knowingly and wilfully aids, abets, assists, incites or induces another person to make or deliver a false or fraudulent account, statement, or declaration, of or concerning any profits or gains chargeable, or the yearly rent or value of any lands, tenements, hereditaments or heritages, or any matters affecting any such rent or value, shall for every such offence forfeit the sum of five hundred pounds.

Charge of treble tax where assessment increased.

49.—(1) If the Additional Commissioners or the General Commissioners—

(*a*) have made a charge to tax under Schedule D in respect of a sum in excess of the amount contained in either the statement or the schedule of a person to be charged; or

(*b*) discover, from the information of the surveyor, or otherwise, that a charge to tax in respect of a sum in excess of either such amount ought to be made, and an assessment is made, at any time within the year of assessment or within three years after the expiration thereof,

they may, unless the person to be charged proves to their satisfaction that the omission by him did not proceed from any fraud, covin, art or contrivance or any gross or wilful neglect, charge that person, in respect of such excess, in a sum not exceeding treble the amount of the tax on the amount of the excess.

(2) If the person to be charged has neglected or refused to deliver a statement or schedule, the said Commissioners may charge him in a sum not exceeding treble the amount of the tax with which, in their judgment, he ought to be charged, and such sum shall be added to the assessment and applied in the same manner as other increased charges are applied.

CHAPTER III

APPEALS AND RELIEF FOR MISTAKE

Prohibition against altering assessments except on appeal.

50.—(1) Save where expressly authorised by this Act, the General Commissioners shall not alter any assessment before the time for hearing and determining appeals, and then only in cases of assessments appealed against, and in accordance with their determination; and if the clerk to the Commissioners or any other person makes, causes, or allows to be made, in any assessment, any unauthorised alteration, he shall incur a penalty of fifty pounds.

PART II —*cont.*

(2) An appeal, once determined by the Commissioners, shall be final, and neither the determination of the Commissioners, nor the assessment made thereon, shall be altered, except by order of the court when a case has been required as provided by this Act.

Right of appeal.

51.—(1) A person aggrieved by any assessment upon him made by the Additional Commissioners, or by the assessor, or by a surveyor, in any first or additional first assessment, shall be entitled to appeal to the General Commissioners on giving notice in writing to the surveyor within the time specified in subsection (3) of this section.

(2) Any owner or other person in receipt of the rent of any lands, although not the occupier thereof, who is aggrieved by the amount of the annual value of the lands under Schedule A shall have the same right of appeal to the General Commissioners as if the assessment were made upon himself.

(3) Subject to the provisions of paragraph 1 of Part II of the Fifth Schedule to this Act with respect to appeals in England and Wales against assessments under Schedule A for a year of revaluation, the time within which notice of appeal may be given to the surveyor shall be twenty-one days after the date of the notice of the assessment:

Provided that where the assessment is under Schedule A or Schedule B and the appellant has not been served with a notice of the assessment—

(*a*) the time within which notice of appeal may be given shall be any time before the expiration of twelve months from the end of the year of assessment; but

(*b*) nothing in this proviso shall affect the collection or recovery of any tax assessed or charged, but where the assessment is reduced upon appeal, any tax overpaid shall be repaid.

(4) On the application of any person who has been assessed and who has removed from the division in which the assessment was made without having appealed in that division, the Commissioners of Inland Revenue may, if they think fit, authorise the Commissioners of the division to which that person has removed to hear and determine his appeal against the assessment, and those Commissioners shall proceed accordingly; and any sum from which the appellant may not be relieved on such appeal shall be recovered and levied as if the appeal had been heard and determined by the Commissioners of the division in which the assessment was made.

PART II —*cont.*

Procedure on appeals.

52.—(1) The General Commissioners shall cause notice of the day for hearing appeals to be given to every appellant, and shall meet together for the hearing of appeals from time to time, with or without adjournment, until all appeals have been determined.

(2) Notice of appeal meetings to be held by the General Commissioners shall also be given to the surveyor by the clerk to the Commissioners, and the surveyor and the assessor may attend every appeal, and shall be entitled—

(*a*) to be present during all the time of the hearing and at the determination of the appeal; and

(*b*) to produce any lawful evidence in support of the assessment or surcharge; and

(*c*) to give reasons in support of the assessment or surcharge.

(3) If it be shown to the satisfaction of the General Commissioners that owing to absence, sickness or other reasonable cause any person has been prevented from appealing in due time, or from attending at the hearing of an appeal on the day fixed for that purpose, they may postpone the hearing of his appeal for such reasonable time as they think necessary, or may admit the appeal to be made by any agent, clerk or servant on his behalf.

(4) Upon any appeal the General Commissioners shall permit any barrister or solicitor to plead before them on behalf of the appellant or officers, either viva voce or in writing, and shall hear any accountant, that is to say, any person who has been admitted a member of an incorporated society of accountants:

Provided that on any appeal against an assessment under Schedule A or Schedule B, the General Commissioners shall permit any agent appointed by the appellant to plead before them on his behalf.

(5) If, on an appeal, it appears to the majority of the Commissioners present at the hearing, by examination of the appellant on oath or affirmation, or by other lawful evidence, that the appellant is overcharged by any assessment or surcharge, the Commissioners shall abate or reduce the assessment or surcharge accordingly, but otherwise every such assessment or surcharge shall stand good.

(6) If, on any appeal, it appears to the Commissioners that the person assessed or surcharged ought to be charged in an amount exceeding the amount contained in the assessment or surcharge, they shall charge him with the excess.

(7) Appeals against surcharges shall be heard and determined in like manner as appeals against first assessments, and if a surcharge is allowed on appeal by the General Commissioners,

PART II —*cont.*

in whole or in part, the assessment shall be made upon the amount of the surcharge allowed in treble the rate of tax prescribed:

Provided that, if the Commissioners are of opinion—

(*a*) that the assessment might have been amended by the surveyor by means of the original statement of the appellant; or

(*b*) that the alleged default, neglect or omission, or the claim of exemption, abatement, relief, allowance or deduction was not wilfully made with intent to defraud the revenue; or

(*c*) that the appellant was prevented from making an amended return in due time by absence, sickness or other sufficient cause; or

(*d*) that there was reasonable cause of doubt or controversy, on the part of the appellant, on the subject matter of the appeal,

the Commissioners may remit the treble rate of tax, in whole or in part, and may charge at the single rate of tax only.

Power to cause land to be valued on appeal.

53.—(1) If, on appeal against an assessment under Schedule A or Schedule B, any dispute arises as to the annual value of any lands, tenements, hereditaments or heritages, the General Commissioners may, if they consider it necessary, and shall, if required by the appellant, direct the appellant to cause a valuation to be made by a person of skill named by them, and may require the same to be verified on the oath of that person, and the annual value shall be determined in accordance with that valuation.

(2) If the appellant does not proceed, with effect, to cause such valuation to be made, the Commissioners shall determine the annual value according to the best of their judgment.

(3) The costs and charges of any such valuation shall abide the final determination of the Commissioners, and, if the value so found exceeds the value alleged by the appellant, the Commissioners may order him to pay the costs and charges of the valuation, but if they are of opinion that such costs and charges have not been incurred through any default of the appellant, they shall issue an order for the payment of the said costs and charges by the Commissioners of Inland Revenue.

Power of General Commissioners on appeal to issue precepts.

54.—(1) If the General Commissioners have received notice of appeal against an assessment made by the Additional Commissioners, they shall issue a precept to the appellant ordering him to deliver to them, within the time limited by the precept,

PART II —*cont.*

a schedule containing such particulars, for their information, as they may demand under the authority of this Act respecting—

(*a*) the property of the appellant; or

(*b*) the trade, profession, employment or vocation carried on or exercised by him; or

(*c*) the amount of his profits or gains, distinguishing the particular amounts derived from each separate source; or

(*d*) any deductions made in arriving at his profits or gains,

which particulars the said General Commissioners are hereby empowered and required to demand at their discretion whenever the same shall appear to them necessary for the purposes mentioned in this Act.

(2) The General Commissioners may issue further precepts whenever they consider it necessary for the purposes aforesaid, until complete particulars have been furnished to their satisfaction.

(3) A person to whom a precept is issued shall deliver the schedule required, within the time limited, and in default thereof shall forfeit a sum not exceeding twenty pounds and treble the tax at which he ought to be charged.

(4) The power conferred by the preceding provisions of this section on Commissioners hearing appeals to issue precepts to the appellant ordering the delivery of schedules of particulars shall extend to the issue of precepts requiring the appellant to make available, within the time limited by the precept, for their inspection, or that of the surveyor or any officer authorised by the Commissioners of Inland Revenue, all such books, accounts or documents in his possession or power as may be specified or described in the precept, being books, accounts or documents which, in the opinion of the Commissioners issuing the precept, contain or may contain information relating to the subject matter of the appeal.

(5) Any surveyor may, at all reasonable times, inspect and take copies of, or extracts from, any schedule, and the surveyor or other officer or the Commissioners may take copies of, or extracts from, any books, accounts or documents made available for his or their inspection under subsection (4) of this section.

Power to amend statements or schedules.

55.—(1) A person who has delivered a statement or schedule and discovers any omission or wrong statement therein may deliver an additional statement or schedule rectifying the same, and shall not thereafter be liable to any proceeding by reason of his omission or wrong statement.

PART II —*cont.*

(2) A person who has not delivered a statement or schedule within the time limited may deliver it at any time before proceedings for recovery of a penalty, incurred in respect of such non-delivery, have been commenced, and thereafter no such proceedings shall be taken.

(3) If proceedings for recovery of any such penalty have been commenced before the General Commissioners, they may, on proof to their satisfaction that no fraud or evasion was intended, stay the proceedings, either on payment of the costs then incurred, or without any such payment; and if proceedings have been commenced in any court, the General Commissioners may certify that in their judgment no fraud or evasion was intended, and the court may, on summary application, stay the proceedings, on such terms as to the court may seem fit.

(4) If a person has delivered an imperfect statement or schedule and satisfies the General Commissioners that there is a sufficient reason why a perfect statement or schedule cannot be delivered within due time, the Commissioners shall extend the time for delivery as from time to time they think fit, and during any such extension of time, a person who has delivered as perfect a statement or schedule as from the nature of the case he was able to deliver shall not be liable to any penalty for not having delivered a statement or schedule within the time limited.

Objection by surveyor to schedules.

56.—(1) The surveyor may, within a reasonable time to be allowed by the Commissioners to whom an appeal is made after examination by him of any schedule, object to such schedule or any part thereof, and in that case shall state in writing the cause of his objection, according to the best of his knowledge or information.

(2) In every such case he shall give notice in writing of his objection to the person to be charged in order that he may, if he thinks fit, appeal against the same.

The notice shall be under cover and sealed, and addressed to the person to be charged.

(3) No assessment shall be confirmed or altered until any appeal against such objection has been heard and determined.

Power on appeal to confirm or alter assessments.

57. If—

(*a*) the Commissioners to whom an appeal is made see cause to disallow an objection of the surveyor to a schedule; or

(*b*) on the hearing of an appeal, the Commissioners are satisfied with the assessment made by the Additional

PART II —*cont.*

Commissioners, or if, after the delivery of a schedule, they are satisfied therewith and have received no information as to its insufficiency,

they shall direct the assessment to be confirmed or to be altered in accordance with any such schedule, as the case may require.

Power of putting questions as to schedules.

58.—(1) Whenever the General Commissioners are dissatisfied with a schedule or require further information relating thereto, they may, at any time and from time to time, by precept, put any questions in writing concerning the schedule, or any matter which is contained or ought to be contained therein, or concerning any deductions made in arriving at the profits or gains, and the particulars thereof, and may require true and particular answers in writing, signed by the person to be charged, to be given within seven days after the service of the precept.

(2) The person to be charged shall, within the time limited, either answer any such questions in writing signed by him, or shall tender himself to be examined orally before the Commissioners, and may object to, and refuse to answer, any question, but the substance of any answer or answers given by him orally shall be taken down in writing in his presence and be read over to him, and after he has had liberty to amend any such answer or answers he may be required to verify the same on oath to be administered to him by any one of the Commissioners, and every such oath shall be subscribed by the person by whom it is made.

(3) Where any clerk, agent or servant of the person to be charged tenders himself, on behalf of such person, to be examined orally before the Commissioners, the same provisions shall apply to his examination as in the case of the person to be charged who tenders himself to be examined orally.

Power of General Commissioners to summon and examine witnesses.

59.—(1) The General Commissioners may summon any person whom they think able to give evidence respecting an assessment made or to be made on another person, to appear before them to be examined, and may examine such person on oath (except the clerk, agent, servant or other person confidentially employed in the affairs of a person to be charged who shall be respectively examined in the same manner, and subject to the same restrictions, as in the case of a person to be charged who tenders himself to be examined orally).

(2) The oath shall be that the evidence to be given, touching the matter in question, by the person sworn shall be the truth, the whole truth and nothing but the truth, and the said oath shall be subscribed by the person by whom it is made.

PART II —*cont.*

(3) A person who after being duly summoned—

(*a*) neglects or refuses to appear before the Commissioners at the time and place appointed for that purpose; or

(*b*) appears, but refuses to be sworn or to subscribe the oath; or

(*c*) refuses to answer any lawful question touching the matters under consideration,

shall forfeit a sum not exceeding twenty pounds:

Provided that the penalty imposed in respect of any offence under paragraph (*b*) or paragraph (*c*) of this subsection shall not apply to any clerk, agent, servant or other person as aforesaid.

Power of Commissioners in certain cases to determine liability and make an assessment.

60. If—

(*a*) a person has neglected or refused to deliver a schedule in accordance with a precept of the Commissioners; or

(*b*) any clerk, agent or servant of, or any person confidentially employed by, a person to be charged, having been summoned, has neglected or refused to appear before the Commissioners to be examined; or

(*c*) the person himself or his clerk, agent or servant or other person as aforesaid, has declined to answer any question put to him by the Commissioners; or

(*d*) an objection has been made to a schedule, and the objection has not been appealed against; or

(*e*) the Commissioners decide to allow any objection made by the surveyor,

the Commissioners shall ascertain and settle, according to the best of their judgment, the sum in which the person chargeable ought to be charged, and shall make an assessment and charge accordingly.

Appeals against assessments by Special Commissioners.

61.—(1) Where proceedings in order to an assessment under Schedule D are taken before the Special Commissioners, the person assessed, or the surveyor, may appeal against the assessment signed and allowed by those Commissioners in like manner, and under the like provisions, as in the case of appeals against assessments made by the Additional Commissioners.

(2) Any such appeal shall be determined by the Special Commissioners.

(3) If, upon the determination of any such appeal by the Special Commissioners, either the person assessed or the surveyor expresses dissatisfaction with their determination as being erroneous in any particular—

(*a*) the Special Commissioners shall, if required to do so, state and sign a special case setting out the questions

which arose on the appeal and their determination thereon and transmit it to the Commissioners of Inland Revenue for their opinion; and

(*b*) the Commissioners of Inland Revenue shall subscribe their opinion on the case transmitted to them and their decision shall be final and conclusive, subject to any relevant provisions of this Act relating to the statement of a case for the opinion of the High Court, and the assessment made shall be altered or confirmed accordingly.

Option to appeal to Special Commissioners from other assessments and surcharges under Schedule D, and from assessments, etc., under Schedule E.

62.—(1) An appeal against an assessment under Schedule D or a surcharge under Schedule D may be made to the Special Commissioners instead of to the General Commissioners, on due notice in writing being given to the surveyor, within the time limited for notices of appeal to the General Commissioners in similar cases.

(2) Every such appeal shall be heard and determined by the Special Commissioners, and their determination shall be final and conclusive, subject to the provisions of this Act relating to the statement of a case for the opinion of the High Court.

(3) Any person charged to income tax under Schedule E may appeal to the Special Commissioners against any assessment in respect of his emoluments for any year, or against the amount of tax deducted therefrom, and the preceding provisions of this section shall, with any necessary modification, apply to any such appeal:

Provided that, where any such person has under any other provisions of this Act any right of appeal to any other body of Commissioners, he may appeal either under those provisions or under this subsection, but not under both.

Other provisions as to appeals under Schedule D.

63.—(1) In the case of an appeal against an assessment made under Schedule D (whether to the General Commissioners or to the Special Commissioners) the appellant shall in the notice of appeal specify the grounds of the appeal:

Provided that, if on the hearing of the appeal the appellant desires to go into any ground of appeal which was not specified in the notice and the omission of that ground from the notice was, in the opinion of the Commissioners hearing the appeal, not wilful or unreasonable, those Commissioners shall not, by reason of anything in this subsection, be precluded from allowing the appellant to go into that ground or taking it into their consideration.

(2) Notwithstanding that an appeal to the General Commissioners or Special Commissioners is pending against an assessment under Schedule D—

(*a*) such part of the tax assessed as appears to the General Commissioners or the Special Commissioners, as the

PART II —*cont*

case may be, not to be in dispute shall be collected and paid in all respects as if it were tax charged by an assessment in respect of which no appeal was pending; and

(*b*) on the determination of the appeal, any balance of tax chargeable in accordance with the determination shall be paid, or any tax overpaid shall be repaid, as the case may require.

Statement of case for opinion of the High Court.

64.—(1) Immediately after the determination of an appeal by the General Commissioners, or by the Special Commissioners, the appellant or the surveyor, if dissatisfied with the determination as being erroneous in point of law, may declare his dissatisfaction to the Commissioners who heard the appeal.

(2) The appellant or surveyor, as the case may be, having declared his dissatisfaction, may, within twenty-one days after the determination, by notice in writing addressed to the clerk to the Commissioners, require the Commissioners to state and sign a case for the opinion of the High Court thereon.

(3) The party requiring the case shall pay to the clerk to the Commissioners a fee of twenty shillings for and in respect of the same, before he is entitled to have the case stated.

(4) The case shall set forth the facts and the determination of the Commissioners, and the party requiring it shall transmit the case, when stated and signed, to the High Court within twenty-one days after receiving the same.

(5) At or before the time when he transmits the case to the High Court, the party requiring it shall send notice in writing of the fact that the case has been stated on his application, together with a copy of the case, to the other party.

(6) The High Court shall hear and determine any question or questions of law arising on the case, and shall reverse, affirm or amend the determination in respect of which the case has been stated, or shall remit the matter to the Commissioners with the opinion of the Court thereon, or may make such other order in relation to the matter as to the Court may seem fit.

(7) The High Court may cause the case to be sent back for amendment, and thereupon the case shall be amended accordingly, and judgment shall be delivered after it has been amended.

(8) Subject to rules of court, the authority and jurisdiction of the High Court may be exercised by a judge of the High Court sitting in chambers, and either in vacation or in term time.

PART II —*cont.*

(9) An appeal shall lie from the decision of the High Court or of any judge thereof to the Court of Appeal and thence to the House of Lords, and in Scotland, from the decision of the Court of Session, as the Court of Exchequer in Scotland, to the House of Lords:

Provided that, in England and Wales, no appeal shall lie to the House of Lords from the Court of Appeal unless leave has been given under and in accordance with section one of the Administration of Justice (Appeals) Act, 1934.

(10) Notwithstanding that a case has been required to be stated or is pending before the High Court, tax shall be paid in accordance with the assessment of the Commissioners who have been required to state the case:

Provided that, if the amount of the assessment is altered by the order or judgment of the High Court, then—

(*a*) if too much tax has been paid, the amount overpaid shall be refunded with such interest, if any, as the High Court may allow; or

(*b*) if too little tax has been paid, the amount unpaid shall be deemed to be arrears of tax (except so far as any penalty is incurred on account of arrears), and shall be paid and recovered accordingly.

Provision against double assessment.

65.—(1) A person who, either on his own account, or on behalf of another person, has been assessed to tax, and is by any error or mistake again assessed for the same year for the same cause and on the same account, may apply to the General Commissioners, acting for the division in which the erroneous assessment was made, for relief, and the said Commissioners, on proof to their satisfaction of the double assessment, shall cause the said assessment, or so much thereof as constitutes a double assessment, to be vacated.

(2) If it appears to the satisfaction of the Commissioners of Inland Revenue that a person has been assessed more than once for the same cause and for the same year, they shall direct the whole, or such part of any assessment as appears to be an overcharge, to be vacated, and thereupon the same shall be vacated accordingly.

(3) If it is proved to the satisfaction of the Commissioners of Inland Revenue that any such double assessment as aforesaid has been made, and that payment has been made on both assessments, they shall order the amount of the overpayment to be repaid to the applicant.

PART II —*cont.*

Relief in respect of error or mistake.

66.—(1) If any person who has paid tax charged under an assessment to income tax made for any year under Schedule D or Schedule E alleges that the assessment was excessive by reason of some error or mistake in the return or statement made by him for the purposes of the assessment, he may, at any time not later than six years after the end of the year of assessment within which the assessment was made, make an application in writing to the Commissioners of Inland Revenue for relief.

(2) On receiving any such application the Commissioners of Inland Revenue shall inquire into the matter and shall, subject to the provisions of this section, give by way of repayment such relief (including any consequential relief from surtax) in respect of the error or mistake as is reasonable and just:

Provided that no relief shall be given under this section in respect of an error or mistake as to the basis on which the liability of the applicant ought to have been computed where the return or statement was in fact made on the basis or in accordance with the practice generally prevailing at the time when the return or statement was made.

(3) In determining any application under this section the Commissioners of Inland Revenue shall have regard to all the relevant circumstances of the case, and in particular shall consider whether the granting of relief would result in the exclusion from charge to income tax or surtax of any part of the profits or income of the applicant, and for this purpose the Commissioners may take into consideration the liability of the applicant and assessments made on him in respect of other years.

(4) Any person who is aggrieved by the determination of the Commissioners of Inland Revenue on an application made by him under this section may, on giving notice in writing to those Commissioners within twenty-one days after the notification to him of their determination, appeal to the Special Commissioners.

(5) The Special Commissioners shall thereupon hear and determine the appeal in accordance with the principles to be followed by the Commissioners of Inland Revenue in determining applications under this section and, subject thereto, in like manner as in the case of an appeal to them against an assessment under Schedule D, and the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications:

Provided that neither the appellant nor the Commissioners of Inland Revenue shall be entitled to require a case to be stated for the opinion of the High Court otherwise than on a point of law arising in connection with the computation of profits or income.

CHAPTER IV

PART II —*cont.*

COLLECTION

Arrangements for collection of tax assessed by General or Additional Commissioners.

67.—(1) Any tax charged in any division or district in the United Kingdom may be recovered in any other division or district in the United Kingdom as if it had been charged in that other division or district.

(2) After any assessments have been signed or signed and allowed, the clerk to the Commissioners shall transmit the books of assessment to the surveyor and the surveyor shall prepare particulars of the sums to be collected and transmit them to the appropriate collector for collection:

Provided that, in the case of assessments under Schedule A, the clerk, before transmitting the books to the surveyor, shall number the pages in each book and add up the sums on each page.

Arrangements for collection of tax assessed by Special Commissioners.

68.—(1) An extract from any assessment made by the Special Commissioners certified under the hand of their clerk, in such form as the Commissioners of Inland Revenue may prescribe, shall be sufficient authority to the proper officer to whom that extract is transmitted to receive, bring to account, and give discharges for the tax included in the extract and paid to him.

(2) If payment is not made to the proper officer, the Special Commissioners shall make a duplicate of the assessment and deliver it, together with their warrant for levying the amount of tax due, to the appropriate collector, who shall levy the same in accordance with the warrant.

Arrangements for collection of tax assessed by Departmental Commissioners.

69. Subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force—

(*a*) where in any public department, or in any office for which Commissioners are specially appointed, the appointment of collectors is authorised, the respective Commissioners shall cause duplicates of assessments and warrants for the collection of tax in the prescribed form to be made and delivered to the collectors, who shall be authorised to demand and levy the tax in the same manner as in the case of collectors appointed by the Commissioners of Inland Revenue; and

(*b*) where the tax on any salaries, fees, wages, perquisites or profits of any public office, or any annuities, pensions or stipends, is deducted, the respective Commissioners shall cause similar duplicates to be delivered to the proper officers in the departments or offices concerned, and those officers shall keep true accounts of and be answerable for all tax so deducted, and such tax shall be accounted for and paid to the Commissioners of Inland Revenue.

PART II —*cont.*

Collection by means of special stamps.

70. If the Commissioners of Inland Revenue make arrangements for the collection of tax by means of stamps in any case, they may prepare and issue any stamps required for the purpose, and the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, shall apply to any such stamps.

Schedules of discharges, evidence of arrears and miscellaneous provisions as to collection.

71.—(1) At such times as the Commissioners of Inland Revenue may appoint, the surveyor shall prepare and sign schedules of tax which has been discharged for causes allowed by this Act, and shall transmit them to the Commissioners of Inland Revenue.

(2) Where tax is in arrear, a certificate of the surveyor that tax has been charged and is due, together with a certificate of the collector that payment of the tax has not been made to him, or, to the best of his knowledge and belief, to any other collector, or to any person acting on his behalf or on behalf of another collector, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Crown; and any document purporting to be such a certificate as is mentioned in this subsection shall be deemed to be such a certificate until the contrary is proved.

(3) The provisions of the Fourth Schedule to this Act shall have effect for the purpose of securing that the collectors duly collect, pay over and account for the tax, and otherwise with respect to the collection of tax.

Date of payment of income tax.

72.—(1) Subject to the provisions of this Act, income tax contained in an assessment for any year shall be payable on or before the first day of January in that year, except that tax included in an assessment for any year which is signed and allowed on or after the first day of January shall be deemed to be due and payable on the day next after the day on which the assessment is signed and allowed.

(2) The following tax charged for any year, that is to say—

(*a*) tax charged under Schedule A in respect of income which is earned income; and

(*b*) tax charged under Schedule D on any individual or firm in respect of the profits or gains of any trade, profession or vocation; and

(*c*) subject to the provisions of section one hundred and fifty-seven of this Act, tax charged on any individual in respect of any office or employment,

shall, instead of being payable on or before the first day of January in that year or on such other date as is specified in subsection (1) of this section, be payable in two equal instalments, the first on or before the first day of January in that year, or on such other day as aforesaid, and the second on or before

PART II —*cont.*

the following first day of July, and the provisions of this Act as to the recovery of tax shall apply to each instalment of the tax, in the same manner as they apply to the whole amount of the tax:

Provided that where the assessment is not signed and allowed until after the said following first day of July, this subsection shall not have effect and the tax shall be due and payable as provided in subsection (1) of this section.

Issue of demand notes and receipts.

73.—(1) Every collector shall, when the tax becomes due and payable, make demand of the respective sums contained in the particulars of sums to be collected or duplicates of assessments, and given to him in charge to collect, from the persons charged therewith, or at the places of their last abode, or on the premises in respect of which the tax is charged, as the case may require.

(2) A collector of tax under Schedules A and B shall, in the demand note delivered before payment thereof, distinctly describe the property to which the assessment relates, and specify the amount of the assessment and the rate at which the tax is charged thereon.

(3) On payment of the tax, the collector shall, without charge, give a receipt under his hand, on the prescribed form, and if he has failed to give the particulars required by subsection (2) of this section in the demand note, he shall give them in the receipt.

Distraint by collectors.

74.—(1) If a person neglects or refuses to pay the sum charged, upon demand made by the collector, the collector shall, for non-payment thereof, distrain upon the lands, tenements and premises in respect of which the tax is charged, or distrain the person charged by his goods and chattels, and all such other goods and chattels as the collector is hereby authorised to distrain, without any further authority for that purpose than the warrant delivered to him on his appointment.

(2) For the purpose of levying any such distress, a collector may, after obtaining a warrant for that purpose under the hands and seals of the General Commissioners, break open, in the daytime, any house or premises, calling to his assistance any constable or other peace officer.

Every such constable or officer shall, when so required, aid and assist the collector in the execution of the warrant and in levying the distress in the house or premises.

(3) A levy or warrant to break open shall be executed by, or under the direction of, and in the presence of, the collector.

(4) A distress levied by the collector shall be kept for five days, at the costs and charges of the person neglecting or refusing to pay.

PART II —*cont.*

(5) If the person aforesaid does not pay the sum due, together with the costs and charges, within the said five days, the distress shall be appraised by two or more inhabitants of the parish in which the distress is taken, or by other sufficient persons, and shall be sold by public auction by the collector or his deputy for payment of the sum due and all costs and charges.

The costs and charges of taking, keeping, and selling the distress shall be retained by the collector or his deputy, and any overplus coming by the distress, after the deduction of the costs and charges and of the sum due, shall be restored to the owner of the goods distrained.

(6) If a collector advances and pays over to the proper officer any sum of money on account of tax charged on some other person, whether at the request of that person or not, he may, in default of repayment to him of that sum at any time within six months after the payment, levy the tax in like manner as if that sum of money had not been advanced and paid.

(7) If lands charged under Schedule A are unoccupied, and no distress can be found thereon at the time the tax is payable, the collector may at any future time when there is any distress to be found on the lands, enter, seize and sell, under the same powers as if a distraint had been made on the lands at the time the tax became due and as if the occupier had been in occupation at that time.

Priority of claim for tax.

75.—(1) No goods or chattels whatever, belonging to any person at the time any tax becomes in arrear, shall be liable to be taken by virtue of any execution or other process, warrant, or authority whatever, or by virtue of any assignment, on any account or pretence whatever, except at the suit of the landlord for rent, unless the person at whose suit the execution or seizure is made, or to whom the assignment was made, pays or causes to be paid to the collector, before the sale or removal of the goods or chattels, all arrears of tax which are due at the time of seizure, or which are payable for the year in which the seizure is made:

Provided that, where tax is claimed for more than one year, the person at whose instance the seizure has been made, may, on paying to the collector the tax which is due for one whole year, proceed in his seizure in like manner as if no tax had been claimed.

(2) In case of neglect or refusal to pay the tax so claimed or the tax for one whole year, as the case may be, the collector shall distrain the goods and chattels notwithstanding the seizure or assignment, and shall proceed to the sale thereof, as prescribed by this Act, for the purpose of obtaining payment of the whole of the tax charged and claimed, and the reasonable costs and charges attending such distress and sale, and every collector so doing shall be indemnified by virtue of this Act.

PART II —*cont.*

Recovery in Scotland.

76. In Scotland, the following provisions shall have effect:—

(1) Upon certificate made to them by the collector that any tax is due and not paid, the General Commissioners, or sheriff or sheriff substitute for the county, shall issue a warrant for the collector recovering the said tax by poinding the goods and effects of any person entered in the certificate as being a defaulter, and any person who has made default in paying any sum which may be levied on him in respect of tax may be entered in the certificate as a defaulter, notwithstanding that he was not named in the assessment to tax:

(2) The warrant shall be executed by the sheriff officers of the county:

(3) The goods and effects so poinded shall be detained and kept on the ground, or at the house where the same were poinded, or in such other place of which the owner shall have notice, near to the said ground or house, as the officer so poinding the same shall think proper, for the space of five days, during which time the said goods and effects shall remain in the custody of the said officer, and liable to the payment of the whole tax in arrear and to the costs to be paid to the officer who poinded the same as hereinafter directed, unless the owner from whom the same were poinded shall redeem the same, within the said space of five days, by payment to the officer of the said tax in arrear and costs, to be settled in the same manner as if the said goods and effects had been sold as hereinafter directed:

(4) The goods and effects so poinded shall, after the expiration of the said five days, be valued and appraised by any two persons to be appointed by the officer (which two persons shall be obliged to value the same, under the penalty of forty shillings sterling for each neglect or refusal), and shall be sold and disposed of, at a sum not less than the value, by the officer who does poind the same:

(5) The value shall be applied, in the first place to the satisfaction and payment of the tax owing by the person whose goods are so poinded, and, in the second place, to the payment for the trouble of the officer so poinding, at the rate of two shillings per pound of the tax for which the goods shall be so poinded unless the owner from whom the same were poinded shall redeem the same by payment of the appraised value, within the space of five days after the valuation, to the officer who poinded the same:

PART II —*cont.*

(6) In case any surplus remains of the price or value, after payment of the said tax, and after payment of what is allowed to be retained by the officer in manner herein directed, such surplus shall be returned to the owner from whom the goods were poinded:

(7) In case no purchaser appears at the said sale, then the said goods and effects, so poinded, shall be consigned and lodged in the hands of the sheriff of the county, or his substitute, and if not redeemed by the owner within the space of five days after the consignment in the hands of the said sheriff or sheriff substitute, the same shall be rouped, sold, and disposed of by order of the sheriff, in such manner, and at such time and place, as he shall appoint, he always being liable to the payment of the tax to the collector, and to payment to the officer who shall have poinded the same, for his trouble and expense, as before stated, and to the fees due to the officer, and being, in the third place, entitled to one shilling per pound of the value of the goods so disposed of, for his own pains and trouble, after preference and allowance of the said tax, and of what is appointed to be paid to the officer for his trouble:

(8) There shall also be allowed, to the officer so poinding, the expense of preserving the said goods and effects, and of maintaining the cattle, if there should happen to be any among the goods and effects so poinded, from the time of poinding the same, during the period allowed to the owner to redeem them, and also the expense of the sale; and in like manner the expense shall be allowed to the sheriff or sheriff substitute, for preserving and maintaining the goods or cattle poinded, during the period that the owner is allowed to redeem, after consignment in his hands, and until the sale thereof, and also the expense of the sale:

(9) Every auctioneer, or seller by commission, selling by auction, in Scotland, any goods or effects whatsoever by any mode of sale at auction, shall, at least three days before he begins any sale by way of auction, deliver or cause to be delivered to the collector a notice in writing, signed by such auctioneer or seller by auction, specifying therein the particular day when such sale is to begin, and the name and surname of the person whose goods and effects are to be sold, with his place of residence:

(10) If any such auctioneer or seller by auction shall sell any such goods and effects by way of auction, without delivering the notice hereinbefore required to be

delivered, every such auctioneer, or person selling by auction, offending therein shall, for every such offence, incur a penalty of fifty pounds. PART II —*cont.*

Priority of claim for tax in Scotland.

77.—(1) No moveable goods and effects belonging to any person in Scotland, at the time any tax became in arrear or was payable, shall be liable to be taken by virtue of any poinding, sequestration for rent, or diligence whatever, or by any assignation, unless the person proceeding to take the said goods and effects pays the tax so in arrear or payable:

Provided that where the tax is claimed for more than one year the person proceeding to take the said goods and effects may on paying the tax for one whole year proceed as he might have done if no tax had been so claimed.

(2) If the said person neglects or refuses to pay the tax so in arrear or payable, or the tax for one whole year, as the case may be, the tax claimed shall, notwithstanding any proceeding at his instance for the purpose of taking the said moveable goods and effects, be recoverable by poinding and selling the said moveable goods and effects under warrant obtained in conformity with the provisions contained in the last preceding section.

Recovery of small amounts of tax in court of summary jurisdiction.

78.—(1) Where—

(*a*) the amount of any income tax for the time being due and payable under any assessment is less than fifty pounds; or

(*b*) the income tax under any assessment is payable by instalments and the sum for the time being due and payable in respect of any of those instalments is less than fifty pounds,

the tax shall, without prejudice to any other remedy, be recoverable summarily as a civil debt by proceedings commenced in the name of a collector of taxes.

(2) All or any of the sums due in respect of income tax from any one person and payable to any one collector (being sums which are by law recoverable summarily) may, whether or not they are due under one assessment, be included in the same complaint, summons, order, warrant or other document required by law to be laid before justices or to be issued by justices, and every such document as aforesaid shall, as respects each such sum, be construed as a separate document and its invalidity as respects any one such sum shall not affect its validity as respects any other such sum.

(3) A written statement as to the wages, salaries, fees and other emoluments paid for any period to the person against whom proceedings under this section are brought, purporting to be signed by his employer for that period or by any responsible

PART II —*cont.*

person in the employment of the employer, shall in any such proceedings be prima facie evidence that the wages, salaries, fees, and other emoluments therein stated to have been paid to the person charged have in fact been so paid.

(4) If a collector who has commenced summary proceedings for the recovery of any income tax dies or otherwise ceases for any reason to hold office as such, the proceedings may be continued in his name by any of his successors.

In cases to which this subsection applies, notice of the change shall, as soon as may be, be given by the successor to the person against whom the proceedings are pending.

(5) Proceedings under this section for the recovery of any tax charged under Schedule E may be brought in England and Wales at any time within one year from the time when the matter complained of arose.

Recovery of tax in High Court, etc.

79. Any tax charged under the provisions of this Act may be sued for and recovered from the person charged therewith in the High Court as a debt due to the Crown, or by any other means whereby any debt of record or otherwise due to the Crown can, or may at any time, be sued for and recovered, as well as by the summary means specially provided by this Act for levying the tax.

Recovery of Schedule A tax from immediate lessor.

80.—(1) Any tax payable under Schedule A for any year of assessment in respect of any lands, tenements, hereditaments or heritages which is not otherwise recovered may be recovered from the person who is for the time being the immediate lessor of the lands, tenements, hereditaments or heritages as if he had been charged therewith and in the same way as any other tax charged on him may be recovered:

Provided that the tax recovered under this section shall not exceed tax at the standard rate for the said year of assessment on the total sums becoming payable during the year by way of rent under short leases of the lands, tenements, hereditaments or heritages or of any part thereof, being rent payable to, or to the assignee of, the person who was the immediate lessor of the lands, tenements, hereditaments or heritages when the rent became payable.

(2) In this section, "immediate lessor" and "short lease" have the meanings assigned to them by section one hundred and seventy-two of this Act.

Information.

81.—(1) For the purpose of facilitating the recovery of tax assessed under Schedule A in respect of any lands, tenements, hereditaments or heritages, the surveyor or the collector may serve on any person who is or has been liable to pay rent for

the whole or any part of the lands, tenements, hereditaments or heritages, or is or has been in receipt of any such rent, whether on his own behalf or on behalf of another, a notice in such form as may be prescribed by the Commissioners of Inland Revenue requiring him to furnish, within such time as may be specified in the notice, such particulars with respect to the amount of the rent, the dates on which it is or was payable and the person to whom it is or was payable, or, as the case may be, is or was accounted for, as may be so specified.

(2) Any notice to be served under this section may be served by post.

(3) Any person who fails to comply with the requirements of a notice duly served on him under this section, or, in furnishing the particulars required by any such notice, makes any statement which he knows to be false in any material particular or recklessly makes any statement which is false in any material particular, shall be liable to a penalty not exceeding fifty pounds.

PART III

SCHEDULES A AND B, AND PRINCIPAL PROVISIONS RELATING THERETO

CHAPTER I

CHARGE TO TAX AND PROVISION FOR QUINQUENNIAL REVALUATIONS

82. The Schedule referred to in this Act as Schedule A is as follows— Schedule A.

SCHEDULE A

1. Tax under this Schedule shall be charged in respect of the property in all lands, tenements, hereditaments and heritages in the United Kingdom capable of actual occupation, for every twenty shillings of the annual value thereof:

Provided that tax in respect of certain lands, tenements, hereditaments or heritages in the United Kingdom, that is to say, in the case of the following concerns, namely—

(*a*) quarries of stone, slate, limestone or chalk; and

(*b*) mines of coal, tin, lead, copper, mundic, iron and other mines; and

(*c*) ironworks, gasworks, salt springs or works, alum mines or works, waterworks, streams of water, canals, inland navigations, docks, drains or levels, fishings, rights of markets and fairs, tolls, railways and other ways, bridges, ferries and other concerns

PART III —*cont.*

of the like nature having profits from or arising out of any lands, tenements, hereditaments or heritages,

shall not be charged under this Schedule, but the profits from or arising out of those lands, tenements, hereditaments or heritages shall be charged to tax under Case I of Schedule D, and the provisions of this Act relating to tax under that Case of that Schedule shall have effect accordingly.

2. The annual value for the purposes of this Schedule shall, in the case of all lands, tenements, hereditaments or heritages, of whatever nature and for whatever purpose occupied or enjoyed, and of whatever value, be understood to be—

(*a*) if they are let at a rack rent and the amount of that rent has been fixed by agreement commencing within the period of seven years preceding the fifth day of April next before the time of making the assessment, the amount of the rent by the year at which they are let; or

(*b*) if they are not let at a rack rent so fixed, then the rack rent at which they are worth to be let by the year:

Provided that where the annual value of any property is to be determined as for the year preceding a year of revaluation, this paragraph shall have effect as if the seven years referred to in sub-paragraph (*a*) thereof were the seven years ending immediately before the commencement of the said preceding year.

Schedule B.

83. The Schedule referred to in this Act as Schedule B is as follows—

SCHEDULE B

1. Tax under this Schedule shall be charged in respect of the occupation of all lands, tenements, hereditaments and heritages in the United Kingdom chargeable to tax under Schedule A, except—

(*a*) any dwelling-house or the domestic offices thereunto belonging; and

(*b*) any lands, tenements, hereditaments or heritages occupied for the purpose of carrying on a trade, profession or vocation.

2. Tax under this Schedule shall be charged for every twenty shillings of the assessable value of the lands, tenements, hereditaments or heritages in question.

In this Act, " assessable value " means, in relation to tax under this Schedule, an amount equal to one-third of the annual value.

PART III —*cont.*

3. Where lands, tenements, hereditaments or heritages which would be assessable under this Schedule but for the provisions of sub-paragraph (*b*) of paragraph 1 thereof are occupied for the purpose of carrying on a trade, profession or vocation for part only of the year of assessment, tax shall be charged under this Schedule on so much of the assessable value thereof as is apportionable to the remaining part of that year.

4. Where, under paragraph 3 of this Schedule, the assessable value of any lands, tenements, hereditaments or heritages falls to be apportioned to a part of the year, the apportionment shall be made by reference to the number of months or parts of a month in that part of the year.

5. Except as provided in section one hundred and twenty-five of this Act, woodlands in the United Kingdom (including those managed on a commercial basis and with a view to the realisation of profits) are included in the lands, tenements, hereditaments and heritages in respect of the occupation of which tax is chargeable under this Schedule.

6. The tax to be charged under this Schedule shall be in addition to the tax to be charged under Schedule A.

Quinquennial valuation.

84.—(1) For such year of assessment as Parliament may hereafter determine and for each fifth year of assessment succeeding the year so determined, there shall be a revaluation of all properties in Great Britain in respect of which income tax is chargeable under Schedules A and B, and accordingly the annual values of all such properties shall be determined afresh for the purpose of assessment for the year so determined and for each fifth succeeding year of assessment.

(2) A year of assessment for which a revaluation of properties is directed by this section to be made is in this Act referred to as " a year of revaluation ".

(3) The annual value of any property which has been adopted for the purpose of income tax under Schedules A and B for any year of assessment shall be taken as being the annual value of that property for the same purpose for the next year of assessment, unless that year is a year of revaluation:

Provided that any occupier of any property, or any owner or other person in receipt of the rent of any property, who is aggrieved by the amount so to be taken as the annual value of the property for any year shall be entitled to appeal to the General Commissioners against an assessment to income tax under Schedule A or under Schedule B in respect of that property for that year, and the General Commissioners shall hear and determine the appeal and confirm or amend the assessment, as the case may require, in the same manner, and within

PART III —*cont.*

the same time, as if the annual value of the property so to be taken were the annual value determined for that year as it would have been but for the provisions of this section.

Provisions for expediting in England and Wales valuations and assessments for years of revaluation.

85.—(1) The provisions of this section, and, subject as hereinafter provided, the provisions of the Fifth Schedule to this Act, shall have effect, so far as regards England and Wales, for the purposes of enabling the annual values of properties on which assessments are to be based for a year of revaluation to be determined during the year preceding the year of revaluation and of enabling assessments to income tax under Schedules A and B for a year of revaluation to be made as soon as may be after the commencement of that year, and for those purposes all things necessary to be done for determining the said annual values, and all things preliminary to the making of any such assessments, may be done as well at any time during the year preceding the year of revaluation as at any time during the year of revaluation:

Provided that the provisions contained in Part I of the said Fifth Schedule shall not apply as regards the administrative county of London.

(2) The assessments to income tax under Schedules A and B for a year of revaluation shall, so far as may be, be made on the basis of the annual values determined in accordance with this section and the said Fifth Schedule for the preceding year:

Provided that any person who proves to the satisfaction of the General Commissioners that the annual value for a year of revaluation of any property in respect of which he has been assessed for that year is less than the annual value on which the assessment was based shall be entitled to a reduction of the assessment to an amount based on the annual value for the year of revaluation estimated in accordance with the provisions of this Act applicable to assessments under Schedule A or Schedule B, as the case may be.

CHAPTER II

RULES FOR ESTIMATING ANNUAL VALUE

Tenant's rates, etc. paid by landlord or owner-occupier to be deducted, etc.

86.—(1) Where a landlord is subject to an agreement to pay or satisfy out of the rent reserved on any lands or tenements any public local rates, taxes or assessments which by law are charged upon the occupier, or any composition for tithes, the annual value shall be estimated for the purposes of Schedule A exclusive of any such public local charges, or composition for tithes, bona fide paid by the landlord in and for the year preceding the year of assessment.

PART III —*cont.*

(2) Where the owner is also occupier of the lands or tenements, and has paid any such public local charges or composition for tithes in respect thereof, the annual value shall be estimated in like manner.

Procedure to be followed by the assessor.

87.—(1) If the assessor is satisfied with the amount contained in any account or statement of the annual value of properties to be assessed under Schedule A delivered under this Act, he shall make an assessment on that amount, and if he is not satisfied, or if no such account or statement has been delivered, he shall estimate to the best of his judgment the annual value of the property and make an assessment thereon.

(2) Where any dwelling-house or tenement, together with the offices, gardens and lands occupied therewith, or any lands separately occupied, is of an annual value under ten pounds, the assessor may estimate the annual value to the best of his judgment and make an assessment thereon without requiring a statement of the annual value to be delivered.

Premises held under leases which can be produced.

88.—(1) If any tenant at rack rent produces to the assessor the lease or agreement in writing under which he immediately holds any premises chargeable under Schedule A, and it appears therefrom that the premises have been let within the seven preceding years, and that no consideration in money other than the rent reserved is contained in the lease or agreement, the assessor may make his assessment according to that rent.

(2) The tenant shall produce his lease or agreement to the assessor on request by him.

(3) Any such assessment shall not be binding if it appears to the Commissioners—

(*a*) that the lease or agreement does not express the full consideration in money or value for the demise or the rent bona fide paid for the same; or

(*b*) that the rent reserved is less than the rack rent on account of repairs or improvements effected or to be effected by the tenant or his assigns; or

(*c*) that the lease or agreement was in any other respect made with intent to conceal the annual value of the premises or to diminish the estimate to be made thereon, or has been assigned to the tenant or any former tenant for any consideration in money or value paid or agreed to be paid.

(4) In making any such assessment regard shall be had to—

(*a*) any increase in the amount of the rent reserved by reason of any agreement by the landlord to discharge the tenant's rates, taxes, assessments or duties hereinbefore mentioned; and

PART III —*cont.*

(*b*) any decrease in the amount of the rent by reason of any agreement by the tenant to discharge those of the landlord; and

(*c*) any decrease in the amount of the rent by reason of any expenses incurred or to be incurred by the tenant or any assigns, whether mentioned or not in the lease or agreement; and

(*d*) any deductions to be made on account of any public rate or assessment hereinbefore described.

(5) If, in the case of a demise for years made in consideration of a rent reserved and of improvements to be made at the cost of the tenant, it is proved to the satisfaction of the Commissioners—

(*a*) that the rent reserved was, in view of the improved value expected to be realised at the cost of the tenant, based upon an estimate of the mean annual value of the land throughout the term; and

(*b*) that the rent, so computed, is fixed and payable at the same amount in each year so that in consequence thereof the rent payable exceeds the annual value at the commencement of the term,

the annual value for each year of assessment during the term of the demise shall be taken to be the amount of the rent reserved without variation, subject to the deductions allowed by this Act.

Other lettings.

89.—(1) A tenant being—

(*a*) a tenant at rack rent under a parole demise from year to year within the period defined in paragraph 2 of Schedule A; or

(*b*) a tenant who has neither the custody nor the power to call for the production of the lease or agreement under which he holds premises demised within the said period and who proves to the Commissioners his inability to produce the same,

shall deliver to the assessor an account in writing, signed by him, stating the amount of the annual rent reserved on any such demise, and thereupon the same rules shall apply as in the case of a tenant who produces to the assessor his lease or agreement.

(2) Lands held for a longer period than seven years, by a tenant at will or under a demise from year to year, shall be estimated and assessed at their annual value, unless the tenant proves to the satisfaction of the Commissioners that they are held under a

PART III —*cont.*

demise which was commenced by an agreement made, and a rent fixed, within the period of seven years, on the determination of the former demise of those lands, by due notice within that period.

Penalty for false return.

90. A person who wilfully—

(*a*) delivers such an account as aforesaid which is false; or

(*b*) refuses, neglects or omits to produce any lease or agreement with intent to conceal the annual value of the premises therein comprised, or to diminish the estimate to be made thereon,

shall forfeit the sum of twenty pounds, and may be charged in treble the tax chargeable, to be computed on the annual value of the premises and included in the assessment.

Scotland: production of leases, etc.

91. In Scotland—

(*a*) every tenant of lands, tenements or heritages shall, within ten days after service by the assessor of a notice requiring him to do so, produce to the assessor the tack, lease or other agreement or articles in writing under which he holds;

(*b*) if any such documents of title are not within the custody, possession, or power of the tenant, or if there are no such documents, the tenant shall deliver to the assessor within the time limited as aforesaid a written note stating the actual rent annually reserved, and any other valuable consideration given to the landlord for the tenancy;

(*c*) a tenant who wilfully neglects to comply with any such notice shall be liable to the penalty of treble the tax chargeable on any such lands, tenements or heritages;

(*d*) on production of any such documents of title the assessor may make his assessment according to the rent therein reserved or, if they are not produced, upon the rent reserved as disclosed in the written note, if he is satisfied that there was no other valuable consideration;

(*e*) if no written note is delivered, or if the assessor is not satisfied therewith, the assessor shall make an assessment in accordance with the provisions of this Chapter.

Estimation of annual value for purposes of Schedule B.

92.—(1) The provisions of this Chapter shall, subject to the modifications mentioned in subsections (2) and (3) of this section, apply with respect to estimating the annual value of land for the purposes of Schedule B as they apply with respect to estimating the annual value of land for the purposes of Schedule A.

PART III —*cont.*

(2) Where any tenant of lands or tenements is subject to an agreement to pay or satisfy any rates, taxes or assessments which are by law chargeable on or payable by the landlord—

(*a*) if the lands have been let within the seven preceding years, the amount thereof bona fide paid by the tenant in and for the year preceding the year of assessment shall, in making the estimate, be added to the rent reserved;

(*b*) if the lands or tenements were not let within the said period, the estimate shall be made according to paragraph 2 of Schedule A with the like addition of the amount of any such payment.

(3) In the case mentioned in subsection (5) of section eighty-eight of this Act, the annual value shall be taken to be the rack rent at which the land could have been let by the year at the commencement of the demise as ascertained in accordance with this Act.

CHAPTER III

DEDUCTIONS AND ALLOWANCES

Deductions under Schedule A in the case of ecclesiastical persons.

93.—(1) The following deductions and allowances shall be made under Schedule A—

(*a*) the amount of the tenths and first fruits, duties, and fees on presentations paid by any ecclesiastical person within the year preceding the year of assessment;

(*b*) the amount paid for procurations and synodals by ecclesiastical persons on an average of seven years preceding the year of assessment;

(*c*) the amount expended during the year preceding the year of assessment on repairs of any collegiate church or chapel, or any chancel of a church, or of any college or hall in any university of the United Kingdom, by any ecclesiastical or collegiate body, rector, vicar, or other person bound to repair the same.

(2) The allowances granted under this section may be granted to the body or person therein described in one sum, either by deduction from the assessment, if any, on such body or person, or by repayment.

Deductions under Schedule A for land tax, drainage rates and expenditure on sea walls.

94.—(1) The following deductions and allowances shall also be made under Schedule A—

(*a*) the amount of the land tax, if any, which remains chargeable on lands, tenements, hereditaments and heritages under Part V of the Finance Act, 1949;

(*b*) the amount charged on lands, tenements, hereditaments and heritages by a public rate or assessment in respect of draining, fencing or embanking;

PART III —*cont.*

(*c*) the amount expended by the landlord or owner of the lands on an average of the twenty-one preceding years, in the making or repairing of sea walls or other embankments necessary for the preservation or protection of the lands against the encroachment or overflowing of the sea or any tidal river, although the sums expended may not have been charged on the lands by a public rate or assessment.

(2) The allowances granted under this section shall (unless the payments to which they relate, or any part thereof, be made by a tenant) be made from the assessment on the property concerned.

Deduction under Schedule A for owner's rates in Scotland.

95.—(1) Where it is shown to the satisfaction of the Commissioners of Inland Revenue that the landlord of lands in Scotland is by law—

(*a*) charged with any public rates, taxes or assessments which in England are by law a charge on the occupiers of lands; or

(*b*) charged with any public rates or taxes or other public burdens, the like whereof are not chargeable on lands in England,

the said Commissioners shall cause such relief to be given in respect of tax under Schedule A as is just and reasonable having regard to the additional burden on the landlord.

(2) Relief under this section may be given in accordance with such regulations as the said Commissioners may by statutory instrument prescribe, either by abatement from the assessment, or by repayment of tax.

Procedure and time limit for repayment claims under preceding provisions.

96. The person entitled to any of the foregoing allowances which have not been made by way of deduction or abatement from the assessment and which may be made by repayment may claim the allowance at any time within six years after the expiration of the year of assessment, before the General Commissioners of the division in which the property charged with the payments is situate, and the General Commissioners, on proof that the claimant is entitled to the allowance, shall certify the particulars and amount thereof to the Special Commissioners, who shall issue an order for repayment.

Allowance under Schedule A for tithe annuities.

97. Five-sixths, and no more, of each instalment of any annuity within the meaning of the Tithe Acts, 1936 and 1951, shall be allowed as a deduction, in respect of the year of assessment in which it is payable, from the annual value, as assessed under Schedule A, of the lands in respect of which the annuity is charged:

Provided that, if by reason of a remission under those Acts or for any other cause an instalment is not paid, no such deduction

PART III —*cont.*

shall be allowed in respect thereof, and, if part of an instalment is not paid, the amount of the deduction to be allowed shall be reduced in the proportion which the amount not paid bears to the amount of the instalment.

Relief for tithe rentcharge.

98. Where lands, tenements or hereditaments are subject to a rentcharge in lieu of tithe and the owner of the rentcharge is, in pursuance of section one hundred and eighty-two of this Act, assessed to tax in respect thereof under Case III of Schedule D, the amount of the rentcharge shall be allowed as a deduction from the annual value in assessing the lands, tenements or hereditaments.

Repairs allowance under Schedule A on lands including farmhouses.

99. The amount of any assessment under Schedule A on lands inclusive of the farmhouse and other buildings (if any) shall, for the purposes of collection, be reduced by a sum equal to one-eighth part thereof:

Provided that this section shall not apply where the amount of the assessment is more than one-eighth below the rent, after deducting from such rent any outgoing which should by law be deducted in making the assessment.

Repairs allowance under Schedule A on other houses or buildings.

100.—(1) Subject to the provisions of this section, the amount of an assessment under Schedule A upon any house or building (except a farmhouse or building included with lands in assessment) shall, for the purposes of collection, be reduced—

(*a*) where the owner is occupier or chargeable as landlord, or where a tenant is occupier and the landlord has undertaken to bear the cost of repairs, by a sum equal to the amount of the authorised reduction hereinafter mentioned; and

(*b*) where a tenant is occupier and has undertaken to bear the cost of repairs, by such a sum, not exceeding the amount of the authorised reduction, as may be necessary to reduce the amount of the assessment to the amount of rent payable by him:

Provided that the amount by which an assessment is reduced under this subsection shall not, in the case of an assessment the amount of which exceeds forty pounds, be less than it would have been if the amount of the assessment had been forty pounds.

(2) This section shall not apply where the amount of the assessment is less than the rent by a sum greater than the authorised reduction which would be allowable if the assessment were on the amount of the rent, after deducting from such rent any outgoing which should by law be deducted in making the assessment.

PART III —*cont.*

(3) The authorised reduction for the purposes of this section shall be—

(*a*) where the amount of the assessment does not exceed forty pounds, a sum equal to one-fourth part of the amount of the assessment;

(*b*) where the amount of the assessment exceeds forty pounds but does not exceed one hundred pounds, a sum equal to one-fifth part of the amount of the assessment;

(*c*) where the amount of the assessment exceeds one hundred pounds, twenty pounds, together with a sum equal to one-sixth part of the amount by which the assessment exceeds one hundred pounds.

Allowance under Schedule A for maintenance, repairs, insurance and management.

101.—(1) If the owner of any land (inclusive of farmhouses and other buildings, if any) or of any houses, being land or houses the assessment on which is reduced for the purposes of collection, shows that the cost to him of maintenance, repairs, insurance and management, according to the average of the preceding five years, has exceeded, in the case of land, one-eighth part of the annual value of the land as adopted under Schedule A, and, in the case of houses, the authorised reduction as defined by the last preceding section, he shall, in addition to the reduction of the assessment, be entitled, on making a claim for the purpose, to repayment of the amount of the tax on the excess:

Provided that—

(*a*) no repayment of tax shall be made under this section in respect of the cost of maintenance, repairs, insurance or management if or to such extent as that cost has been otherwise allowed as a deduction in computing income for the purposes of income tax; and

(*b*) a claimant shall not be entitled to relief under this section in respect of any income the tax on which he is entitled to charge against any other person, or to deduct, retain or satisfy out of any payment which he is liable to make to any other person.

(2) For the purposes of this section, "maintenance" shall include the replacement of farmhouses, farm buildings, cottages, fences and other works, where the replacement is necessary to maintain the existing rent, and shall also include additions or improvements to farmhouses, farm buildings or cottages, but only if no increased rent is payable in respect of the additions or improvements, and in so far as they are made in order to comply with the provisions of any statute or the regulations or bye-laws of a local authority.

(3) In computing for the purposes of this section the cost to any person of maintenance, repairs, insurance and management, there shall be left out of account any expenditure incurred by him on or after the sixth day of April, nineteen hundred and

PART III —*cont.*

forty-six, in so far as it has been or is to be met directly or indirectly by the Crown or by any government or public or local authority or by any person other than the first-mentioned person:

Provided that subsection (2) of section three hundred and thirty-two of this Act (which directs certain moneys and expenditure to be left out of account in considering for the purposes of subsection (1) of that section how far any expenditure has been or is to be met directly or indirectly by the Crown or by any authority or person other than the person incurring the expenditure) shall apply in relation to this subsection as it applies in relation to subsection (1) of that section.

(4) In comparing, for the purposes of this section, the cost of maintenance, repairs, insurance and management of any land or houses with the annual value of the land or houses, the total cost of the maintenance, repairs, insurance and management on any land managed as one estate, or of any houses on any such land, shall be compared with the total annual value of the land or houses, as the case may be.

(5) In relation to an immediate lessor on whom an assessment has been made by virtue of section one hundred and seventy-five of this Act (which relates to excess rents), this section shall have effect subject to the provisions of subsection (3) of that section.

(6) The provisions of the Sixth Schedule to this Act shall apply to claims for repayment under this section:

Provided that if the owner of any land or house makes and delivers to the surveyor of any district in which the land or house is wholly or partly situate a declaration as to the cost to him of maintenance, repairs, insurance and management, and the surveyor is satisfied as to the correctness of the declaration, the amount of the allowance to which the owner is entitled under this section shall be certified by the surveyor and repayment shall thereupon be made in accordance with his certificate.

(7) In computing the five-year average for the purposes of this section, the year shall be taken to be the year ending on the thirty-first day of March, or such other date as may be adopted by the owner of the land or houses with the consent of the surveyor of the district, and the five preceding years shall be taken to be those preceding the commencement of the year for which the tax in respect of which a claim for repayment is made is charged.

Allowance under Schedule A for loss by flood or tempest.

102.—(1) Where land has been demised at a reserved rent, without fine or other sum paid or contracted for in lieu of a reserved rent, and loss has been sustained on the growing crops or stock on the lands, or the lands or any part of them have been rendered incapable of cultivation for any year, by reason of flood or tempest, the General Commissioners for the division in which

PART III —*cont.*

the lands are situate, on proof to them that the owner has, in consideration of any such loss, allowed or agreed to allow to the tenant an abatement of the whole or any part of the rent reserved or payable for any year of the term, may in like proportion make an abatement in the assessment under Schedule A for the year for which the abatement of rent has been made, and discharge therefrom the corresponding proportion of tax.

(2) Where any such loss is sustained on lands in the occupation of the owner, the General Commissioners may, on proof of the loss, make the like abatement and discharge of tax under Schedule A as might have been made if the land had been demised to a tenant, and the owner had made such abatement of rent proportionate to the loss sustained as the General Commissioners consider would or ought to have been made in respect of that loss.

(3) A person who—

(*a*) makes any false claim for an abatement under this section; or

(*b*) is guilty of any fraud or contrivance in making any such claim or obtaining any such abatement; or

(*c*) fraudulently or untruly declares the amount or value of such loss, or the amount or value of any abatement made or agreed to be made in the rent of lands occupied by him on account of such loss, with the intention of fraudulently obtaining any such abatement,

shall forfeit the sum of fifty pounds and treble the amount of tax charged on him in respect of the lands.

(4) A person who—

(*a*) aids, abets or assists a person charged with tax in making any such false or fraudulent claim; or

(*b*) fraudulently or untruly declares the amount or value of any abatement made, or agreed to be made, in the rent of any lands, or the amount or value of any loss, with intent fraudulently to obtain for himself or his tenant, or for the owner or tenant of any lands, any such abatement as aforesaid,

shall forfeit the sum of one hundred pounds.

Allowance under Schedule A in case of colleges, halls, etc.

103.—(1) The following further allowances shall be made under Schedule A—

(*a*) the amount of the tax charged on any college or hall in any university of the United Kingdom, in respect of the public buildings and offices belonging to the college or hall, so far as not occupied by any individual member thereof or by any person paying rent for the same;

(*b*) the amount expended on repairs of the public buildings and offices of any such college or hall, and of the gardens, walks and grounds for recreation, repaired and maintained by the funds of the college or hall;

PART III —*cont.*

(*c*) the amount of the tax charged on any hospital, public school or almshouse, in respect of the public buildings, offices and premises belonging thereto, and so far as not occupied by any individual officer or the master thereof whose total income amounts to one hundred and fifty pounds or more, or by a person paying rent for the same;

(*d*) the amount expended on repairs of any such hospital, public school or almshouse, and of the offices belonging thereto, and of the gardens, walks and grounds used for the sustenance or recreation of the hospitallers, scholars and almsmen respectively, which are repaired and maintained by the funds of the hospital, public school or almshouse;

(*e*) the amount of the tax charged on any building being the property of any literary or scientific institution, and used solely for the purposes of that institution, in which no payment is made or demanded for any instruction there afforded by lectures or otherwise, and so far as not occupied by an officer of the institution or by any person paying rent for the same.

(2) The allowances under this section shall be granted by the Commissioners for the division.

Allowance under Schedule B for loss by flood or tempest.

104. Section one hundred and two of this Act (which relates to relief for losses caused by flood or tempest) shall apply in the case of Schedule B as it applies in the case of Schedule A, and as respects land the proprietor of which is shown to the satisfaction of the General Commissioners to be an infant, idiot or person of unsound mind, or to be otherwise incapable of consenting to an abatement of the rent, an abatement and discharge of tax under Schedule B may be allowed by the General Commissioners on proof to them of the loss in respect of the abatement of rent which in their opinion ought to have been made.

CHAPTER IV

PERSONS CHARGEABLE

Occupier to be chargeable.

105. Save as is in this Act provided in any particular case, tax under Schedule A shall be charged on and paid by the occupier for the time being, and every person having the use of any lands or tenements shall be deemed to be the occupier thereof.

Change of occupier.

106. The tax on each assessment under Schedule A shall be levied on the occupier for the time being without any new assessment, notwithstanding any change of occupation:

Provided that—

(*a*) an occupier who quits occupation shall be liable for the tax payable in respect of the period up to the date of

his quitting occupation, so far as such tax falls to be ultimately borne by him;

(*b*) a tenant occupier for the time being of any lands, tenements or hereditaments who has been required to pay and has paid any sums charged in respect thereof under Schedule A which, under the provisions of this Act, ought to have been paid or ought to be paid by a former tenant or occupier, may deduct and retain out of any subsequent payment of rent to his landlord the sum, or any part thereof, which ought to have been or ought to be so paid;

(*c*) nothing in this Act shall extend to authorise the levying upon an occupier for the time being of any tax under Schedule A which ought to have been levied upon and ultimately borne by any former occupier of the lands, tenements or hereditaments, and nothing herein contained shall affect any remedy under this Act for the levying of any such tax or any portion thereof from such former occupier.

Unoccupied premises.

107.—(1) Subject to the provisions of this section, tax under Schedule A shall be charged on all lands, tenements and hereditaments, whether occupied at the time of assessment or not.

(2) Subject to the provisions of subsection (3) of this section, if any house is or becomes unoccupied for the year or for part of the year of assessment, tax under Schedule A shall not be levied thereon during the period while it is so unoccupied, and the General Commissioners, on proof of the period during which the house was unoccupied, shall upon appeal discharge the tax in respect of that period.

(3) Relief from tax under Schedule A shall not be given under subsection (2) of this section for any period in a year of assessment during which a house is or becomes unoccupied if rent for that period is payable to an immediate lessor (as defined in section one hundred and seventy-two of this Act) in respect of the house under a short lease (as so defined):

Provided that this subsection shall not operate so as to authorise the levying of any tax for any such period as aforesaid which would fall to be ultimately borne by the person liable to pay the rent.

(4) If, on an application made to the Commissioners of Inland Revenue not later than twelve months after the end of any year of assessment, it is shown to the satisfaction of the said Commissioners that any apartment or tenement in any house or building let in different apartments or tenements and occupied by two or more persons severally was unoccupied during that year or any part of that year, the said Commissioners shall cause

PART III —*cont.*

such relief to be given from tax charged under Schedule A in respect of that house or building as appears to them to be just and shall, where necessary, direct repayment to be made of any tax which has been overpaid.

Divided lands.

108. If, after the making of an assessment under Schedule A, the lands are divided into two or more distinct occupations, the General Commissioners, on the application of the persons respectively interested, shall determine what proportion of the tax shall be paid or borne by each occupier, and the amount apportioned shall be collected and levied in like manner as if it had been an original assessment.

Assessment of landlord.

109.—(1) The assessment and charge under Schedule A shall be made upon the landlord in respect of—

(*a*) any dwelling-house in the occupation of a tenant which, with the buildings or offices belonging thereto, and the land occupied therewith, is of less annual value than ten pounds; and

(*b*) any lands and tenements which are let for a period less than one year; and

(*c*) any house or building let in different apartments or tenements and occupied by two or more persons severally,

and any house or building let in different apartments or tenements and occupied by two or more persons severally shall be assessed and charged as one entire house or tenement.

(2) An assessment made under this section shall be valid as against all persons although not made on the person who should have been assessed and the tax under any assessment made under this section may be recovered from the person who is the landlord of the lands, tenements, hereditaments or heritages to which the assessment relates on the first day of January in the year of assessment for which the assessment was made:

Provided that where that person is not the person named in the assessment the provisions of Part I of the Seventh Schedule to this Act shall have effect in relation to the recovery of that tax from him.

(3) Any tax under any assessment made under this section may also (so far as not otherwise recovered) be recovered in accordance with the provisions of Part II of the Seventh Schedule to this Act by requiring rent to be paid over in or towards the satisfaction of the tax.

(4) Any tax under any assessment made under this section in respect of any house or building let in different apartments or tenements and occupied by two or more persons severally may also (so far as not otherwise recovered) be recovered from all or any of those persons in accordance with the provisions of Part III of the Seventh Schedule to this Act.

(5) In any case to which subsection (4) of this section does not apply, the tax charged under this section may, in default of payment by the landlord, be levied upon the occupier.

(6) Where, under subsection (5) of this section, tax charged upon a landlord has, in default of payment by him, been levied upon the occupier, the tax may be deducted and shall be allowed out of the next payment on account of rent.

Landlord's option to be assessed.

110.—(1) The landlord or immediate lessor of any lands, houses or buildings may, if the Commissioners think fit, be assessed and charged under Schedule A as if he were the occupier thereof, for any year of assessment in which a request in writing to that effect is received from him and for subsequent years until he shall, by notice in writing, cancel such request.

(2) Any such request or notice shall be delivered personally or be sent by post to the clerk to the Commissioners on or before the thirty-first day of July in the year for which it is first to take effect.

(3) The tax so charged upon the landlord or immediate lessor may be recovered from him in the same manner as any other income tax is recoverable, but this provision shall not prejudice the right to recover the tax, if necessary, by distraint upon the premises or property in respect of which the charge was made, in the same way as if the charge had been made upon the occupier for the time being.

(4) If, for the purpose of avoiding distraint upon any premises or property under subsection (3) of this section, the occupier pays the tax, the amount thereof may be deducted and shall be allowed out of the next or any subsequent payment on account of rent.

Foreign Ministers' residences.

111. Tax to be charged under Schedule A in respect of any house or tenement occupied by the accredited Minister of any foreign State shall be charged on and paid by the landlord or person immediately entitled to the rent of the house or tenement.

Official residences.

112. Tax to be charged under Schedule A in respect of any house, tenement or apartment belonging to the Crown, in the occupation of any officer of the Crown, by right of his office or otherwise, except apartments in royal palaces, shall be charged on and paid by the occupier on the annual value thereof.

Divided houses.

113. Where a house is divided into distinct properties and occupied by distinct owners, or their respective tenants, such properties shall be separately assessed and charged under Schedule A on the respective occupiers thereof.

PART III —*cont.*

Mortgagees in possession.

114.—(1) Any mortgagee or creditor in any heritable security in possession of the lands, tenements, hereditaments or heritages mortgaged or secured, if in actual occupation of the same, shall be assessed and charged as an occupier, and, if not in actual occupation, shall be liable to the like deduction as any landlord.

(2) In any settlement of accounts between such mortgagee or other creditor and the mortgagor or debtor, tax payable on interest due in respect of the mortgage or debt shall be allowed as money received on account of interest.

Person chargeable under Schedule B.

115.—(1) Tax under Schedule B shall be charged on and paid by the occupier for the time being, and every person having the use of any lands or tenements shall be deemed to be the occupier thereof.

(2) The tax on each assessment under Schedule B shall be levied on the occupier for the time being without any new assessment, notwithstanding any change of occupation:

Provided that—

(*a*) an occupier who quits occupation shall be liable for the tax payable in respect of the period up to the date of his quitting occupation; and

(*b*) nothing in this Act shall extend to authorise the levying upon an occupier for the time being of any tax under Schedule B which ought to have been levied upon any former occupier of the lands, tenements or hereditaments, and nothing herein contained shall affect any remedy under this Act for the levying of any such tax or any portion thereof from such former occupier.

(3) Tax under Schedule B shall be charged on all lands, tenements and hereditaments, whether occupied at the time of assessment or not, but if any house is or becomes unoccupied for the year or for part of the year of assessment, the tax shall not be levied thereon during the period while it is so unoccupied, and the General Commissioners, on proof of the period during which the house was unoccupied, shall upon appeal discharge the tax in respect of that period.

(4) If, after the making of an assessment under Schedule B, the lands are divided into two or more distinct occupations, the General Commissioners, on the application of the persons respectively interested, shall determine what proportion of the tax shall be paid or borne by each occupier, and the amount apportioned shall be collected and levied in like manner as if it had been an original assessment.

CHAPTER V

PLACE OF CHARGE

Rules as to place of charge under Schedules A & B.

116.—(1) All properties shall be assessed and charged under Schedule A in the division where they are situate, and not elsewhere, except as otherwise provided in this section.

(2) In the case of all lands the occupier, whether owner or tenant, or tenant under different owners, and whether the lands are situate in the same or in different divisions, shall return a statement in each division in which any part of the lands is situate, and give a separate estimate of the lands in his occupation belonging to different owners, and if any such occupier wilfully omits to deliver any such statement in any division, although he may not reside therein, he shall be charged for the lands omitted at treble the rate of tax in addition to any penalty for which he is liable.

(3) Where lands held under the same demise, or occupied by the same person as owner, extend into different divisions, the assessment and charge under Schedule A shall be made in the division where the occupier resides.

(4) Where a dwelling-house or any premises occupied therewith is situate in two or more divisions, the assessment and charge thereon under Schedule A shall be made in such one of those divisions only as the surveyor deems most expedient, and the surveyor shall notify to the Commissioners acting for each of the said divisions the division selected by him.

(5) This section applies in relation to tax under Schedule B as it applies in relation to tax under Schedule A.

PART IV

SCHEDULE C, AND PRINCIPAL PROVISIONS RELATING THERETO

Schedule C.

117. The Schedule referred to in this Act as Schedule C is as follows—

SCHEDULE C

1. Tax under this Schedule shall be charged in respect of all profits arising from public revenue dividends payable in the United Kingdom in any year of assessment.

2. Tax under this Schedule shall also be charged in respect of profits arising from public revenue dividends payable in the Republic of Ireland in any year of assessment, being dividends on Government stock registered or inscribed in the books of the Bank of Ireland in Dublin.

PART IV —*cont.*

3. Where a banker or any other person in the United Kingdom obtains payment of any overseas public revenue dividends by means of coupons received from any other person or otherwise on his behalf, tax under this Schedule shall be charged in respect of the dividends.

4. Where—

(*a*) any banker in the United Kingdom sells or otherwise realises coupons for any overseas public revenue dividends and pays over the proceeds to any person or carries them to his account; or

(*b*) any dealer in coupons in the United Kingdom purchases any such coupons as aforesaid otherwise than from a banker or another dealer in coupons,

tax under this Schedule shall be charged in respect of the proceeds of the sale or other realisation.

5. Notwithstanding anything in the preceding paragraphs of this Schedule, but subject to the provisions of section ten of the India Stock Certificate Act, 1863, and section thirty-six of the National Debt Act, 1870 (which relate to interest on stock certificates), where any half-yearly payment in respect of any dividend entrusted to the Bank of England or the Bank of Ireland for payment and distribution, or which is payable by the National Debt Commissioners or of which they have the distribution, does not exceed fifty shillings, it shall not be charged under this Schedule but shall be assessed and charged under Case III of Schedule D.

6. Nothing in paragraphs 1 and 2 of this Schedule shall apply to any annuities which are not of a public nature.

7. The tax under this Schedule shall be charged for every twenty shillings of the annual amount of the profits, dividends or proceeds charged.

Mode of charge under Schedule C.

118.—(1) Tax under Schedule C shall be charged by the Commissioners designated for that purpose by this Act, and shall be paid, on behalf of the persons entitled to the profits, dividends or proceeds which are the subject of the tax—

(*a*) in the case of tax charged under paragraph 1 of that Schedule, by the persons and bodies of persons respectively entrusted with payment;

(*b*) in the case of tax charged under paragraph 2 of that Schedule, by the Bank of England;

(*c*) in the case of tax charged under paragraph 3 or paragraph 4 of that Schedule, by the banker or other person, or by the banker or dealer in coupons, as the case may be.

(2) The provisions of the Eighth Schedule to this Act shall have effect in relation to the assessment, charge and payment of tax under Schedule C.

PART IV —*cont.*

Miscellaneous exemptions from tax.

119.—(1) No tax shall be chargeable in respect of the stock, dividends or interest transferred to accounts in the books of the Bank of England in the name of the Treasury or the National Debt Commissioners in pursuance of any Act of Parliament, but the Bank of England shall transmit to the Special Commissioners an account of the total amount thereof.

(2) No tax shall be chargeable in respect of the stock, dividends or interest belonging to the Crown in whatever name they may stand in the books of the Bank of England.

(3) No tax shall be chargeable in respect of the stock, dividends or interest of any accredited Minister of any foreign State resident in the United Kingdom:

Provided that if the same stand in the name of a trustee, the property therein of any such Minister shall be proved by the trustee to the Special Commissioners.

(4) The provisions of subsection (3) of this section shall apply to any such proceeds of the sale or other realisation of coupons as are chargeable to tax under paragraph 4 of Schedule C as they apply to interest.

Exemption for dividends, etc. of non-residents.

120.—(1) No tax shall be chargeable in respect of the dividends on any securities of a foreign State, of a part of Her Majesty's dominions outside the United Kingdom, of India or of the Republic of Ireland which are payable in the United Kingdom where it is proved to the satisfaction of the Commissioners of Inland Revenue that the person owning the securities and entitled to the dividends is not resident in the United Kingdom; but, save as provided by this Act, no allowance shall be given or repayment be made in respect of the tax on the dividends on the securities of any foreign State, of any part of Her Majesty's dominions outside the United Kingdom, of India or of the Republic of Ireland which are payable in the United Kingdom:

Provided that where the securities of a foreign State, of any part of Her Majesty's dominions outside the United Kingdom, of India or of the Republic of Ireland are held under any trust, and the person who is the beneficiary in possession under the trust is the sole beneficiary in possession and can, by means either of the revocation of the trust or of the exercise of any powers under the trust, call upon the trustees at any time to transfer the securities to him absolutely free from any trust, that person shall, for the purposes of this section, be deemed to be the person owning the securities.

(2) Relief under this section may be given by the Commissioners of Inland Revenue either by way of allowance or repayment on a claim being made to them for the purpose.

(3) Any person who is aggrieved by the decision of the Commissioners of Inland Revenue on any question as to residence arising under this section may, by notice in writing to that effect

PART IV —*cont.*

given to the Commissioners of Inland Revenue within three months from the date on which notice of the decision is given to him, make an application to have his claim for relief heard and determined by the Special Commissioners.

(4) Where any application is made under subsection (3) of this section, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

(5) The preceding provisions of this section shall apply to any such proceeds of the sale or other realisation of coupons as are chargeable to tax under paragraph 4 of Schedule C as they apply to dividends on any securities of a foreign State, of any part of Her Majesty's dominions outside the United Kingdom, of India or of the Republic of Ireland which are payable in the United Kingdom.

Interpretation of Part IV.

121. In this Part of this Act—

" dividends " (except in the phrase " stock, dividends or interest ") means any interest, annuities, dividends or shares of annuities;

" public revenue ", except where the context otherwise requires, includes the public revenue of any Government whatsoever and the revenue of any public authority or institution in any country outside the United Kingdom;

" public revenue dividends " means dividends payable out of any public revenue;

" overseas public revenue dividends " means public revenue dividends payable elsewhere than in the United Kingdom (whether they are also payable in the United Kingdom or not) out of any public revenue other than the public revenue of the United Kingdom;

" Government stock registered or inscribed in the books of the Bank of Ireland in Dublin " means stock, bonds or annuities so registered or inscribed which are transferable in the books of the Bank of Ireland under the National Debt Act, 1870, as amended by any subsequent enactment, or the enactments relating to Government annuities granted by the National Debt Commissioners or which are transferable by deed under section seventeen of the Finance Act, 1911;

" banker " includes a person acting as a banker;

" coupons " and " coupons for any overseas public revenue dividends " include warrants for or bills of exchange purporting to be drawn or made in payment of any overseas public revenue dividends.

PART V

SCHEDULE D, AND PRINCIPAL PROVISIONS RELATING THERETO

CHAPTER I

CHARGE TO TAX AND GENERAL

122. The Schedule referred to in this Act as Schedule D is as follows— Schedule D.

SCHEDULE D

1. Tax under this Schedule shall be charged in respect of—

(*a*) the annual profits or gains arising or accruing—

(i) to any person residing in the United Kingdom from any kind of property whatever, whether situate in the United Kingdom or elsewhere; and

(ii) to any person residing in the United Kingdom from any trade, profession, employment or vocation, whether carried on in the United Kingdom or elsewhere; and

(iii) to any person, whether a British subject or not, although not resident in the United Kingdom, from any property whatever in the United Kingdom, or from any trade, profession, employment or vocation exercised within the United Kingdom; and

(*b*) all interest of money, annuities and other annual profits or gains not charged under Schedule A, Schedule B, Schedule C or Schedule E, and not specially exempted from tax,

in each case for every twenty shillings of the annual amount of the profits or gains:

Provided that profits or gains arising or accruing to any person from an office, employment or pension shall not, by virtue of this paragraph, be chargeable to tax under this Schedule unless they are chargeable to tax under Case V of this Schedule or under Chapter IV of Part VII of this Act.

2. The provisions of paragraph 1 of this Schedule are without prejudice to any other provision of this Act directing tax to be charged under this Schedule, and the tax so directed to be charged shall be charged accordingly.

PART V —*cont.*

Mode of charge under Schedule D; the six "Cases".

123.—(1) Tax under Schedule D shall be charged under the following Cases respectively, that is to say—

Case I—tax in respect of any trade carried on in the United Kingdom or elsewhere;

Case II—tax in respect of any profession or vocation not contained in any other Schedule;

Case III—tax in respect of—

(*a*) any interest of money, whether yearly or otherwise, or any annuity, or other annual payment, whether such payment is payable within or out of the United Kingdom, either as a charge on any property of the person paying the same by virtue of any deed or will or otherwise, or as a reservation out of it, or as a personal debt or obligation by virtue of any contract, or whether the same is received and payable half-yearly or at any shorter or more distant periods; and

(*b*) all discounts; and

(*c*) profits on securities bearing interest payable out of the public revenue, other than such as are charged under Schedule C;

Case IV—tax in respect of income arising from securities out of the United Kingdom, except such income as is charged under Schedule C;

Case V—tax in respect of income arising from possessions out of the United Kingdom;

Case VI—tax in respect of any annual profits or gains not falling under any of the foregoing Cases and not charged by virtue of Schedule A, Schedule B, Schedule C or Schedule E,

and subject to and in accordance with the provisions of this Act applicable to the said Cases respectively.

(2) The provisions of subsection (1) of this section are without prejudice to any other provision of this Act directing tax to be charged under one or other of the said Cases, and the tax so directed to be charged shall be charged accordingly.

Farming and other commercial occupation of land in the United Kingdom to be charged under Schedule D.

124.—(1) All farming and market gardening in the United Kingdom shall be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the profits or gains thereof shall be charged to tax under Case I of Schedule D accordingly.

(2) The occupation of land in the United Kingdom for any purpose other than farming or market gardening shall, if the land is managed on a commercial basis and with a view to the realisation of profits, be treated as the carrying on of a trade

or, as the case may be, of a part of a trade, and the profits or gains thereof shall be charged to tax under Case I of Schedule D accordingly:

Provided that nothing in this subsection shall affect the taxation of woodlands which are managed on a commercial basis and with a view to the realisation of profits.

(3) In this section, " land " includes tenements, hereditaments and heritages.

Woodlands managed on a commercial basis.

125.—(1) Any person occupying woodlands who proves to the satisfaction of the General Commissioners or of the Special Commissioners that those woodlands are managed by him on a commercial basis and with a view to the realisation of profits may elect to be assessed and charged to tax in respect of those woodlands under Schedule D instead of under Schedule B.

(2) The election of any such person shall be signified by notice in writing delivered personally or sent by post in a registered letter to the surveyor for the district within two months after the commencement of the year of assessment, and from and after the receipt of the notice the charge upon him for that year shall be under Schedule D and the profits or gains arising to him from the occupation of the woodlands shall for all purposes be deemed to be profits or gains of a trade chargeable under that Schedule.

(3) Any such election shall extend to all woodlands so managed as aforesaid on the same estate:

Provided that woodlands shall be treated for this purpose as being woodlands on a separate estate if the person occupying those woodlands gives notice to the General or Special Commissioners within ten years after the time when they are planted or replanted.

(4) An election under this section shall have effect not only as respects the year of assessment but also as respects all future years of assessment so long as the woodlands are occupied by the person making the election.

(5) Any application to prove the facts specified in subsection (1) of this section in any year in respect of the same woodlands must be made either to the General Commissioners or to the Special Commissioners, and not to both.

Cases I and II

Full tax to be charged.

126. The tax under Cases I and II of Schedule D shall be charged without any other deduction than is by this Act allowed.

PART V —*cont.* Computation under Cases I and II to be normally on profits of previous year.

127.—(1) Subject to the provisions of this and the three next following sections, tax shall be charged under Cases I and II of Schedule D on the full amount of the profits or gains of the year preceding the year of assessment.

(2) Where, in the case of the trade, profession or vocation, an account has or accounts have been made up to a date or dates within the period of three years immediately preceding the year of assessment—

(*a*) if an account was made up to a date within the year preceding the year of assessment and that account was the only account made up to a date in that year and was for a period of one year beginning either at the commencement of the trade, profession or vocation, or at the end of the period on the profits or gains of which the assessment for the last preceding year of assessment was to be computed, the profits or gains of the year ending on that date shall be taken to be the profits or gains of the year preceding the year of assessment;

(*b*) in any case to which the provisions of paragraph (*a*) do not apply, the Commissioners of Inland Revenue shall decide what period of twelve months ending on a date within the year preceding the year of assessment shall be deemed to be the year the profits or gains of which are to be taken to be the profits or gains of the year preceding the year of assessment.

(3) Where the Commissioners of Inland Revenue have given a decision under paragraph (*b*) of subsection (2) of this section and it appears to them that in consequence thereof the tax for the last preceding year of assessment in respect of the profits or gains from the same source should be computed on the profits or gains of a corresponding period, they may give directions to that effect and an assessment or additional assessment or repayment of tax shall be made accordingly.

(4) An appeal shall lie against any assessment or additional assessment or in respect of any repayment of tax under subsection (3) of this section, and any such appeal shall be made to the General or Special Commissioners, who shall consider the circumstances and grant such relief, if any, as is just, and their determination shall be final and conclusive, subject to the provisions of this Act relating to the statement of a case for the opinion of the High Court.

(5) In the case of the death of a person who, if he had not died, would, under the provisions of subsections (2) to (4) of this section, have become chargeable to income tax for any

year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators and shall be a debt due from and payable out of his estate.

Period of computation at commencement of trades, professions and vocations.

128.—(1) Where the trade, profession or vocation has been set up and commenced within the year of assessment, the computation of the profits or gains chargeable to tax under Case I or Case II shall be made either on the full amount of the profits or gains arising in the year of assessment or according to the average of such period, not being greater than one year, as the case may require and as may be directed by the Commissioners.

(2) Where the trade, profession or vocation has been set up and commenced within the year preceding the year of assessment, the computation of the profits or gains chargeable to tax under Case I or Case II shall be made on the profits or gains for one year from the first setting up thereof.

Option as to period of computation for the two years next after commencement of trade, profession or vocation.

129.—(1) In this section, " charged " means charged to income tax in respect of the profits or gains of a trade, profession or vocation, and " the second year of assessment " and " the third year of assessment " mean respectively the year next after and the year next but one after the year of assessment in which the trade, profession or vocation was set up and commenced.

(2) The person charged or liable to be charged shall be entitled, on giving notice in writing to the surveyor within two years after the end of the second year of assessment, to require that tax shall be charged for both the second year of assessment and the third year of assessment (but not for one or other only of those years) on the amount of the profits or gains of each such year respectively:

Provided that he may by notice in writing given to the surveyor within twelve months after the end of the third year of assessment revoke the notice and in that case tax shall be charged for both the second year of assessment and the third year of assessment as if the first notice had never been given.

(3) If at any time during the second or third year of assessment any such change as is hereinafter mentioned occurs in the persons engaged in the trade, profession or vocation, that is to say, if either—

(*a*) a change occurs in a partnership of persons engaged therein, by reason of retirement or death, or the dissolution of the partnership as to one or more of the partners, or the admission of a new partner, in such circumstances that one or more of the persons who until that time were engaged in the trade, profession or vocation continue to be engaged therein; or

PART V —*cont.*

(*b*) a person who until that time was engaged in the trade, profession or vocation on his own account continues to be engaged in it, but as a partner in a partnership,

a notice for the purposes of subsection (2) of this section or of the proviso thereto must, if given after the occurrence of the change—

(i) in the case of a notice given within twelve months after the end of the second year of assessment, be signed by each of the persons who were engaged in the trade, profession or vocation at any time between the commencement of the second year of assessment and the giving of the notice, or, in the case of a deceased person, by his legal representatives; and

(ii) in the case of a notice given after the end of the third year of assessment, be signed by each of the persons who were engaged in the trade, profession or vocation at any time during the second or third year of assessment, or, in the case of a deceased person, by his legal representatives.

(4) In the case of the death of a person who, if he had not died, would, under the provisions of this section, have become chargeable to income tax for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators and shall be a debt due from and payable out of his estate.

(5) There shall be made such additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to the preceding provisions of this section.

Period of computation on discontinuance of trades, professions and vocations.

130.—(1) Where in any year of assessment a trade, profession or vocation is permanently discontinued, then, notwithstanding anything in the preceding provisions of this Chapter—

(*a*) the person charged or chargeable with tax in respect thereof shall be charged for that year on the amount of the profits or gains of the period beginning on the sixth day of April in that year and ending on the date of the discontinuance, subject to any deduction or set-off to which he may be entitled under section one hundred and forty-two or section three hundred and forty-two of this Act in respect of any loss, and, if he has been charged otherwise than in accordance with this provision, any tax overpaid shall be repaid, or an additional assessment may be made upon him, as the case may require;

PART V —*cont.*

(*b*) if the profits or gains of the year ending on the fifth day of April in the year preceding the year of assessment in which the discontinuance occurs exceed the amount on which the person has been charged for that preceding year, or would have been charged if no such deduction or set-off as aforesaid had been allowed, an additional assessment may be made upon him, so that he shall be charged for that preceding year on the amount of the profits or gains of the said year ending on the fifth day of April, subject to any such deduction or set-off as aforesaid to which he may be entitled.

(2) In the case of the death of a person who, if he had not died, would, under the provisions of this section, have become chargeable to income tax for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators, and shall be a debt due from and payable out of his estate.

(3) Where, by any Act passed after the beginning of August, nineteen hundred and forty-five, which embodies any scheme for the carrying on of any industry or part of an industry, or of any undertaking, under national ownership or control, provision is made for the transfer of any property, constituting the assets of a trade, as part of the initial putting into force of the scheme, to the Crown or to a body corporate constituted for the purposes of that scheme or any previous scheme for such national ownership or control as aforesaid, and, in consequence of the transfer, the trade is permanently discontinued, no additional assessment shall be made under paragraph (*b*) of subsection (1) of this section in consequence of that discontinuance for the year preceding the year of assessment in which that discontinuance occurs.

Case III

Basis of computation under Case III.

131.—(1) Tax under Case III of Schedule D shall, subject to the provisions of this section, be computed—

(*a*) as respects the year of assessment in which the profits or income first arise, on the full amount of the profits or income arising within that year; and

(*b*) as respects subsequent years of assessment, on the full amount of the profits or income arising within the year preceding the year of assessment:

Provided that—

(i) where the profits or income first arose on some day in the year preceding the year of assessment other than the sixth day of April, the computation shall be made on the profits or income of the year of assessment; and

(ii) where the profits or income first arose on the sixth day of April in the year preceding the year of assessment,

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or on some day in the year next before the year preceding the year of assessment other than the sixth day of April, the person charged shall be entitled, on giving notice in writing to the surveyor at any time within twelve months after the end of the year of assessment, to be charged on the amount of the profits or income of that year, and if the tax charged has been paid, any amount overpaid shall be repaid.

(2) Tax shall be paid on the actual amount computed as aforesaid without any deduction.

(3) Save as otherwise provided in this Act, all profits or income in respect of which any person is chargeable under Case III of Schedule D may be assessed and charged in one sum:

Provided that—

(*a*) if in any year of assessment any person charged or chargeable in respect of any such profits or income as aforesaid ceases to possess any particular source of any such profits or income or any part of any such source, income tax in respect of the profits or income from that source or that part shall be computed separately, and the provisions of the last preceding section shall, subject to the necessary modifications, apply as if the cesser of the possession of the source or part were the discontinuance of a trade; and

(*b*) if at any time any person acquires a new source of any such profits or income or an addition to any source of any such profits or income, then, for the year of assessment in which income first arises from the source or addition and the two following years of assessment, income tax in respect of the profits or income from the source or addition shall be computed separately, and the provisions of subsection (1) of this section shall apply to the computation thereof.

In relation to sources or additions to sources acquired before the sixth day of April, nineteen hundred and fifty-one, paragraph (*b*) of the proviso to this subsection shall only apply if the income or profits first arose therefrom on or after that date.

Cases IV and V

Basis of computation under Cases IV & V.

132.—(1) Subject to the provisions of this and the two next following sections, tax chargeable under Case IV or Case V of Schedule D shall be computed on the full amount of the income arising in the year preceding the year of assessment, whether the income has been or will be received in the United Kingdom or not, subject, in the case of income not received in the United Kingdom—

(*a*) to the same deductions and allowances as if it had been so received; and

(*b*) to the deduction, where such a deduction cannot be made under, and is not forbidden by, any other provision of this Act, of any sum which has been paid in respect of income tax in the place where the income has arisen; and

(*c*) to a deduction on account of any annual interest or any annuity or other annual payment payable out of the income to a person not resident in the United Kingdom,

and the provisions of this Act (including those relating to the delivery of statements) shall apply accordingly.

(2) Subsection (1) of this section shall not apply—

(*a*) to any person who satisfies the Commissioners of Inland Revenue that he is not domiciled in the United Kingdom, or that, being a British subject or a citizen of the Republic of Ireland, he is not ordinarily resident in the United Kingdom; or

(*b*) to any income which is immediately derived by a person from the carrying on by him of any trade, profession or vocation, either solely or in partnership; or

(*c*) to any income which arises from any office, employment or pension.

(3) In the cases mentioned in subsection (2) of this section, the tax shall, subject to the provisions of the two next following sections, be computed—

(*a*) in the case of tax chargeable under Case IV, on the full amount, so far as the same can be computed, of the sums received in the United Kingdom in the year preceding the year of assessment, without any deduction or abatement;

(*b*) in the case of tax chargeable under Case V, on the full amount of the actual sums received in the United Kingdom in the year preceding the year of assessment from remittances payable in the United Kingdom, or from property imported, or from money or value arising from property not imported, or from money or value so received on credit or on account in respect of any such remittances, property, money or value brought or to be brought into the United Kingdom, without any deduction or abatement other than is allowed, under the provisions of this Act, in respect of profits or gains charged under Case I of Schedule D.

(4) Any person who is aggrieved by the decision of the Commissioners of Inland Revenue on any question as to domicile or ordinary residence arising under subsection (2) of this

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section may, by notice in writing to that effect given to the Commissioners of Inland Revenue within three months from the date on which notice of the decision is given to him, make an application to have his claim for relief heard and determined by the Special Commissioners.

(5) Where any application is made under subsection (4) of this section, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

Period of computation under Case IV or Case V in the case of fresh income.

133.—(1) Subject to the provisions of this section, in the case of income tax chargeable under Case IV or Case V of Schedule D—

(*a*) income tax shall be computed, as respects the year of assessment in which the income first arises, on the full amount of the income arising within that year;

(*b*) where the income first arose on some day in the year preceding the year of assessment other than the sixth day of April, income tax shall be computed on the income of the year of assessment;

(*c*) where the income first arose on the sixth day of April in the year preceding the year of assessment, or on some day in the year next before the year preceding the year of assessment other than the sixth day of April, the person charged shall be entitled, on giving notice in writing to the surveyor within twelve months after the end of the year of assessment, to be charged on the amount of the income of that year, and if the tax charged has been paid, any tax overpaid shall be repaid.

(2) The provisions of subsection (1) of this section shall, in cases where income tax is to be computed by reference to the amount of income received in the United Kingdom, have effect as if references therein to income which arises or which arose were references to income which is or was so received.

Acquisition or cessation of source of income taxable under Case IV or Case V.

134.—(1) Subject to the provisions of this section, all income in respect of which a person is chargeable under Case IV of Schedule D or under Case V of Schedule D may respectively be assessed and charged in one sum.

(2) If in any year of assessment either—

(*a*) any person charged or chargeable in respect of any income chargeable under Case IV or Case V of Schedule D ceases to possess any particular source of any such income or any part of any such source; or

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(*b*) any income in respect of which any person has previously been charged or is chargeable under Case IV or Case V of Schedule D becomes at any time chargeable to tax by deduction under the provisions of Chapter IV of Part VII of this Act,

income tax in respect of income from that source or that part, or, as the case may be, from the security or possession in question, shall be computed separately, and the provisions of section one hundred and thirty of this Act (which relates to the discontinuance of a trade, profession or vocation) shall, subject to the necessary modifications, apply as if the cesser of the possession of the source or part, or, as the case may be, the income becoming chargeable by deduction as aforesaid, were the discontinuance of a trade.

(3) If at any time any person acquires a new source of any income chargeable to tax under Case IV or Case V of Schedule D or an addition to any source of any such income, then, for the year of assessment in which income first arises from the source or addition and the two following years of assessment, income tax in respect of the income from the source or addition shall be computed separately and the provisions of the last preceding section shall apply:

Provided that, in relation to sources or additions to sources acquired before the sixth day of April, nineteen hundred and fifty-one, this subsection shall only apply if the income first arose therefrom on or after that date.

Where income arising to any person from any security or possession in any place out of the United Kingdom ceases at any time to be chargeable to income tax by deduction under the provisions of Chapter IV of Part VII of this Act, the preceding provisions of this subsection shall apply as if that security or possession were a new source of income acquired by that person at that time.

The references in this subsection to income which arises or arose shall, in cases where income tax is to be computed by reference to the amount of income received in the United Kingdom, be construed as references to income which is or was so received.

Case VI

Basis of computation under Case VI.

135.—(1) The nature of the profits or gains and the basis on which the amount thereof has been computed, including the average, if any, taken thereon, shall be stated to the Commissioners.

(2) The computation shall be made, either on the full amount of the profits or gains arising in the year of assessment, or according to an average of such a period, not being greater than one

PART V —*cont.*

year, as the case may require, and as may be directed by the Commissioners.

(3) Every such statement and computation shall be made to the best of the knowledge and belief of the person in receipt of or entitled to the profits or gains.

CHAPTER II

COMPUTATION OF PROFITS OF TRADES, PROFESSIONS AND VOCATIONS

Exclusion from computation of annual value of premises in United Kingdom.

136.—(1) The computation of tax under Case I or Case II of Schedule D shall be made exclusive of the annual value of lands, tenements, hereditaments or heritages occupied for the purpose of the trade or profession, and separately assessed and charged under Schedule A.

(2) Where any lands, tenements, hereditaments or other premises of whatsoever description used for the purpose of any trade, profession or vocation are situate outside the United Kingdom, no deduction or set-off shall, in estimating the amount of annual profits or gains arising or accruing from that trade, profession or vocation, in any manner be allowed on account or in respect of the annual value of those premises.

(3) Where, in estimating the amount of annual profits or gains arising or accruing from any trade, profession or vocation, and chargeable to tax under Schedule D, any sum is deducted on account of the annual value of the lands, tenements, hereditaments and heritages used for the purpose of such trade, profession or vocation, the sum so deducted shall not exceed the amount of the assessment of the lands, tenements, hereditaments and heritages for the purpose of tax under Schedule A as reduced for the purpose of collection.

General rules as to deductions not allowable.

137. Subject to the provisions of this Act, in computing the amount of the profits or gains to be charged under Case I or Case II of Schedule D, no sum shall be deducted in respect of—

(*a*) any disbursements or expenses, not being money wholly and exclusively laid out or expended for the purposes of the trade, profession or vocation;

(*b*) any disbursements or expenses of maintenance of the parties, their families or establishments or any sums expended for any other domestic or private purposes distinct from the purposes of such trade, profession or vocation;

(*c*) the rent or annual value of any dwelling-house or domestic offices or any part thereof, except such part thereof as is used for the purposes of the trade or profession, and where any such part is so used, the sum

so deducted shall be such as may be determined by the Commissioners and shall not, unless in any particular case the Commissioners are of opinion that having regard to all the circumstances some greater sum ought to be deducted, exceed two-thirds of the annual value or of the rent bona fide paid for the said dwelling-house or offices;

(*d*) any sum expended for repairs of premises occupied, or for the supply, repairs or alterations of any implements, utensils or articles employed, for the purposes of the trade, profession or vocation, beyond the sum actually expended for those purposes;

(*e*) any loss not connected with or arising out of the trade, profession or vocation;

(*f*) any capital withdrawn from, or any sum employed or intended to be employed as capital in, such trade, profession or vocation;

(*g*) any capital employed in improvements of premises occupied for the purposes of the trade, profession or vocation;

(*h*) any interest which might have been made if any such sums as aforesaid had been laid out at interest;

(*i*) any debts, except bad debts proved to be such to the satisfaction of the Commissioners, and doubtful debts to the extent that they are respectively estimated to be bad, and in the case of the bankruptcy or insolvency of a debtor the amount which may reasonably be expected to be received on any such debt shall be deemed to be the value thereof;

(*j*) any average loss beyond the actual amount of loss after adjustment;

(*k*) any sum recoverable under an insurance or contract of indemnity;

(*l*) any annual interest or any annuity or other annual payment payable out of the profits or gains;

(*m*) any royalty or other sum paid in respect of the user of a patent;

(*n*) any rent, royalty or other payment which, under any of the provisions of this Act, is declared to be subject to deduction of tax under Chapter I of Part VII of this Act as if it were a royalty or other sum paid in respect of the user of a patent.

Interest payable abroad to be deductible in computing profits in certain cases.

138.—(1) Subject to the provisions of this section, in computing the profits or gains of a trade carried on by a person residing in the United Kingdom, annual interest in the case of which all the following conditions are fulfilled, that is to say—

(*a*) that the liability to pay the interest was incurred exclusively for the purposes of the trade; and

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(*b*) that the payment of the interest is secured mainly upon assets outside the United Kingdom which are employed in the trade and belong to the person by whom the trade is carried on; and

(*c*) that, under the terms of the contract under which the interest is payable, the interest is to be paid, or may be required to be paid, outside the United Kingdom; and

(*d*) that the interest is in fact paid outside the United Kingdom; and

(*e*) that the interest is paid to a person not resident in the United Kingdom and without any deduction of United Kingdom income tax,

may be deducted notwithstanding anything in the last preceding section.

(2) This section shall not apply to any interest falling to be deducted from any income of the person carrying on the trade under subsection (1) of section one hundred and thirty-two of this Act (which relates to tax under Cases IV and V of Schedule D).

(3) Where the trade is carried on by a partnership, this section shall not apply to any interest which is payable to any of the partners or is payable in respect of the share of any partner in the partnership capital.

(4) This section shall not apply where—

(*a*) the trade is carried on by a body of persons over whom the person entitled to the interest has control; or

(*b*) the person entitled to the interest is a body of persons over whom the person carrying on the trade has control; or

(*c*) the person carrying on the trade and the person entitled to the interest are both bodies of persons, and some other person has control over both of them.

In this subsection, the references to a body of persons include references to a partnership, and "control" has the meaning assigned to it by subsection (1) of section three hundred and thirty-three of this Act.

Patent and other fees, etc.

139. Notwithstanding anything in section one hundred and thirty-seven of this Act, in computing the profits or gains of a trade, there may be deducted as expenses any fees paid or expenses incurred in obtaining, for the purposes of the trade, the grant of a patent, an extension of the term of a patent, the registration of a design or trade mark, the extension of the period of copyright in a design or the renewal of registration of a trade mark.

PART V —*cont.*

Payments for technical education.

140.—(1) Notwithstanding anything in section one hundred and thirty-seven of this Act, where a person carrying on a trade makes any payment to be used for the purposes of technical education related to that trade at any university or university college, or at any such technical college or other similar institution as may for the time being be approved for the purposes of this section by the Minister of Education, the payment may be deducted as an expense in computing the profits or gains of the trade for the purposes of income tax.

(2) For the purposes of this section, technical education shall be deemed to be related to a trade if, and only if, it is technical education of a kind specially requisite for persons employed in the class of trade to which that trade belongs.

(3) In relation to technical colleges or other institutions in Scotland or Northern Ireland, this section shall have effect as if for the reference to the Minister of Education there were substituted a reference, in the case of Scotland to the Secretary of State, and in the case of Northern Ireland to the Ministry of Education for Northern Ireland.

Deduction of profits tax.

141.—(1) The amount of the profits tax payable in respect of the profits arising from a trade or business in any chargeable accounting period shall be allowed to be deducted in computing the profits or gains arising from that trade or business in that period.

(2) Where an amount is allowed to be deducted as an expense by virtue of subsection (1) of this section, any income tax overpaid in consequence thereof by any person shall be repaid to him.

(3) Where any adjustment is made of the liability of any person to the profits tax, any consequential adjustment of the liability of that or any other person to income tax (including surtax) for any year of assessment may be made, whether by way of additional assessment, repayment of tax or otherwise, notwithstanding that the time limited by this Act for the making of assessments or claims for repayment of tax has expired.

(4) The provisions of the Sixth Schedule to this Act shall apply to any claims for relief under subsection (3) of this section:

Provided that—

(*a*) a claim for any such relief shall be made in such form as the Commissioners of Inland Revenue may direct, and shall be delivered to the surveyor; and

(*b*) where the surveyor objects to any such claim, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal

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against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply; and

(*c*) any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (*b*) of this proviso shall have effect accordingly.

Losses may be set off against profits.

142.—(1) A person who carries on, either solely or in partnership, two or more distinct trades the profits of which are chargeable under Schedule D may deduct from or set off against the profits as computed under this Act in respect of one or more such trades the loss so computed sustained in any other such trade, and may make separate statements as to each such trade.

(2) The references in subsection (1) of this section to a trade shall be deemed to include references to a profession or vocation.

Valuation of trading stock on discontinuance of trades.

143.—(1) In computing for any income tax purpose the profits or gains of a trade which has been discontinued, any trading stock belonging to the trade at the discontinuance thereof shall be valued as follows—

(*a*) in the case of any such trading stock—

(i) which is sold or transferred for valuable consideration to a person who carries on or intends to carry on a trade in the United Kingdom; and

(ii) the cost whereof may be deducted by the purchaser as an expense in computing for any such purpose the profits or gains of that trade,

the value thereof shall be taken to be the amount realised on the sale or the value of the consideration given for the transfer;

(*b*) in the case of any other such trading stock, the value thereof shall be taken to be the amount which it would have realised if it had been sold in the open market at the discontinuance of the trade.

(2) Any question arising under paragraph (*a*) of subsection (1) of this section shall be determined as follows, for the purpose of computing as aforesaid the profits or gains of both the trades concerned—

(*a*) in a case where the same body of General Commissioners have jurisdiction with respect to both the trades concerned, any such question shall be determined by those Commissioners unless all parties concerned agree that it shall be determined by the Special Commissioners;

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(*b*) in any other case, any such question shall be determined by the Special Commissioners;

(*c*) any such Commissioners shall determine the question in like manner as if it were an appeal to them against an assessment under Schedule D, and the provisions of this Act relating to such an appeal shall apply accordingly with any necessary modifications.

(3) Where, by virtue of the provisions of section one hundred and forty-five of this Act, a trade is treated as having been discontinued for the purpose of computing tax, it shall also be so treated for the purposes of this section, but this section shall not apply in a case where a trade carried on by a single individual is discontinued by reason of his death.

(4) For the purposes of this section, "trading stock", in relation to any trade, means property of any description, whether real or personal, being either—

(*a*) property such as is sold in the ordinary course of the trade or would be so sold if it were mature or if its manufacture, preparation or construction were complete; or

(*b*) materials such as are used in the manufacture, preparation or construction of any such property as is referred to in paragraph (*a*) of this subsection.

CHAPTER III

ADDITIONAL PROVISIONS AS TO PARTNERSHIPS AND SUCCESSIONS

Partnership statements and assessments.

144.—(1) Where a trade or profession is carried on by two or more persons jointly, the tax in respect thereof shall be computed and stated jointly and in one sum, and shall be separate and distinct from any other tax chargeable on those persons or any of them, and a joint assessment shall be made in the partnership name.

(2) The precedent partner, that is to say, the partner who, being resident in the United Kingdom—

(*a*) is first named in the agreement of partnership; or

(*b*) if there be no agreement, is named singly or with precedence to the other partners in the usual name of the firm; or

(*c*) is the precedent acting partner, if the person named with precedence is not an acting partner,

shall make and deliver a statement of the profits or gains of such trade or profession, on behalf of himself and the other partners, and declare therein the names and residences of the other partners, under the penalty prescribed by this Act for default in delivering a statement.

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(3) Where no partner is resident in the United Kingdom, the statement shall be made and delivered by the agent, manager, or factor of the firm resident in the United Kingdom.

(4) Any other partner may, if a statement has been delivered as aforesaid, notify the fact that he is a partner together with his name and place of abode, without returning the amount of tax payable in respect of the partnership, but the respective Commissioners may, if they think fit, require from every partner a like statement, and the like information and evidence, as they are entitled to require from the precedent partner.

Changes of proprietor.

145.—(1) If at any time a change occurs in a partnership of persons engaged in any trade, profession or vocation, by reason of retirement or death, or the dissolution of the partnership as to one or more of the partners, or the admission of a new partner, in such circumstances that one or more of the persons who until that time were engaged in the trade, profession or vocation continue to be engaged therein, or a person who, until that time, was engaged in any trade, profession or vocation on his own account continues to be engaged in it, but as a partner in a partnership, the tax payable by the person or persons who carry on the trade, profession or vocation after that time shall, notwithstanding the change, be computed according to the profits or gains of the trade, profession or vocation during the period prescribed by the provisions of Chapter I of this Part of this Act:

Provided that, where all the persons who were engaged in the trade, profession or vocation, both immediately before and immediately after the change, require, by notice signed by all of them, or, in the case of a deceased person, by his legal representatives, and sent to the surveyor within twelve months after the change took place, that the tax payable for all years of assessment shall be computed as if the trade, profession or vocation had been discontinued at the date of the change, and a new trade, profession or vocation had been then set up and commenced, and that the tax so computed for any year shall be charged on and paid by such of them as would have been charged if such discontinuance and setting up and commencement had actually taken place, the tax shall be computed, charged, collected and paid accordingly.

(2) If at any time any person succeeds to any trade, profession or vocation which until that time was carried on by another person and the case is not one to which subsection (1) of this section applies, the tax payable for all years of assessment by the person succeeding as aforesaid shall be computed as if he had set up and commenced the trade, profession or vocation at that time, and the tax payable for all years of assessment by the

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person who until that time carried on the trade, profession or vocation shall be computed as if it had then been discontinued.

In this subsection, references to a person include references to a partnership.

(3) In the case of the death of a person who, if he had not died, would, under the provisions of this section, have become chargeable to income tax for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators and shall be a debt due from and payable out of his estate.

Apportionment of tax where there are partnership changes and the trade, etc., is not treated as discontinued.

146.—(1) If, during any year of assessment, any such change as is mentioned in subsection (1) of the last preceding section takes place in the case of any trade, profession or vocation in respect of which an assessment is made under Case I or Case II of Schedule D and notice is not given under the proviso to that subsection, the surveyor shall, within four months from the fifth day of April next after the change, certify to the General Commissioners for the division in which the assessment is made the particulars thereof and the full names and residences of the persons charged and the persons carrying on the trade, profession or vocation after the change and the date of the change, if these be known to the surveyor.

(2) On receipt of the certificate, the Commissioners shall cause notice to be given to all the said persons of a meeting of the Commissioners to consider it, and after examination of the said persons, if they attend, or on other satisfactory proof of the facts, the Commissioners shall adjust the assessment by charging the persons carrying on the trade, profession or vocation after the change with a fair proportion of the assessment from the time of the change, and relieving the persons originally charged from a like amount.

(3) The determination of the Commissioners on any such certificate shall be final, and the sum apportioned to the persons carrying on the trade, profession or vocation after the change shall be recoverable from them in like manner as if they had been charged under the original assessment.

(4) If the persons carrying on the trade, profession or vocation before or after the change have paid in respect of an assessment so certified more than the proportion which appears by the determination of the Commissioners to be chargeable on them respectively, the amount overpaid shall, when recovered from the persons liable, be paid to the persons by whom the overpayment was made.

Partnerships controlled abroad.

147.—(1) Where any trade or business is carried on by two or more persons in partnership, and the control and management of such trade or business is situate abroad, the trade or business shall be deemed to be carried on by persons resident outside

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the United Kingdom, and the said partnership shall be deemed to reside outside the United Kingdom, notwithstanding the fact that some of the members of the said partnership are resident in the United Kingdom and that some of the trading operations of the said partnership are conducted within the United Kingdom.

(2) Where any part of the trade or business of a partnership firm whose management and control is situate abroad consists of trading operations within the United Kingdom, the said firm shall be chargeable in respect of the profits of such trading operations within the United Kingdom to the same extent as, and no further than, a person resident abroad is chargeable in respect of trading operations by him within the United Kingdom, notwithstanding the fact that one or more of the members of the said firm are resident in the United Kingdom:

Provided that for the purpose of charging any such firm in respect of the profits of the said trading operations within the United Kingdom, an assessment may be made on the said firm in respect of the said profits in the name of any partner resident in the United Kingdom.

CHAPTER IV

MISCELLANEOUS PROVISIONS AS TO SCHEDULE D

Persons chargeable.

148. Tax under Schedule D shall be charged on and paid by the persons receiving or entitled to the income in respect of which tax under that Schedule is in this Act directed to be charged.

Tax computed on profits of previous period to be charged though no profits in year of assessment.

149. Where it is provided by this Act that tax under Schedule D in respect of profits or gains or income from any source is to be computed by reference to the amount of the profits or gains or income of some period preceding the year of assessment, tax as so computed shall be charged for that year of assessment notwithstanding that no profits or gains or income arise from that source for or within that year of assessment.

Place of assessment.

150.—(1) A person engaged in a trade, profession, employment or vocation shall be assessable and chargeable under Schedule D in the division—

(*a*) where the trade, profession, employment or vocation is carried on, whether carried on wholly or in part within the United Kingdom, and whether he is engaged in one or more of such concerns; or

(*b*) where he ordinarily resides,

except that a person engaged in a trade within the United Kingdom carried on by the manufacture of goods, wares or merchandise shall be assessable and chargeable—

(i) at the place of manufacture, although the sales thereof be elsewhere; or

(ii) where he ordinarily resides.

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(2) A person who is a householder and not engaged in a trade, profession, employment or vocation shall be assessable and chargeable under Schedule D in the division in which his dwelling-house is situate or where he ordinarily resides.

(3) A person not engaged in a trade, profession, employment or vocation who has two or more places of ordinary residence shall be assessable and chargeable under Schedule D at either such place.

(4) A person who is neither a householder nor engaged in a trade, profession, employment or vocation who has a place of ordinary residence shall be assessable and chargeable under Schedule D in the division in which he ordinarily resides.

(5) Every person not hereinbefore described shall be assessable and chargeable under Schedule D in the division where he resides on the first day of the year of assessment or where he first comes to reside after the said first day.

(6) Every assessment and charge made in pursuance of the preceding provisions of this section shall be valid and effectual notwithstanding the subsequent removal of the person from the division in which he is assessed or charged.

(7) For the purpose of ascertaining the proper division of assessment and charge under Schedule D, every person who delivers a list or statement under this Act shall deliver at the same time a signed declaration stating—

(*a*) where he is assessable or chargeable ; and

(*b*) whether he is or is not engaged in a trade, profession, employment or vocation and, if so, the place within the United Kingdom where it is carried on, and particulars of every trade, profession, employment or vocation in which he shall be engaged in such place, whether it be carried on wholly or partly within the United Kingdom.

(8) In this section, " employment " means an employment the profits or gains whereof are chargeable to tax under Schedule D.

Other provisions as to place of assessment and statements of profits.

151.—(1) Every statement of profits to be charged under Schedule D which is made by any person—

(*a*) on his own account ; or

(*b*) on account of some other person for whom he is chargeable, or who is chargeable in his name,

shall include every source of income so chargeable and a person shall be chargeable in respect of the whole of the tax so chargeable in one and the same division and by the same Commissioners:

Provided that where the same person is engaged in different partnerships or in different trades in different places, a separate assessment and charge shall be made in respect of each concern at the place where, if singly carried on, it would be assessed and charged under the provisions of this Act.

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(2) Where a person delivers a statement of profits as aforesaid on behalf of some other person, or of a body of persons, the statement shall be delivered in the division where the person delivering the statement or the body of persons respectively would be assessable and chargeable if acting on his or their own behalf.

(3) The Commissioners may require a person who has two residences or who carries on or exercises a trade or profession in different divisions, or in a division other than the division of his ordinary residence, to deliver in each such division the like lists, declarations and statements as he is required to deliver in the division where he ought to be assessed and charged, but no such person shall by reason thereof be liable to any double charge.

Special provision as to place of assessment, etc., in case of farming.

152. All the farming carried on by any particular person or partnership or body of persons shall be treated as one trade, and he or they shall be assessable and chargeable in respect of the profits or gains thereof in any of the divisions in which any part of his or their farm land is situated:

Provided that nothing in this section shall limit any right to make any assessment and charge in the place of ordinary residence.

Special provision as to mode and place of charge in case of quarries, mines and other concerns in the United Kingdom.

153.—(1) The tax to be charged in respect of any of the concerns mentioned in the proviso to paragraph 1 of Schedule A shall be assessed and charged on the person carrying on the concern, or on the agents or other officers who have the direction or management of the concern or receive the profits thereof.

(2) In estimating the profits from any such concern, no deduction or set-off shall be allowed on account of, or by reference to, the annual value of any lands, tenements, hereditaments or heritages occupied and used in connection with the concern and not separately assessed and charged under Schedule A.

(3) The computation in respect of any such concern being a mine carried on by a company of adventurers shall be made and stated jointly in one sum, but any adventurer may be assessed and charged separately if he makes a declaration of his proportion or share in the concern for that purpose.

(4) An adventurer so separately assessed and charged may set off against his profits from one or more of such concerns the amount of his loss sustained in any other such concern as certified by the Commissioners for the division where the loss was sustained, and in any such case one assessment and charge only shall be made on the balance of profit and loss, and shall be made in the division where the adventurer is chargeable to the greatest amount.

(5) Where, in accordance with the proviso to paragraph 1 of Schedule A, tax is charged on the profits of markets or fairs,

or on tolls, fisheries or any other annual or casual profits not distrainable—

(*a*) the owner or occupier or receiver of the profits thereof shall be answerable for the tax so charged, and may retain and deduct the same out of any such profits; and

(*b*) the collector may distrain upon the person answerable, and may exercise all the powers in that behalf conferred by this Act.

Place of assessment of trades, etc. moved owing to the war.

154. Where, owing to circumstances directly or indirectly connected with the war which began in the year nineteen hundred and thirty-nine, a trade, profession or vocation is being carried on in a division other than that in which it was previously carried on, and either—

(*a*) the person carrying on the trade, profession or vocation delivers to the surveyor, before the end of June in the year of assessment, a notice of his request that he may be assessed and charged under Schedule D in a division specified in the notice, being a division in which the trade, profession or vocation has been carried on at any time since the sixth day of April, nineteen hundred and thirty-nine; or

(*b*) the surveyor delivers to him a notice stating that, unless within twenty-one days from the date of the notice he objects in writing to the surveyor, he will be assessed and charged under Schedule D in a division specified in the notice, being such a division as aforesaid, and he does not so object,

he shall be assessed and charged accordingly instead of in the division in which he would have been assessable and chargeable but for the provisions of this section.

Apportionment of profits.

155.—(1) Where, in the case of any profits or gains chargeable under Case I, Case II or Case VI of Schedule D, it is necessary, in order to arrive at the profits or gains or losses of any year of assessment or other period, to divide and apportion to specific periods the profits or gains or losses for any period for which the accounts have been made up, or to aggregate any such profits or gains or losses or any apportioned parts thereof, it shall be lawful to make such a division and apportionment or aggregation.

(2) Any apportionment under this section shall be made in proportion to the number of months or fractions of months in the respective periods.

(3) Nothing in this section shall be construed as limiting the power of the General Commissioners with respect to the adjustment of an assessment under section one hundred and forty-six of this Act.

PART VI

SCHEDULE E, AND PRINCIPAL PROVISIONS RELATING THERETO

CHAPTER I

CHARGE TO TAX, ETC.

Schedule E.

156. The Schedule referred to in this Act as Schedule E is as follows—

SCHEDULE E

1. Tax under this Schedule shall be charged in respect of every public office or employment of profit, and in respect of every annuity, pension or stipend payable by the Crown or out of the public revenue of the United Kingdom or of Northern Ireland, other than annuities charged under Schedule C, for every twenty shillings of the amount thereof for the year.

2. Tax under this Schedule shall also be charged in respect of any office, employment or pension the profits or gains arising or accruing from which would be chargeable to tax under Schedule D but for the proviso to paragraph 1 of that Schedule.

3. Where—

(*a*) any emoluments, pension or annuity are or is payable in the United Kingdom by or through any public department, officer or agent of the Government of any part of Her Majesty's dominions, but otherwise than out of the public revenue of the United Kingdom or the public revenue of Northern Ireland, to a person who is or has been employed in the service of the Crown outside the United Kingdom in respect of that service; or

(*b*) any pension or annuity is so payable to the widow, child, relative or dependant of any such person as aforesaid,

and the person in receipt of the emoluments, pension or annuity is chargeable to income tax as a person resident in the United Kingdom, the emoluments, pension or annuity shall be chargeable to income tax under this Schedule.

This paragraph shall apply in relation to any emoluments, pension or annuity payable by or through any public department, officer or agent of the Government of any territory under Her Majesty's protection, of

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the Republic of Ireland, or of India or any part of India as it applies in relation to any emoluments, pension or annuity payable by or through any public department, officer or agent of the Government of any part of Her Majesty's dominions.

4. The preceding provisions of this Schedule are without prejudice to any other provision of this Act directing tax to be charged under this Schedule, and tax so directed to be charged shall be charged accordingly.

5. The provisions set out in the Ninth Schedule to this Act shall apply in relation to the tax to be charged under this Schedule.

Assessment, charge, collection and recovery.

157.—(1) On the making of any payment of, or on account of, any emoluments to which this section applies, income tax shall, subject to and in accordance with regulations made by the Commissioners of Inland Revenue under this section, be deducted or repaid by the person making the payment, notwithstanding that when the payment is made no assessment has been made in respect of the emoluments and notwithstanding that the emoluments are in whole or in part emoluments for some year of assessment other than the year during which the payment is made.

(2) The Commissioners of Inland Revenue shall make regulations with respect to the assessment, charge, collection and recovery of income tax in respect of all emoluments to which this section applies and those regulations may, in particular, include provision—

(*a*) for requiring any person making any payment of, or on account of, any such emoluments, when he makes the payment, to make a deduction or repayment of tax calculated by reference to tax tables prepared by the Commissioners of Inland Revenue and for rendering persons who are required to make any such deduction or repayment accountable to, or, as the case may be, entitled to repayment from, those Commissioners; and

(*b*) for the production to and inspection by persons authorised by those Commissioners of wages sheets and other documents and records for the purpose of satisfying themselves that tax has been and is being deducted, repaid and accounted for in accordance with the regulations; and

(*c*) for the collection and recovery, whether by deduction from emoluments paid in any later year or otherwise, of tax in respect of emoluments to which this section

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applies, which has not been deducted or otherwise recovered during the year; and

(*d*) for the assessment and charge of tax by the surveyor in respect of emoluments to which this section applies; and

(*e*) for appeals with respect to matters arising under the regulations which would not otherwise be the subject of an appeal,

and any such regulations shall have effect notwithstanding anything in this Act:

Provided that—

(i) the deductions of tax required to be made under paragraph (*a*) of this subsection may be required to be made at the standard rate in such cases or classes of cases as may be provided for by the regulations; and

(ii) the regulations shall not affect any right of appeal to the General or other Commissioners which a person would have apart from the regulations.

The generality of the provision in this subsection that the regulations thereunder are to have effect notwithstanding anything in this Act is not affected by so much of any other provision of this Act as specially provides that that provision shall be subject to any such regulations.

(3) The said tax tables shall be constructed with a view to securing that, so far as possible—

(*a*) the total tax payable in respect of any emoluments for any year of assessment is deducted from the emoluments paid during that year; and

(*b*) the tax deductible or repayable on the occasion of any payment of, or on account of, emoluments is such that the total net tax deducted since the beginning of the year of assessment bears to the total tax payable for the year the same proportion that the part of the year which ends with the date of the payment bears to the whole year.

In this subsection, the references to the total tax payable for the year shall be construed as references to the total tax, other than surtax, estimated to be payable for the year in respect of the emoluments, subject to a provisional deduction for allowances and reliefs and subject also, if necessary, to an adjustment for amounts overpaid or remaining unpaid on account of income tax in respect of emoluments to which this section applies for any previous year.

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For the purpose of estimating the total tax payable as aforesaid, it may be assumed, in relation to any payment of, or on account of, emoluments, that the emoluments paid in the part of the year of assessment which ends with the making of the payment will bear to the emoluments for the whole of that year the same proportion that that part of the year bears to the whole year.

(4) Without prejudice to the generality of the powers conferred by subsection (2) of this section, regulations under this section may make such special provision in relation to members of the armed forces of the Crown or women serving in any of the capacities mentioned in the Tenth Schedule to this Act as may appear appropriate.

(5) If any person fails to comply with any provision of the regulations requiring him to furnish a return or other information or to give any certificate or to produce wages sheets or other documents or records, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

(6) The emoluments to which this section applies are all emoluments assessable to income tax under Schedule E, including pay, pensions or other emoluments payable in respect of service in or with the armed forces of the Crown.

(7) The powers conferred by this section to make regulations shall be exercisable by statutory instrument, and all regulations under this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

Formal assessments to be unnecessary in certain cases.

158.—(1) Subject to the provisions of this section, no assessment under Schedule E need be made on a person in respect of his emoluments for any year of assessment if the total net tax deducted in the year in question from his emoluments assessable under that Schedule is the same as it would have been if all the relevant circumstances had been known to all parties throughout the year, and deductions and repayments had, throughout the year, been made accordingly, and had been so made by reference to cumulative tax tables.

In this subsection—

(*a*) "cumulative tax tables" means tax tables prepared under the last preceding section which are so framed as to require the tax which is to be deducted or repaid on the occasion of each payment made in the year to be ascertained by reference to a total of emoluments paid in the year up to the time of making that payment; and

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(*b*) references to the total net tax deducted shall be construed as references to the total tax deducted during the year by virtue of regulations made under the last preceding section, less any tax repaid by virtue of any such regulations.

(2) Nothing in this section shall be construed as preventing an assessment being made on a person in respect of his emoluments assessable under Schedule E, and, without prejudice to the generality of the preceding provisions of this subsection, an assessment shall be made in respect of the emoluments of a person so assessable for any year of assessment if—

(*a*) the person assessable requires an assessment to be made by notice in writing given to the surveyor within five years from the end of the year of assessment; or

(*b*) the emoluments so assessable which are paid in the year are not the same in amount as the emoluments so assessable which would fall to be treated as the emoluments for the year; or

(*c*) there is reason to suppose that the emoluments so assessable would, if assessed, fall to be taken into account in computing the total income for surtax purposes of a person who is liable to surtax or would be so liable if an assessment were made in respect of those emoluments.

Expenses of employees, etc. in travelling to and from their work.

159. If it is shown in the case of a person assessed to income tax under Schedule E in respect of any office or employment—

(*a*) that his place of work or his residence has changed through circumstances connected with the war which began in the year nineteen hundred and thirty-nine; and

(*b*) that in consequence he is obliged to incur, and defray out of the salary, fees, wages, perquisites or profits or gains arising from the office or employment, additional expense in travelling between his residence and his work,

the additional expense so incurred and defrayed shall be allowed as a deduction from the salary, fees, wages, perquisites or profits or gains of the office or employment in computing the amount of the assessment, so, however, that not more than ten pounds shall be so allowed in the case of any person in any year.

CHAPTER II

EXPENSES ALLOWANCES TO DIRECTORS AND OTHERS

PART VI —*cont.*

Expenses allowances, etc.

160.—(1) Subject to the provisions of this Chapter, any sum paid in respect of expenses by a body corporate to any of its directors or to any person employed by it in an employment to which this Chapter applies shall, if not otherwise chargeable to income tax as income of that director or employee, be treated for the purposes of paragraph 1 of the Ninth Schedule to this Act as a perquisite of the office or employment of that director or employee and included in the emoluments thereof assessable to income tax accordingly:

Provided that nothing in this subsection shall prevent a claim for a deduction being made under paragraph 7 of the said Ninth Schedule in respect of any money expended wholly, exclusively and necessarily in performing the duties of the office or employment.

(2) In this section, and, in relation to any director or person employed in an employment to which this Chapter applies, in so much of section twenty-seven of this Act as requires employers in certain cases to give particulars of payments to directors and employees in respect of expenses, any reference to a sum paid in respect of expenses includes a reference to any sum put by a body corporate at the disposal of a director or employee and paid away by him.

Benefits in kind to be taken into account.

161.—(1) Subject to the following provisions of this Chapter, where a body corporate incurs expense in or in connection with the provision, for any of its directors or for any person employed by it in an employment to which this Chapter applies, of living or other accommodation, of entertainment, of domestic or other services or of other benefits or facilities of whatsoever nature, and, apart from this section, the expense would not be chargeable to income tax as income of the director or employee, paragraphs 1 and 7 of the Ninth Schedule to this Act, and section twenty-seven of this Act, shall have effect in relation to so much of the said expense as is not made good to the body corporate by the director or employee as if the expense had been incurred by the director or employee and the amount thereof had been refunded to him by the body corporate by means of a payment in respect of expenses.

(2) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision for a director or employee, in any of its business premises, of any accommodation, supplies or services provided for the director or employee himself and used by him solely in performing the duties of his office or employment.

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(3) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision of living accommodation for an employee in part of any of its business premises which include living accommodation if the employee is, for the purpose of enabling him properly to perform his duties. required by the terms of his employment to reside in the accommodation and either—

(*a*) the accommodation is provided in accordance with a practice which, since before the thirtieth day of July, nineteen hundred and twenty-eight, has commonly prevailed in trades of the class in question as respects employees of the class in question ; or

(*b*) it is necessary, in the case of trades of the class in question, that employees of the class in question should reside on premises of the class in question:

Provided that this subsection shall not apply where the employee is a director of the body corporate in question or of any other body corporate over which that body corporate has control or which has control over that body corporate or which is under the control of a person who also has control over that body corporate.

(4) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision of meals in any canteen in which meals are provided for the staff generally.

(5) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision for a director or employee himself, or for his spouse, children or dependants, of any pension, annuity, lump sum, gratuity or other like benefit to be given on his death or retirement.

(6) Any reference in this section to expense incurred in or in connection with any matter includes a reference to a proper proportion of any expense incurred partly in or in connection with that matter.

Valuation of benefits in kind.

162.—(1) Any expense incurred by a body corporate in the acquisition or production of an asset which remains its own property shall be left out of account for the purposes of the last preceding section.

(2) Where the making of any such provision as is mentioned in subsection (1) of the last preceding section takes the form of a transfer of the property in any asset of the body corporate, and, since the acquisition or production thereof by the body corporate, the asset has been used or has depreciated, the body corporate

shall be deemed to have incurred in the making of the said provision expense equal to the value of the asset at the time of the transfer.

(3) Where a body corporate is assessable under Schedule A in respect of any premises the whole or any part of which is made available by it as living or other accommodation for any of its directors or employees, and either the body corporate pays no rent in respect of the premises or the annual amount of the rent paid by it is less than the amount of the assessment on the premises as reduced for the purposes of collection, the provisions of the last preceding section shall have effect as if the body corporate paid in respect of the premises an annual rent equal to the amount of the assessment as so reduced.

(4) Where an asset which continues to belong to the body corporate is used wholly or partly in the making of any such provision as is mentioned in subsection (1) of the last preceding section, and the asset is not premises in respect of which the body corporate is assessable under Schedule A, the body corporate shall be deemed for the purposes of the last preceding section to incur (in addition to any other expense incurred by it in connection with the asset, not being expense to which subsection (1) of this section applies) annual expense in connection therewith of an amount equal to the annual value of the use of the asset:

Provided that where any sum by way of rent or hire is payable by the body corporate in respect of the asset—

(*a*) if the annual amount of the rent or hire is equal to or greater than the annual value of the use of the asset, this subsection shall not apply; and

(*b*) if the annual amount of the rent or hire is less than the annual value of the use of the asset, the rent or hire shall be left out of account for the purposes of the last preceding section.

(5) Any reference in this section to a body corporate which is assessable under Schedule A in respect of any premises shall be deemed to include a reference to a body corporate which would be so assessable if a state of affairs which subsists during any part of the year had subsisted for the whole of the year.

Meaning of "director", "employment" and "employment to which this Chapter applies".

163.—(1) In this Chapter, "director" means—

(*a*) in relation to a body corporate the affairs whereof are managed by a board of directors or similar body, a member of that board or similar body;

(*b*) in relation to a body corporate the affairs whereof are managed by a single director or similar person, that director or person;

PART VI —*cont.*

(*c*) in relation to a body corporate the affairs whereof are managed by the members themselves, a member of the body corporate,

and includes any person in accordance with whose directions or instructions the directors of a body corporate, defined in accordance with the preceding provisions of this subsection, are accustomed to act:

Provided that a person shall not, within the meaning of this subsection, be deemed to be a person in accordance with whose directions or instructions the directors of a body corporate are accustomed to act by reason only that the said directors act on advice given by him in a professional capacity.

(2) In this Chapter, "employment" means an employment such that any emoluments thereof would fall to be assessed under Schedule E, and references to persons employed by, or employees of, a body corporate include any person who takes part in the management of the affairs of the body corporate and is not a director thereof.

(3) Subject to the provisions of this and the two next following subsections, the employments to which this Chapter applies are employments the emoluments of which, calculated on the basis that they are employments to which this Chapter applies, and without any deduction being made under paragraph 7 of the Ninth Schedule to this Act in respect of money expended in performing the duties thereof, are at the rate of two thousand pounds a year or more:

Provided that—

(*a*) where a person is employed in several employments by the same body corporate, and the total of the emoluments of those employments, calculated as aforesaid, is at the rate of two thousand pounds a year or more, all those employments shall be treated as employments to which this Chapter applies; and

(*b*) where a person is a director of a body corporate, all employments in which he is employed by the body corporate shall be treated as employments to which this Chapter applies.

(4) All the directors of, and persons employed by, a body corporate over which another body corporate has control shall be treated for the purposes of the proviso to the last preceding subsection (but not for any other purpose) as if they were directors of, or, as the case may be, as if the employment were an employment by, that other body corporate.

(5) Notwithstanding anything in the preceding provisions of this section, no employment of a person by a body corporate at a school or other educational establishment carried on by that

body corporate shall be an employment to which this Chapter applies or be taken into account in determining whether any other employment is an employment to which this Chapter applies.

Saving for certain payments and expenses.

164. If a body corporate furnishes to the surveyor a statement of the cases and the circumstances in which payments of a particular nature are made or things of a particular nature are provided for any of its directors or employees and the surveyor is satisfied that no additional tax would fall to be paid if this Chapter were to apply in relation to payments made or things provided by the body corporate in accordance with the statement, he shall notify the body corporate accordingly and, where such a notification is given, this Chapter shall not apply in relation to payments made or things provided by the body corporate in accordance with the statement:

Provided that the surveyor may, if in his opinion there is reason so to do, by notice in writing served on the body corporate, revoke any such notification, either as from the date of the making of the notification or as from such later date as may be specified in the notice, and thereupon all such tax shall become chargeable, and all such returns shall be made by the body corporate and by the directors or employees in question, as would have been chargeable or would have had to have been made in the first instance if the notification had never been given, or, as the case may be, if it had ceased to have effect on the specified date.

Additional provisions as to information.

165.—(1) In subsection (2) of section twenty-seven of this Act (which subsection declares that a director of a company, or person engaged in the management of a company, shall be deemed for the purposes of returns as to remuneration of employees to be a person employed), the references to a company shall be deemed to include references to any body corporate and "director" shall have the same meaning as in this Chapter.

(2) Where, for the purposes of a return under the said section twenty-seven, a body corporate apportions expenses incurred partly in or in connection with a particular matter and partly in or in connection with other matters, the return shall contain a statement that the sum included in the return is the result of such an apportionment and the body corporate, if required so to do by notice from the surveyor, shall prepare and deliver to the surveyor, within the time limited by the notice, a return containing full particulars as to the amount apportioned and the manner in which and the grounds on which the apportionment has been made.

PART VI —*cont.*

(3) The provisions of this Act relating to returns under the said section twenty-seven shall apply in relation to any return required under subsection (2) of this section.

Charities and non-trading bodies.

166. This Chapter shall not apply in relation to any body corporate established for charitable purposes only, or to any other body corporate unless it carries on a trade or its functions consist wholly or mainly in the holding of investments or other property, or, except in relation to persons employed by it in an employment to which this Chapter applies wholly or mainly for the purposes of a trade carried on by it, to any local authority as defined for the purposes of section one hundred and seventy-one of this Act.

Interpretation.

167.—(1) In the preceding provisions of this Chapter, "business premises," in relation to a body corporate, includes all premises occupied by that body for the purpose of any trade carried on by it:

Provided that, except where the reference is expressly to premises which include living accommodation, the said expression does not include so much of any such premises as aforesaid as is used wholly or mainly as living accommodation for any of the directors of the body corporate or for any persons employed by the body corporate in any employment to which this Chapter applies.

(2) Any reference in the preceding provisions of this Chapter to anything provided for a director or employee shall, unless the reference is expressly to something provided for the director or employee himself, be construed as including a reference to anything provided for the spouse, family, servants, dependants or guests of that director or employee, and the reference in the proviso to subsection (1) of this section to living accommodation for directors or employees shall be construed accordingly.

(3) In the preceding provisions of this Chapter, "control" in relation to a body corporate has the meaning assigned to it by section three hundred and thirty-three of this Act.

Unincorporated bodies and partnerships.

168.—(1) The preceding provisions of this Chapter shall apply in relation to unincorporated societies and other bodies as they apply in relation to bodies corporate, and, in connection with the said preceding provisions, the definition of "control" in section three hundred and thirty-three of this Act shall, with the necessary adaptations, also so apply.

(2) Subject to the provisions of this subsection, the preceding provisions of this Chapter shall apply in relation to any partnership carrying on any trade, profession or vocation as they would apply in relation to a body corporate carrying on a trade if so

much thereof as relates to directors of the body corporate or persons taking part in the management of the affairs of the body corporate were omitted: PART VI —*cont.*

Provided that—

(*a*) "control" has, in relation to a partnership, the meaning assigned to it by section three hundred and thirty-three of this Act in relation to a partnership;

(*b*) where such a partnership as aforesaid has control over a body corporate to which this Chapter applies—

(i) any employment of any director of that body corporate by the partnership shall be an employment to which this Chapter applies; and

(ii) all the employments of any person who is employed both by the partnership and by the body corporate (being employments by the partnership or the body corporate) shall, for the purpose of seeing whether those employments or any of them are employments to which this Chapter applies, be treated as if they were employments by the body corporate.

(3) The provisions of subsection (2) of this section shall apply in relation to individuals as they apply in relation to partnerships:

Provided that nothing in this subsection shall be construed as requiring an individual to be treated in any circumstances as under the control of another person.

PART VII

PRINCIPAL PROVISIONS AS TO INTEREST, RENTS, DIVIDENDS, ANNUAL PAYMENTS, ETC.

CHAPTER I

ANNUAL PAYMENTS, ETC., GENERALLY

Payments out of profits or gains already taxed.

169.—(1) Where any yearly interest of money, annuity or other annual payment is payable wholly out of profits or gains brought into charge to tax—

(*a*) no assessment shall be made on the person entitled to the interest, annuity or annual payment; and

(*b*) the whole of the profits or gains shall be assessed and charged with tax on the person liable to the interest, annuity or annual payment, without distinguishing the interest, annuity or annual payment; and

(*c*) the person liable to make the payment, whether out of the profits or gains charged with tax or out of any annual payment liable to deduction, or from which a

PART VII —*cont.*

deduction has been made, shall be entitled, on making the payment, to deduct and retain out of it a sum representing the amount of the tax thereon at the standard rate for the year in which the amount payable becomes due; and

(*d*) the person to whom the payment is made shall allow the deduction on receipt of the residue of the payment, and the person making the deduction shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had been actually paid.

(2) Subsection (1) of this section shall have effect whether the interest, annuity or annual payment—

(*a*) is payable within or out of the United Kingdom; or

(*b*) is payable as a charge on any property of the person paying it by virtue of any deed or will or otherwise, or as a reservation out of it, or as a personal debt or obligation by virtue of any contract; or

(*c*) is payable half-yearly or at any shorter or more distant periods.

(3) Where—

(*a*) any royalty or other sum paid in respect of the user of a patent; or

(*b*) any rent, royalty or other payment which, under any of the provisions of this Act, is declared to be subject to deduction of tax under this Chapter as if it were a royalty or other sum paid in respect of the user of a patent,

is paid wholly out of profits or gains brought into charge to tax, the person making the payment shall be entitled on making the payment to deduct and retain out of it a sum representing the amount of the tax thereon at the standard rate for the year in which the amount payable becomes due.

Payments not made out of profits or gains already taxed.

170.—(1) Where—

(*a*) any interest of money, annuity or other annual payment charged with tax under Schedule D; or

(*b*) any royalty or other sum paid in respect of the user of a patent; or

(*c*) any rent, royalty or other payment which, under any of the provisions of this Act, is declared to be subject to deduction of tax under this Chapter as if it were a royalty or other sum paid in respect of the user of a patent,

is not payable or not wholly payable out of profits or gains brought into charge, the person by or through whom any payment thereof is made shall, on making the payment, deduct

out of it a sum representing the amount of the tax thereon at the standard rate in force at the time of the payment.

(2) Where any such payment as aforesaid is made by or through any person, that person shall forthwith deliver to the Commissioners of Inland Revenue, for the use of the Special Commissioners, an account of the payment, or of so much thereof as is not made out of profits or gains brought into charge, and of the tax deducted out of the payment or out of that part thereof, and the Special Commissioners shall assess and charge the payment for which an account is so delivered on that person.

(3) The Special Commissioners may, where any person has made default in delivering an account required by this section, or where they are not satisfied with the account so delivered, make an assessment according to the best of their judgment, and if any person neglects or refuses to deliver an account so required, he shall forfeit the sum of one hundred pounds over and above the tax chargeable.

(4) All the provisions of this Act relating—

(*a*) to persons who are to be chargeable with income tax and to income tax assessments; and

(*b*) to appeals against such assessments; and

(*c*) to the collection and recovery of income tax; and

(*d*) to cases to be stated for the opinion of the High Court,

shall, so far as they are applicable, apply to the charge, assessment, collection and recovery of income tax under this section, and the Special Commissioners shall, for the purposes of an assessment under this section, have any powers of a surveyor, and, for the purpose of the representation of the Crown before the Special Commissioners on any appeal under this section, any person nominated in that behalf by the Commissioners of Inland Revenue shall have all such powers as a surveyor has at and upon the determination of an appeal.

Application to interest, etc., payable by local authorities.

171.—(1) Subject to the provisions of this section, in determining for the purposes of this Chapter whether any sum payable by a local authority is payable wholly out of profits or gains brought into charge to tax, all profits or gains of the authority for the year of assessment in question shall, notwithstanding any restriction imposed by law upon the application of moneys belonging to the authority, be treated as being available for the payment of any sums to which this Chapter applies which fall to be paid by the authority.

(2) Subject to the provisions of this section, where, in any year of assessment, a local authority occupy any land and any tax for that year under Schedule A in respect thereof is, or

PART VII —*cont.*

apart from the preceding sections of this Chapter would be, ultimately borne by them, there shall be deemed for the purposes of this Chapter to be available to them for that year for the payment of any sums to which those sections apply which fall to be paid by them an amount equal to the net amount on which tax is or would be borne by them as aforesaid.

(3) Where any sum—

(*a*) has been or is to be reimbursed to a local authority by the Crown or by any other person; or

(*b*) is taken into account in computing a deficiency which the Crown or any other person is under a legal obligation to make good to a local authority; or

(*c*) is charged to capital,

profits or gains which, apart from the provisions of this section, would not have been treated as available for the payment of that sum shall not be so treated by virtue of this section:

Provided that where any sum taken into account in computing such a deficiency as aforesaid exceeds the amount of the deficiency, this subsection shall not prevent profits or gains from being treated as available for the payment of the excess.

(4) In this section, "local authority"—

(*a*) in relation to England and Wales, means any authority being, within the meaning of the Local Loans Act, 1875, an authority having power to levy a rate, and includes any joint board or joint committee all the constituent members of which are such authorities as aforesaid;

(*b*) in relation to Scotland, means any county council, town council or district council, or any authority, commissioners or trustees to which section two hundred and seventy of the Local Government (Scotland) Act, 1947, applies, and includes any joint board or joint committee which is appointed under any enactment, order or scheme, and of which all the constituent authorities are such local authorities as aforesaid; and

(*c*) in relation to Northern Ireland, means the council of any county, county or other borough, or urban or rural district, the commissioners of a town, an education authority, and any committee or board appointed wholly or partly by a county or district council or by several such councils jointly:

Provided that, for the purposes of this section, the Mayor and commonalty and citizens of the City of London and the Common Council of the City of London shall be deemed to be one local authority.

CHAPTER II

PART VII —*cont.*

RENTS AND OTHER RECEIPTS FROM LAND IN THE UNITED KINGDOM

Application and interpretation of next six sections.

172.—(1) The six next following sections apply only to land chargeable to tax under Schedule A, and in this and the said six next following sections—

"immediate lessor" means, in relation to any premises—

(*a*) if different parts of the premises are the subject of separate tenancies or separate occupations, a lessor of the whole or any part of the premises whose estate or interest extends to the entirety of the premises and is not subject, immediately or mediately, to a lease of the entirety thereof; and

(*b*) in any other case, a lessor whose immediate tenant is occupying or entitled to occupy the entirety of the premises:

Provided that if, in any case to which paragraph (*a*) of this definition applies, there is more than one lessor satisfying the conditions set out in that paragraph, that one of those lessors shall be deemed to be the immediate lessor whose estate or interest is not reversionary on the estate or interest of any of the others;

"lease" includes an agreement for a lease if the term to be covered by the lease has begun, and any tenancy, but does not include a mortgage, and "lessee" and "lessor" shall be construed accordingly, and include, respectively, the successors in title of a lessee or a lessor;

"long lease" means a lease granted for a term exceeding fifty years, other than a lease which is or takes effect as a lease for a term of years determinable after the death or marriage of any person;

"short lease" means a lease which is not a long lease;

"unit of assessment" means any land which forms a unit of assessment for the purposes of Schedule A.

(2) Where the estate or interest of any lessor of any premises is the subject of a mortgage and either the mortgagee is in possession or the rents and profits are being received by a receiver appointed by or on the application of the mortgagee, that estate or interest shall be deemed for the purposes of subsection (1) of this section and of the six next following sections to be vested in the mortgagee, and references to a lessor and an immediate lessor shall be construed accordingly; but the amount of the liability to tax of any such mortgagee shall be computed as if the mortgagor were still in possession

PART VII —*cont.*

of the premises, or, as the case may be, no receiver had been appointed, and as if it were the amount of the liability of the mortgagor that was being computed.

(3) For the purposes of the preceding definitions—

(*a*) a lease granted for a term exceeding fifty years shall, if it be not terminable at the option of the lessor before the expiration of fifty years, be deemed to be such a lease notwithstanding that the lease is terminable at the option of the lessee before the expiration of that period; and

(*b*) a lease terminable at the option of the lessor before the expiration of fifty years shall be deemed to be a lease for a term not exceeding fifty years.

(4) This section shall, in its application to Scotland, have effect as if—

(*a*) in the proviso to the definition of "immediate lessor", for the words "is not reversionary on the estate or interest of any of the others" there were substituted the words "is dependent upon a lease later in date than any lease upon which the estate or interest of any of the others depends"; and

(*b*) for references to a mortgage, a mortgagee and a mortgagor there were substituted respectively references to a heritable security, a creditor in a heritable security and a debtor in a heritable security, and any reference to a receiver included a reference to a judicial factor.

Deduction of tax from rent by tenant occupiers under short leases.

173.—(1) An occupier of any land who is a tenant thereof under a short lease and pays the tax under Schedule A shall be entitled to deduct and retain in respect of the rent payable to the landlord for the time being (all sums allowed by the Commissioners being first deducted) an amount representing the standard rate or standard rates of tax in force during the period through which the said rent was accruing due, for every twenty shillings thereof, the said deduction to be made out of the first payment thereafter made on account of rent, and any receiver on behalf of the Crown or other person receiving the rent shall, on production of the receipt for the payment of the tax, allow the deduction on receipt of the residue of the rent:

Provided that in Scotland the said deduction from any rent due for the period ending on the fifteenth day of May shall be made at the rate of the tax in force at the commencement of that period:

Provided also that a tenant or occupier shall not be entitled to deduct out of the rent any greater sum than the amount of tax charged in respect of such property as aforesaid and actually paid by him.

PART VII —*cont.*

(2) A tenant to whom a deduction is to be allowed under this section shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had actually been paid as rent.

(3) Where—

(*a*) the tenant occupier of any land is authorised under the provisions of this section to make a deduction from the rent payable in respect of the land on account of the tax chargeable under Schedule A for any year of assessment; and

(*b*) the amount of the said deduction would exceed the next payment of rent from which it is authorised to be made,

he may, on giving notice to the collector in such form and within such time and containing such particulars as the Commissioners of Inland Revenue may require, pay the said tax for that year by two instalments as follows, that is to say—

(i) on or before the date or the last date on which the tax would, but for this subsection, be due and payable, the whole amount of the tax less the said excess;

(ii) on or before the expiration of three months from that date, the remainder of the tax,

and the provisions of this Act as to recovery of tax shall apply to each such instalment of tax in like manner as they apply to the whole amount of the tax.

(4) A person who is liable to pay rent in respect of a house to an immediate lessor under a short lease shall, in respect of tax under Schedule A for any period in the year of assessment during which it is or becomes unoccupied, have the same right of deducting tax under this section as he would have if he were a tenant occupier.

Deduction from rent under short leases in other cases.

174.—(1) Where any land is subject to the payment of any rent under a short lease, whether payable half-yearly or at any shorter or more distant period, a landlord, owner or proprietor shall, if he has been charged to tax under Schedule A or if tax is deductible from him under the last preceding section or this section, be entitled on making such payment to deduct and retain out of it so much of the said tax as represents the standard rate of tax for the year in which the amount payable becomes due, for every twenty shillings thereof (the just proportion of any sums allowed by the Commissioners being first deducted), and every receiver on behalf of the Crown, and every person to whom such payment is made, shall, on receipt of the residue thereof, and without any charge for so doing, allow the deduction:

PART VII —*cont.*

Provided that in Scotland the said deduction from any rent due for the period ending on the fifteenth day of May shall be made at the rate of the tax in force at the commencement of that period:

Provided also that no such person as aforesaid who is also a tenant or the occupier of the land shall be entitled to deduct out of any rent any greater sum than the amount of tax charged in respect of any such property and actually paid by him.

(2) The landlord, owner, or proprietor shall be acquitted and discharged of so much money as is represented by the deduction as if that sum had actually been paid.

(3) As between the owner and a person entitled to any rent, the owner's right of deduction under this section shall not be affected by any relief afforded under sections ninety-nine and one hundred of this Act (which relate to the repairs allowance).

Taxation of excess rents of immediate lessors arising under certain short leases.

175.—(1) If, as respects any year of assessment, the immediate lessor of a unit of assessment is entitled in respect of the unit to any rent payable under a lease or leases to which this section applies, he shall be chargeable to tax under Case VI of Schedule D in respect of the excess, if any, of the amount which would have been the amount of the assessment of the unit for the purposes of Schedule A, as reduced for the purpose of collection, if the annual value of the unit had been determined (in accordance, in whatever part of the United Kingdom the unit is situated, with the provisions of Part III of this Act) by reference to that rent and the other terms of the lease or leases, over whichever is the greater of—

(*a*) the actual amount of the assessment of the unit for the purposes of Schedule A, as reduced for the purpose of collection; or

(*b*) the amount of any rent payable by the immediate lessor in respect of the unit under any short lease or short leases.

(2) Where the immediate lessor of any unit of assessment is occupying any part thereof, subsection (1) of this section shall apply as if the rent to which he is entitled in respect of the unit under any lease or leases to which this section applies were increased by so much of the annual value of the unit (as ascertained for the purposes of Schedule A) as is attributable to the part which he is occupying.

(3) Where for any year an assessment has been made on an immediate lessor by virtue of this section, the amount of any relief which can be claimed by him under section one hundred and one of this Act shall be such amount as could have been claimed by him if the annual value of the unit had been determined in the manner described in subsection (1) of this section.

(4) A lease shall be deemed to be a lease to which this section applies if, and only if, the following conditions are fulfilled with respect to it—

(*a*) that it is a short lease; and

(*b*) that the land comprised in it is or forms part of a single unit of assessment; and

(*c*) that the rent under it is payable to the immediate lessor of that unit; and

(*d*) that the estate or interest of the immediate lessor of that unit is not, as respects any part of that unit, subject to any short lease which comprises also land not wholly within that unit, being a lease the rent under which is payable to that immediate lessor.

Taxation of excess rents arising under other short leases.

176.—(1) A lessor who, as respects any year of assessment, is entitled to any rent in respect of any land under a lease or leases to which this section applies shall be chargeable to tax under Case VI of Schedule D in respect of any excess of that rent over the aggregate of the following amounts, that is to say—

(*a*) the amount, tax on which at the standard rate is equal to the amount of tax under Schedule A in respect of the land which he is liable to pay, by deduction or otherwise, under the provisions of this Act;

(*b*) the excess, if any, of the amount of any rent payable by him in respect of the land under any short lease or short leases over the amount referred to in the last preceding paragraph;

(*c*) if he is liable to pay tenant's rates in respect of the land, the amount borne by him in respect thereof for the year of assessment;

(*d*) any relief allowed under section ninety-three, section ninety-four or section ninety-five of this Act in respect of any such outgoing in respect of the land as is mentioned in those sections respectively, being an outgoing the burden of which would in the year of assessment fall upon him;

(*e*) if he bears the whole or any part of the burden of an annuity within the meaning of the Tithe Acts, 1936 and 1951, charged in respect of the land, the whole, or, as the case may be, a corresponding part of any amount allowable in the year of assessment under section ninety-seven of this Act as a deduction in respect of that annuity;

(*f*) the cost in the year of assessment of any services rendered or goods provided by him otherwise than by way of maintenance or repairs, being services or goods

PART VII —*cont.*

which he is legally bound under the lease or leases to render or provide but in respect of which he receives no separate consideration;

(*g*) the amount of the cost to him of maintenance, repairs, insurance and management of the land according to the average of the preceding five years, in so far as relief is not given to him in respect of that cost under any other provision of this Act.

(2) The leases to which this section applies are—

(*a*) short leases of land not wholly comprised in a single unit of assessment;

(*b*) short leases of land wholly comprised in a single unit of assessment, not being leases to which the last preceding section applies.

Rents under long leases and certain other annual payments in respect of land.

177.—(1) This section applies to the following payments, that is to say—

(*a*) rents under long leases; and

(*b*) any yearly interest, annuity, rent, rentcharge, fee farm rent, rent service, quit rent, feu duty, teind duty, stipend to a licensed curate, or other annual payment reserved or charged upon land, not being rent under a short lease or an annuity within the meaning of the Tithe Acts, 1936 and 1951.

(2) Any payment to which this section applies shall, so far as it does not fall under any other Case of Schedule D, be charged with tax under Case VI of Schedule D and be subject to deduction of tax under Chapter I of this Part of this Act as if it were a royalty or other sum paid in respect of the user of a patent.

(3) Any payment made in respect of land in Scotland for the period ending on the fifteenth day of May in any year, being a payment to which this section applies, shall be treated for the purposes of this Act as if it had become due at the commencement of that period.

Information.

178. The surveyor may, for the purpose of ascertaining whether there is any, and if so what, liability to tax under the three last preceding sections, give notice to any person who is entitled to any rent or other annual payment in respect of any land or is in receipt of any rent or other such annual payment belonging to any other person, requiring him to deliver, within the time limited by the notice and in such form as may be prescribed by the Commissioners of Inland Revenue, such particulars relating to the land and the rent or other annual payment as may be prescribed by those Commissioners, and the

provisions of this Act relating to notices to deliver, the delivery of, and the penalties for neglecting to deliver, returns and statements shall apply for the purposes of, and in relation to notices under, this section. PART VII —*cont.*

Miscellaneous receipts by occupiers of land.

179.—(1) Profits or gains arising from payments for any easement over or right to use any land made to the person who occupies that land, whether he occupies it for the purposes of a trade, profession or vocation or otherwise, shall, except so far as the payments are chargeable to tax under the next following section, be taken into account in computing the profits of the trade, profession or vocation, or as annual profits or gains chargeable under Case VI of Schedule D, as the case may be:

Provided that where the land is assessed to tax under Schedule B, the total amount on which assessments are made under Case VI of Schedule D by virtue of this subsection in respect of profits or gains arising in the year of assessment from payments to any person for easements over or rights to use that land shall be limited to the excess, if any, of the total amount of those profits or gains over the assessable value of that land, or, as the case may be, over so much of the assessable value thereof as is apportionable to the part of the year for which that person occupies that land.

(2) Where, under the proviso to subsection (1) of this section, the assessable value of any land falls to be apportioned to a part of a year, the apportionment shall be made by reference to the number of months or parts of a month in that part of the year.

Mining rents, mining royalties, etc.

180.—(1) Where rent is payable in respect of any land the property in which is not separately assessed and charged under Schedule A, or in respect of any easement, and—

(*a*) the land or easement is used, occupied or enjoyed in connection with any of the concerns specified in the proviso to paragraph 1 of Schedule A; or

(*b*) the lease or other agreement under which the rent is payable provides for the recoupment of the rent by way of reduction of royalties or payments of a similar nature in the event of the land or easement being used, occupied or enjoyed as aforesaid,

the rent shall be charged to tax under Schedule D and shall, subject to the provisions of this section, be subject to deduction of tax under Chapter I of this Part of this Act as if it were a royalty or other sum paid in respect of the user of a patent:

Provided that where the rent is rendered in produce of the concern, it shall, instead of being treated as aforesaid, be charged under Case III of Schedule D, and the value of the produce so

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rendered shall be taken to be the amount of the profits or income arising therefrom.

(2) Subsection (1) of this section shall apply to rent in respect of any easement enjoyed in the United Kingdom in connection with any electric, telegraphic or telephonic wire or cable (not being such an easement as is mentioned in the said subsection (1)) as it applies to rent in respect of easements enjoyed in connection with any of the concerns specified in the proviso to paragraph 1 of Schedule A, not being rent rendered in produce of the concern:

Provided that—

(*a*) any payment of rent to which this subsection applies which does not exceed two pounds ten shillings per year—

(i) may, if the payer so elects, be treated as not affected by so much of the said subsection (1) as provides that the rent shall be subject to deduction of tax under Chapter I of this Part of this Act as if it were a royalty or other sum paid in respect of the user of a patent; and

(ii) shall in that event be made without deduction of tax accordingly; and

(*b*) any payment of rent to which this subsection applies which is made without deduction of tax (whether by virtue of the preceding provisions of this proviso or otherwise) shall, unless tax is assessed thereon under section one hundred and seventy of this Act, be chargeable to tax under Case III of Schedule D.

(3) For the purposes of this section—

" easement " includes any right, privilege or benefit in, over or derived from land; and

" rent " includes a rent service, rentcharge, fee farm rent, feu duty or other rent, toll, duty, royalty or annual or periodical payment in the nature of rent, whether payable in money or money's worth or otherwise, but does not include any of the payments enumerated in paragraphs (*a*) to (*e*) of subsection (1) of section one hundred and eighty-two of this Act,

and the reference to easements enjoyed in connection with any electric, telegraphic or telephonic wire or cable includes (without prejudice to the generality of that expression) references to easements enjoyed in connection with any pole or pylon supporting any such wire or cable or with any apparatus used in connection with any such wire or cable, including any transformer so used.

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Management expenses of owner of mineral rights.

181.—(1) Where for any year of assessment rights to work minerals in the United Kingdom are let, the lessor shall be entitled on making a claim for the purpose to be repaid so much of the income tax paid by him by deduction or otherwise in respect of the rent or royalties for that year as is equal to the amount of the tax on any sums proved to the satisfaction of the Special Commissioners to have been wholly, exclusively and necessarily disbursed by him as expenses of management or supervision of those minerals in that year:

Provided that no repayment of tax shall be made—

(*a*) except on proof to the satisfaction of the Special Commissioners of payment of tax on the aggregate amount of the rent or royalties; or

(*b*) if, or to such extent as, the said expenses have been otherwise allowed as a deduction in computing income for the purposes of income tax.

(2) Notice of any claim to the Special Commissioners under this section, together with the particulars thereof, shall be given in writing to the surveyor within twelve months after the expiration of the year of assessment in respect of which the claim is made, and where the surveyor objects to such claim the Special Commissioners shall hear and determine the same in like manner as in the case of an appeal to them against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply.

Tithes, manorial incidents, fines on leases, etc.

182.—(1) This section applies to the following hereditaments and heritages, that is to say—

(*a*) tithes, if taken in kind; and

(*b*) dues and money payments in right of the church or by endowment or in lieu of tithes (not being tithes arising from lands) and all teinds arising in Scotland; and

(*c*) tithes arising from lands, if compounded for, and all rents and other money payments in lieu of tithes arising from lands; and

(*d*) manors and other royalties, including all dues and other services or other casual profits (not being rents or other annual payments reserved or charged); and

(*e*) fines received in consideration of any demise of lands or tenements (not being parcel of a manor or royalty demisable by the custom thereof); and

(*f*) all other profits not before enumerated (other than profits liable to deduction under section one hundred and seventy-three, section one hundred and seventy-four or section one hundred and seventy-seven of this Act) arising from land not being in the actual possession or occupation of the person to be charged.

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(2) The income tax in respect of the property in the hereditaments and heritages to which this section applies shall not be chargeable under Schedule A but shall be chargeable under Case III of Schedule D and the provisions of this Act applicable to that Case shall apply accordingly.

(3) Subsection (3) of section one hundred and thirty-one of this Act (which provides that income chargeable under Case III of Schedule D may in certain cases be assessed and charged in one sum) shall not apply to tax in respect of the property in hereditaments or heritages to which this section applies.

(4) In computing the amount of an assessment under Schedule D in respect of the property in hereditaments or heritages to which this section applies, the like deductions and allowances shall be made as would fall to be made under Part III of this Act if the assessment had been an assessment under Schedule A.

(5) Where any person entitled to a rent or other annual payment in lieu of tithes, or to any composition for tithes, pays or satisfies out of the amount thereof any public local rates, taxes or assessments charged upon the same, being rates, taxes or assessments which are by law charged upon the occupier, the amount bona fide paid by that person in and for the year preceding the year of assessment shall be deducted in computing the amount of the assessment under Schedule D in respect of the rent, annual payment or composition.

(6) If, in the case of profits from fines received in consideration of any demise of lands or tenements, the person chargeable satisfies the General Commissioners for the division that any part of the fines has been applied as productive capital on which a profit has arisen or will arise which is otherwise chargeable for the year for which the assessment is made, the Commissioners may discharge the amount so applied from the profits liable to assessment and charge under this section.

(7) If the tax charged on tithes or teinds is not paid within the time limited, the collector and officer respectively may distrain upon the tithes or teinds or upon any other goods or chattels of the owner of the tithes or teinds wherever found, and may seize, take and sell so much thereof as is sufficient for levying the tax, and every such collector and officer shall have the like powers for that purpose as are exercisable in relation to tax in other cases under this Act.

Definition of "land".

183. In this Chapter, "land" includes tenements, hereditaments and heritages:

Provided that nothing in this section affects the interpretation of the expression "tithes arising from lands" or the expression "lands or tenements".

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—cont.

CHAPTER III

UNITED KINGDOM DIVIDENDS

Deduction of tax from United Kingdom dividends.

184.—(1) The profits or gains to be charged on any body of persons shall be computed in accordance with the provisions of this Act on the full amount of the same before any dividend thereof is made in respect of any share, right or title thereto, and the body of persons paying the dividend shall be entitled to deduct tax at the standard rate for the year in which the amount payable becomes due.

(2) Subsection (1) of this section shall, in relation to a dividend paid by any body of persons, be construed as authorising the deduction of tax from the full amount paid out of profits and gains of the said body which have been charged to tax or which, under the provisions of this Act, would fall to be included in computing the liability of the said body to assessment to tax for any year if the said provisions required the computation to be made by reference to the profits and gains of that year and not by reference to those of any other year or period.

Computation of gross income represented by United Kingdom dividends.

185.—(1) Subject as hereinafter provided, a dividend paid by a body of persons shall, to the extent to which it is paid out of such profits and gains as are mentioned in subsection (2) of the last preceding section, be deemed, for all the purposes of this Act, to represent income of such an amount as would, after such deduction of tax as is authorised by subsection (1) of the last preceding section, be equal to the net amount received:

Provided that the provisions of this subsection shall not apply to a preference dividend and shall have effect subject to the provisions of section four hundred and ninety-three of this Act (which relates to the effect of deductions from dividends, other than preference dividends, made by reference to the wrong standard rate).

(2) In this section, " preference dividend " means, subject to the provisions of the next following section—

(*a*) a dividend payable on a preferred share or preferred stock at a fixed gross rate per cent; or

(*b*) where a dividend is payable on a preferred share or preferred stock partly at a fixed gross rate per cent. and partly at a variable rate, such part of that dividend as is payable at a fixed gross rate per cent.

United Kingdom dividends paid without full deduction of tax.

186.—(1) Where any dividend from which deduction of tax is authorised by subsection (1) of section one hundred and eighty-four of this Act is paid without deduction of tax, the amount received in respect thereof shall, for the purposes of this Act, be deemed to be a net amount received in respect of a dividend

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from the gross amount of which such deduction as is authorised by the said subsection (1) has been made, and the provisions of—

(*a*) the last preceding section ; and

(*b*) section one hundred and ninety-nine of this Act (which relates to the form of dividend warrants and other documents),

shall apply accordingly.

(2) A preference dividend paid without deduction of tax shall not be treated as a preference dividend within the meaning assigned to that expression by subsection (2) of the last preceding section.

(3) The provisions of this section shall apply where, though a deduction is made from a dividend, that deduction is less than the full amount authorised as it applies where no deduction is made:

Provided that nothing in this subsection shall be construed as applying the said provisions to any dividend paid before the passing of the Act imposing the tax for the year by reason only that the deduction made therefrom was made by reference to a standard rate lower than that ultimately imposed for the year.

CHAPTER IV

FOREIGN DIVIDENDS, ETC.

Interpretation of Chapter IV.

187.—(1) In this Chapter, " dividends to which this Chapter applies " means—

(*a*) any interest, dividends or other annual payments payable out of or in respect of the stocks, funds, shares or securities of any body of persons not resident in the United Kingdom ; or

(*b*) any annuities, pensions or other annual sums payable out of the funds of any institution in India or Pakistan,

and references to dividends shall be construed accordingly:

Provided that neither paragraph (*a*) nor paragraph (*b*) of this subsection shall extend to any payment to which section one hundred and sixty-nine or section one hundred and seventy of this Act applies.

(2) In this Chapter, " banker " includes a person acting as a banker, and references to coupons include, in relation to any dividends, warrants for or bills of exchange purporting to be drawn or made in payment of those dividends.

Deduction of tax from dividends.

188. Where dividends to which this Chapter applies are entrusted to any person in the United Kingdom for payment to any persons in the United Kingdom—

(*a*) the dividends shall be assessed and charged to tax under Schedule D by the Special Commissioners; and

(*b*) the provisions of Parts III and IV of the Eighth Schedule to this Act shall extend to the tax to be assessed and charged under this section.

Deduction of tax from proceeds of coupons.

189. Where—

(*a*) a banker or any other person in the United Kingdom, by means of coupons received from any other person or otherwise on his behalf, obtains payment of any dividends to which this Chapter applies elsewhere than in the United Kingdom; or

(*b*) any banker in the United Kingdom sells or otherwise realises coupons for any dividends to which this Chapter applies and pays over the proceeds to any person or carries them to his account; or

(*c*) any dealer in coupons in the United Kingdom purchases any such coupons as aforesaid otherwise than from a banker or another dealer in coupons,

the tax under Schedule D shall extend, in the case mentioned in paragraph (*a*) of this section, to the dividends, and, in the cases mentioned in paragraphs (*b*) and (*c*) thereof, to the proceeds of the sale or other realisation, and Parts III and IV of the Eighth Schedule to this Act shall have effect in relation to the assessment, charge and payment of the tax.

Exemption for dividends of non-residents.

190.—(1) No tax shall be chargeable in respect of dividends to which this Chapter applies which are payable in the United Kingdom where it is proved to the satisfaction of the Commissioners of Inland Revenue that the person owning the stocks, funds, shares or securities and entitled to the income arising therefrom, or entitled to the annuities, pensions or other annual sums, as the case may be, is not resident in the United Kingdom, but, save as provided by this Act, no allowance shall be given or repayment be made in respect of the tax on dividends to which this Chapter applies which are payable in the United Kingdom:

Provided that where the dividends are from stocks, funds, shares or securities which are held under any trust, and the person who is the beneficiary in possession under the trust is the sole beneficiary in possession and can, by means either of the revocation of the trust or of the exercise of any powers under the trust, call upon the trustees at any time to transfer the stocks, funds, shares or securities to him absolutely free from any trust, that person shall, for the purposes of this section, be deemed to be the person owning the stocks, funds, shares or securities.

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(2) Relief under this section may be given by the Commissioners of Inland Revenue either by way of allowance or repayment, on a claim being made to them for the purpose.

(3) Any person who is aggrieved by the decision of the Commissioners of Inland Revenue on any question as to residence arising under this section may, by notice in writing to that effect given to the Commissioners of Inland Revenue within three months from the date on which notice of the decision is given to him, make an application to have his claim for relief heard and determined by the Special Commissioners.

(4) Where any application is made under subsection (3) of this section, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

(5) The preceding provisions of this section shall apply to any sums chargeable with tax by virtue of the last preceding section as they apply to dividends to which this Chapter applies which are payable in the United Kingdom.

CHAPTER V

SPECIAL PROVISIONS AS TO CERTAIN GOVERNMENT LOANS

Interest on United Kingdom savings certificates to be exempt from tax.

191.—(1) The accumulated interest payable in respect of any national or war savings certificate issued by the Treasury through the Post Office, under which the purchaser, by virtue of an immediate payment, becomes entitled after the expiration of a specified period to receive some greater sum, shall not be liable to tax so long as the amount of the certificates held by the person who is for the time being the holder of the certificate does not exceed the amount which an individual is for the time being authorised to hold under regulations made by the Treasury.

(2) Where the currency of any national or war savings certificate has been extended under any Act, the provisions of subsection (1) of this section shall apply with respect to any interest payable in respect of the certificate for the period after the expiration of the period referred to in the said subsection (1) up to the date on which it is repaid or redeemed as it applies to the said accumulated interest.

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Interest on Ulster savings certificates held by persons resident and domiciled in Northern Ireland to be exempt from tax.

192. The provisions of the last preceding section giving relief from income tax in respect of the accumulated interest payable in respect of national savings certificates shall extend to the accumulated interest payable in respect of any Ulster savings certificates issued by the Government of Northern Ireland and held by persons resident and domiciled in Northern Ireland, whether issued for the same price and whether maturing for payment on the expiration of the same period as national savings certificates or not and whether the sum payable on maturity is the same as in the case of national savings certificates or not.

Interest on certain Ulster, colonial and other savings certificates issued to local residents to be exempt from tax.

193.—(1) Subject to the provisions of this section, the accumulated interest payable in respect of such savings certificates as are mentioned in subsection (2) of this section shall be exempt from income tax.

(2) The said savings certificates are such savings certificates issued by the Government of Northern Ireland, of Ceylon or of any colony as are declared by regulations made by the Treasury to be certificates the proceeds of the sale of which have been made available to Her Majesty's Government in the United Kingdom.

(3) The exemption from income tax provided for by this section shall not extend to the interest on any certificate unless the person beneficially entitled to that certificate when it was issued was then resident—

(*a*) in the case of a certificate issued by the Government of Northern Ireland, in Northern Ireland ; or

(*b*) in the case of a certificate issued in Ceylon, in Ceylon or in such neighbouring territory (if any) as may be prescribed in relation to Ceylon ; or

(*c*) in the case of a certificate issued in a colony, in that colony or in such neighbouring territory (if any) as may be prescribed in relation to that colony.

(4) If, at the date of the encashment of any such certificates, the total savings certificate holding of the person beneficially entitled to the certificates encashed, computed in the prescribed manner, exceeds the prescribed limit, the said exemption—

(*a*) shall not extend to the interest on the encashed certificates unless the encashment thereof brings the total savings certificate holding of the said person, computed as aforesaid, below the prescribed limit ; and

(*b*) shall then extend only to the interest on so much of the encashed certificates as is equal to the amount by which the said total holding, so computed, is brought by the encashment below the prescribed limit.

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In this subsection, "the total savings certificate holding" means, in relation to a person, his total holding of such certificates as are mentioned in subsection (2) of this section and savings certificates issued by the Treasury through the Post Office.

(5) This section shall apply in relation to—

(*a*) any protectorate or protected state; and

(*b*) any territory which, at the time of the issue of the certificate in question, is being administered under the trusteeship system of the United Nations and is then under the sole administration of Her Majesty's Government in the United Kingdom; and

(*c*) any territory which, when the certificate in question was issued, was a territory in respect of which a mandate from the League of Nations had been accepted by His Majesty and was being exercised by His Majesty's Government in the United Kingdom,

as it applies in relation to a colony; and in this section, "prescribed" means prescribed by regulations made by the Treasury.

(6) Nothing in this section shall deprive any person of any exemption from income tax under the last preceding section.

(7) Any power conferred by this section to make regulations shall be exercisable by statutory instrument.

Interest on tax reserve certificates to be exempt from tax.

194. Income tax shall not be chargeable in respect of the interest on tax reserve certificates issued by the Treasury.

Interest on certain United Kingdom government securities to be exempt from tax if held by non-residents.

195.—(1) Where the Treasury (whether before or after the passing of this Act) issue any securities which they have power to issue for the purpose of raising any money or any loan, with a condition that the interest thereon shall not be liable to income tax so long as it is shown, in manner directed by the Treasury, that the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, the interest of securities issued with such a condition shall be exempt accordingly.

(2) Any person who is aggrieved by the decision of the Commissioners of Inland Revenue on any question as to ordinary residence arising under subsection (1) of this section may, by notice in writing to that effect given to the Commissioners of Inland Revenue within three months from the date on which notice of the decision is given to him, make an application to have his claim for relief heard and determined by the Special Commissioners.

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(3) Where any application is made under subsection (2) of this section, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

Other interest on government securities payable without deduction of tax.

196.—(1) The Treasury may direct that any of the following securities, that is to say—

(*a*) any securities issued under the War Loan Acts, 1914 to 1919, or under section sixty of the Finance Act, 1916; and

(*b*) any securities issued or deemed to be issued under the National Loans Act, 1939; and

(*c*) any Government stock issued under section one of the Bank of England Act, 1946, section one of the Cable and Wireless Act, 1946, subsection (1) of section sixty-five of the Town and Country Planning Act, 1947, or subsection (1) of section sixty-two of the Town and Country Planning (Scotland) Act, 1947; and

(*d*) any such stock as is mentioned in subsection (1) of section thirty-three of the Coal Industry Nationalisation Act, 1946,

shall be issued, or shall be deemed to have been issued, subject to the condition that the interest on the securities shall be paid without deduction of income tax, and, subject to the provisions of this section, the interest shall be so paid accordingly, but any such interest shall be chargeable under Case III of Schedule D.

(2) The holder of any registered securities the interest on which is by virtue of directions given under subsection (1) of this section payable without deduction of tax may make an application to the Bank under this subsection requesting that income tax shall be deducted from the interest on those securities before payment thereof, and, where any such application is made, income tax in respect of the interest on those securities shall, so long as they remain registered in the name of the person making the application and subject to the withdrawal of the application as hereinafter authorised, be deducted and charged in the same manner as if they were not securities to which subsection (1) of this section applied.

(3) An application under subsection (2) of this section shall be in such form as the Bank with the approval of the Treasury may prescribe, and any application made less than two months

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before the date on which any interest is payable shall only have effect as regards any payment of interest subsequent to the payment falling due on that date.

(4) An application made under the said subsection (2) may at any time be withdrawn by notice to the Bank in such form as the Bank with the approval of the Treasury may prescribe, but an application so withdrawn, notwithstanding the withdrawal, shall continue to have effect as regards any interest payable less than two months after the date on which the notice is received at the Bank.

(5) Where any securities to which subsection (2) of this section applies are held upon trust, the holders of the securities may make an application under that subsection in respect thereof without the consent of any other person, notwithstanding anything in the instrument creating the trust.

(6) In this section, " the Bank " means the Bank of England or the Bank of Ireland as the case requires, and " registered " means registered in the books of the Bank and includes " inscribed ".

Duty to give information as to interest on securities paid without deduction of tax.

197. Where interest on any securities issued subject to the condition that interest is payable without deduction of tax is paid without deduction of tax, any person by whom such interest is paid, and any person who receives on behalf of any other person, being a registered or inscribed holder of any such security, any interest so paid without deduction of tax, and any person who has acted as intermediary in the purchase of any securities on which the interest is payable without deduction of tax, shall, on being so required by the Commissioners of Inland Revenue, furnish to them—

(*a*) the names and addresses of the persons to whom such interest has been paid or on whose behalf such interest has been received or on whose behalf such securities have been purchased; and

(*b*) the amount of the interest so paid or received, or the amount of the securities so purchased.

Taxation of interest on converted government securities and interest which becomes subject to deduction of tax.

198.—(1) Where the income which any individual is required under this Act to include in a statement of his total income for any year includes both—

(*a*) interest received without deduction of income tax in respect of government securities (in this section referred to as " original securities ") which have been exchanged for any other government securities (in this section referred to as " substituted securities "); and

(*b*) interest taxed by deduction in respect of such substituted securities,

and the amount of the interest so included exceeds the full amount of the interest for a complete year on the original securities, then, if that individual so requires, the excess—

(i) shall not be taken into account in ascertaining the total income of that individual for that year for the purposes of income tax; but

(ii) shall nevertheless be chargeable to income tax for that year at such rate or rates and subject to such reliefs, if any, as would be applicable if such excess constituted the highest part of an income equal in amount to the amount of the total income of that individual exclusive of such excess.

(2) Where an application is made under subsection (2) of section one hundred and ninety-six of this Act with respect to any securities, the provisions of subsection (1) of this section shall have effect as if, during the period in which the interest on those securities was paid without deduction of tax, those securities were original securities within the meaning of subsection (1) of this section, and as if thereafter they were substituted securities within the meaning thereof.

CHAPTER VI

MISCELLANEOUS PROVISIONS AS TO INTEREST, DIVIDENDS, ETC.

Explanation of income tax deductions to be annexed to dividend warrants, etc.

199.—(1) Every warrant or cheque or other order drawn or made, or purporting to be drawn or made, in payment of any dividend or interest distributed by any company, being a company within the meaning of the Companies Act, 1948, or the Companies Act (Northern Ireland), 1932, or a company created by letters patent or by or in pursuance of an Act of Parliament, shall have annexed thereto or be accompanied by a statement in writing showing—

(*a*) the gross amount which, after deduction of the income tax appropriate thereto, corresponds to the net amount actually paid; and

(*b*) the rate and the amount of income tax appropriate to such gross amount; and

(*c*) the net amount actually paid; and

(*d*) where subsection (1) of section three hundred and fifty of this Act applies, the net United Kingdom rate as provided by that subsection.

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(2) If a company fails to comply with the provisions of this section, the company shall, in respect of each offence, incur a penalty of ten pounds:

Provided that the aggregate amount of any penalties imposed under this section on any company in respect of offences connected with any one distribution of dividends or interest shall not exceed one hundred pounds.

Relief for interest paid to banks, discount houses, etc. out of taxed profits.

200.—(1) Where interest payable in the United Kingdom on an advance from a bank carrying on a bona fide banking business in the United Kingdom is paid to the bank without deduction of tax out of profits or gains brought into charge to tax, the person by whom the interest is paid shall be entitled, on proof of the facts to the satisfaction of the Commissioners of Inland Revenue, to repayment of income tax on the amount of the interest.

(2) A like repayment shall on the like proof be made in the case of interest (not being yearly interest) payable in the United Kingdom on an advance from a person who in the opinion of the Commissioners of Inland Revenue is bona fide carrying on business as a member of a stock exchange in the United Kingdom, or from any person who in the opinion of the said Commissioners is bona fide carrying on the business of a discount house in the United Kingdom:

Provided that no repayment shall be made unless the Commissioners of Inland Revenue are satisfied that the interest has been or will be brought into account in the statement delivered or to be delivered for the purposes of income tax by the person making the advance.

(3) Any claim for repayment of tax under this section shall be made to the Commissioners of Inland Revenue in such form as they may prescribe, and the said Commissioners shall on proof of the facts to their satisfaction allow the claim accordingly.

(4) Any person who is aggrieved by the decision of the said Commissioners on a claim made by him as aforesaid may, by notice in writing to that effect given to the said Commissioners within twenty-one days from the date on which notice of the decision is given to him, make an application to have his claim for repayment heard and determined by the Special Commissioners.

(5) Where an application is made under subsection (4) of this section, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

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Relief from tax on dividends from companies resident abroad.

201.—(1) Where, on a claim made under this section, a person satisfies the Commissioners of Inland Revenue as respects an ordinary dividend paid to him in respect of which he is chargeable to income tax by deduction or otherwise for any year of assessment that—

(*a*) it is a dividend paid by a body corporate not resident in the United Kingdom; and

(*b*) the relevant profits of that body corporate included profits on which United Kingdom income tax has been paid by that body corporate, by deduction or otherwise,

he shall be entitled to relief from the tax so chargeable on him in respect of the appropriate fraction of the dividend.

(2) In this section, " the appropriate fraction " means, in relation to a dividend paid by a body corporate, the fraction having, as numerator, the gross amount of the relevant profits of that body corporate on which United Kingdom income tax has been paid by it, by deduction or otherwise, and, as denominator, the said gross amount plus the gross amount of the relevant profits of the body corporate on which United Kingdom income tax has not been paid by it:

Provided that the said gross amounts shall be subject to the following adjustments in respect of rents paid by the body corporate, in respect of interest, annuities or other annual payments paid by the body corporate, not being payments of dividends or distributions of profits, and in respect of royalties paid by the body corporate, that is to say—

(*a*) where, by reason of the payment or charge of the said United Kingdom income tax, the body corporate has become entitled to deduct and retain tax on the whole or any part of the rent, payment or royalty, the first mentioned gross amount shall be deemed for the purposes of this subsection to be reduced by an amount equal to the whole, or, as the case may be, that part, of that rent, payment or royalty;

(*b*) where none of the provisions of this Act providing for the deduction and retention of tax apply to the rent, payment or royalty, and the rent, payment or royalty is paid out of the relevant profits, the last mentioned gross amount shall be deemed for the purposes of this subsection to be reduced by the amount of the rent, payment or royalty in so far as that rent, payment or royalty has not been deducted in computing that gross amount.

(3) Subject to the provisions of subsection (4) of this section, " the relevant profits " means, in relation to any dividend paid by a body corporate—

(*a*) if the dividend is paid for a specified period, the profits of the body corporate of that period;

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(*b*) if the dividend is not paid for a specified period but is paid out of specified profits of the body corporate, those profits;

(*c*) if the dividend is paid neither for a specified period nor out of specified profits, the profits of the body corporate of the last period for which the accounts thereof were made up which ended before the dividend became payable.

(4) If, in a case falling under paragraph (*a*) or paragraph (*c*) of subsection (3) of this section, the total dividend exceeds the profits of the body corporate of the period mentioned in the said paragraph (*a*) or the said paragraph (*c*), as the case may be—

(*a*) the relevant profits shall be the profits of that period plus so much of the profits of preceding periods (other than profits previously distributed or previously treated as relevant for the purposes of this section) as is equal to the excess (the profits of the most recent preceding period being first taken into account, then the profits of the next most recent preceding period, and so on); and

(*b*) where only part of the profits of any period are taken into account, that part shall be treated as consisting of profits on which United Kingdom income tax has been paid by the body corporate of an amount which bears to the total profits of that period on which United Kingdom income tax has been so paid the same proportion as the part of the profits taken into account as aforesaid bears to the whole of the profits of the period.

(5) Where a body corporate not resident in the United Kingdom controls, directly or indirectly, not less than one-half of the voting power in any other body corporate not resident in the United Kingdom, and receives an ordinary dividend paid by that other body corporate, then, if the relevant profits of that other body corporate include profits on which United Kingdom income tax has been paid by that other body corporate, by deduction or otherwise, the first mentioned body corporate shall be treated for the purposes of this section as having paid United Kingdom income tax on an amount equal to the appropriate fraction of that dividend.

(6) In this section, "ordinary dividend" means a dividend on a share which is not a preferred share and so much of any dividend on a preferred share as is not paid at a fixed gross rate per cent., and, for the purposes of this definition, "preferred share" means a share which carries the right to dividends at a fixed gross rate per cent. payable in priority to all the dividends

on some other class of share, whether or not it also carries the right to some further participation in profits.

In this subsection, " share " includes stock.

(7) Any reference in this section to the gross amount of any profits is a reference to the gross amount of those profits without any deduction of or in respect of United Kingdom income tax or any similar tax leviable outside the United Kingdom.

(8) A claim under this section must be made to the Commissioners of Inland Revenue not later than six years after the end of the year of assessment for which the dividend is chargeable to tax, and the provisions of subsections (3) to (5) of the last preceding section shall apply in relation to claims under this section as they apply in relation to the claims mentioned in that section.

(9) Any relief granted under this section may be given by way of repayment of tax or otherwise.

(10) The granting of relief under this section shall not operate to reduce the total income of any person for any of the purposes of this Act, and in considering for the purposes of Chapter I of this Part of this Act whether any payment has been made wholly or partly out of profits or gains brought into charge to tax, so much of any dividend as is the subject of relief given under this section shall be treated as not having been brought into charge to tax.

Charge of tax on funding bonds issued in respect of interest on certain debts.

202.—(1) Where any funding bonds are issued to a creditor in respect of any liability to pay interest on any debt to which this section applies—

(*a*) the issue of the bonds shall be treated for all the purposes of this Act as if it were the payment of an amount of that interest equal to the value of the bonds at the time of the issue thereof; and

(*b*) the redemption of the bonds shall not be treated for those purposes as the payment of any amount of that interest.

(2) Where an issue of bonds is treated as aforesaid as if it were the payment of an amount of interest, and any person by or through whom the bonds are issued would be required, by virtue of any provision of this Act, to deduct tax from that amount of interest if it had been actually paid by or through him, the following provisions shall have effect—

(*a*) subject to the provisions of the next following paragraph, any such person—

(i) shall retain bonds the value whereof at the time of their issue is equal to tax on the said amount of

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interest at the standard rate for the year of assessment in which the bonds are issued; and

(ii) shall be acquitted in respect of any such retention in like manner as if he had deducted such tax from the interest; and

(iii) shall be chargeable with the said tax accordingly, but may tender the bonds so retained in satisfaction of that tax;

(*b*) where the Commissioners of Inland Revenue are satisfied that it is impracticable to retain bonds on account of tax under paragraph (*a*) of this subsection—

(i) they may relieve any such person from the obligation to retain bonds and account for tax under that paragraph on his furnishing to them a statement of the names and addresses of the persons to whom the bonds have been issued and the amount of the bonds issued to each such person; and

(ii) tax in respect of the amount of interest treated by virtue of this section as having been paid by the issue of the bonds shall be charged under Case VI of Schedule D for the year of assessment in which the bonds are issued on the persons receiving or entitled to the bonds.

(3) This section applies to any debt incurred, whether in respect of any money borrowed or otherwise, by any Government, public authority or public institution whatsoever, or by any body corporate whatsoever.

(4) For the purpose of this section, "funding bonds" includes any bonds, stocks, shares, securities or certificates of indebtedness.

(5) Nothing in this section shall apply to any funding bonds issued at any time after the twenty-ninth day of July, nineteen hundred and thirty-seven, and before the twenty-seventh day of April, nineteen hundred and thirty-eight.

Sale and repurchase of securities.

203.—(1) Where the owner of any securities (in this and the next following subsection referred to as "the owner") agrees to sell or transfer those securities and by the same or any collateral agreement—

(*a*) agrees to buy back or re-acquire the securities; or

(*b*) acquires an option, which he subsequently exercises, to buy back or re-acquire the securities,

then, if the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by the owner, the following provisions shall have effect—

(i) the interest payable as aforesaid shall, whether it would or would not have been chargeable to tax apart from the provisions of this section, be deemed for all the

purposes of this Act to be the income of the owner and not to be the income of any other person; and

(ii) if the securities are of such a character that the interest payable in respect thereof may be paid without deduction of tax, the owner shall be chargeable to tax at the standard rate under Case VI of Schedule D in respect of the interest which is deemed to be his income as aforesaid, unless he shows that it has borne tax at the standard rate.

(2) The references in subsection (1) of this section to buying back or re-acquiring the securities shall be deemed to include references to buying or acquiring similar securities, so, however, that where similar securities are bought or acquired, the owner shall be under no greater liability to tax than he would have been under if the original securities had been bought back or re-acquired.

(3) Where any person carrying on a trade which consists wholly or partly in dealing in securities agrees to buy or acquire any securities, and by the same or any collateral agreement—

(*a*) agrees to sell back or re-transfer the securities; or

(*b*) acquires an option, which he subsequently exercises, to sell back or re-transfer the securities,

then, if the result of the transaction is that any interest becoming payable in respect of the securities is receivable by him, no account shall be taken of the transaction in computing for any of the purposes of this Act the profits arising from or loss sustained in the trade.

(4) Subsection (3) of this section shall have effect, subject to any necessary modifications, as if references to selling back or re-transferring the securities included references to selling or transferring similar securities.

(5) For the purposes of this section—

(*a*) " interest " includes a dividend;

(*b*) " securities " includes stocks and shares;

(*c*) securities shall be deemed to be similar if they entitle their holders to the same rights against the same persons as to capital and interest and the same remedies for the enforcement of those rights, notwithstanding any difference in the total nominal amounts of the respective securities or in the form in which they are held or the manner in which they can be transferred.

(6) The Commissioners of Inland Revenue may by notice in writing require any person to furnish them within such time as they may direct (not being less than twenty-eight days), in respect of all securities of which he was the owner at any time during the period specified in the notice, such particulars as they consider necessary for the purposes of this section and for

PART VII —*cont.*

the purpose of discovering whether tax has been borne in respect of the interest on all those securities and, if that person without reasonable excuse fails to comply with the notice, he shall be liable to a penalty not exceeding fifty pounds and after judgment has been given for that penalty to a further penalty of the like amount during every day on which the failure continues.

Annuities under the Tithe Acts, 1936 and 1951.

204.—(1) No deduction in respect of income tax shall be made from any instalment of any annuity within the meaning of the Tithe Acts, 1936 and 1951.

(2) For all the purposes of this Act, five-sixths and no more of each instalment of such an annuity as aforesaid shall be deemed to be paid in respect of interest.

CHAPTER VII

SMALL MAINTENANCE PAYMENTS

Definition of "small maintenance payments" and "small maintenance order".

205.—(1) In this Chapter, "small maintenance payments" means payments under an order made by a court in the United Kingdom—

(*a*) to or for the benefit of a woman for her maintenance; or

(*b*) to any person for the benefit of, or for the maintenance or education of, a person under the age specified in subsection (2) of this section,

being payments which—

(i) are for the time being required by the order (whether as originally made or as varied) to be made weekly at a rate not exceeding the amount per week specified in subsection (3) of this section; and

(ii) would, apart from this section, fall within Chapter I of this Part of this Act (which provides for the deduction of tax from interest, annuities and other annual payments),

and "small maintenance order" means an order providing for the making of small maintenance payments.

(2) The age referred to in paragraph (*b*) of subsection (1) of this section is—

(*a*) in the case of payments pursuant to an order made under the Guardianship of Infants Acts, 1886 and 1925, an order made under paragraph (*b*) of the proviso to section seven of the Summary Jurisdiction (Married Women) Act, 1895, or an order made in accordance with section one of the Married Women (Maintenance) Act, 1920, twenty-one years of age; and

(*b*) in any other case, sixteen years of age.

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(3) The amount referred to in paragraph (i) of subsection (1) of this section is—

(*a*) in the case of payments to or for the benefit of a woman for her maintenance, five pounds if the payments are payments pursuant to an order made in accordance with paragraph (*c*) of section five of the Summary Jurisdiction (Married Women) Act, 1895, and otherwise two pounds; and

(*b*) in the case of payments to any person for the benefit of, or for the maintenance or education of, a person under the age specified in subsection (2) of this section, thirty shillings if the payments are such payments as are mentioned in paragraph (*a*) of the said subsection (2) and otherwise one pound.

(4) The reference in the preceding provisions of this section to the Guardianship of Infants Acts, 1886 and 1925, shall be construed as a reference to those Acts as amended by the Guardianship and Maintenance of Infants Act, 1951, and any Act passed previously to that Act, the references in the said preceding provisions to the Summary Jurisdiction (Married Women) Act, 1895, shall be construed as references to that Act as amended by the Married Women (Maintenance) Act, 1949, and the Guardianship and Maintenance of Infants Act, 1951, and the reference in the said preceding provisions to the Married Women (Maintenance) Act, 1920, shall be construed as a reference to that Act as amended by the Married Women (Maintenance) Act, 1949.

Small maintenance payments to be directly assessed.

206.—(1) Notwithstanding anything in Chapter I of this Part of this Act, small maintenance payments shall be made without deduction of tax.

(2) Any sums paid in or towards the discharge of a small maintenance payment shall be chargeable under Case III of Schedule D, but the tax shall be computed in all cases on the payments falling due in the year of assessment, so far as paid in that or in any other year.

(3) A claimant shall be entitled, in computing his total income for any year of assessment for any of the purposes of this Act, to deduct sums paid by him in or towards the discharge of any small maintenance payments which fall due in that year, and effect shall be given to this deduction by reducing any assessment made on him or by repayment, as the case may require, and for the purposes of proviso (*b*) to subsection (1) of section one hundred and one of this Act and of section two hundred and twenty-one of this Act (which provide that relief is not to be given in respect of charges on income) any amount which can be deducted under this subsection in computing the

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total income of a person shall be treated as if it were income the tax on which that person is entitled to charge against another person.

Duty of court to give information as to small maintenance orders.

207.—(1) Where a court—

(*a*) make a small maintenance order; or

(*b*) vary an order so that it becomes or ceases to be a small maintenance order; or

(*c*) change the persons who are entitled to small maintenance payments,

the court shall furnish to the Commissioners of Inland Revenue, in such form as those Commissioners may prescribe, particulars of the order or variation, as the case may be, the names of the persons affected by the order and, so far as known to the court, the addresses of those persons.

(2) In this section, "the persons affected", in relation to a small maintenance order, means the person liable to make the payments under the order and any person for the time being entitled to the payments, references to the making of an order include references to the revival of an order, and references to the variation of an order include references to the making of an order changing the persons entitled to the payments thereunder.

PART VIII

General.

GRADUATION OF TAX BY MEANS OF PERSONAL AND OTHER RELIEFS

Personal Reliefs

208. An individual who—

(*a*) makes a claim in that behalf in the manner prescribed by this Act; and

(*b*) makes a return in the prescribed form of his total income,

shall be entitled to such relief as is specified in sections two hundred and nine to two hundred and twenty of this Act.

Exemption from, and reduction of, tax in certain cases.

209.—(1) If the claimant proves that his total income does not exceed one hundred and thirty-five pounds, he shall be entitled to exemption from income tax.

(2) If the claimant, not being exempt as aforesaid, proves that his total income is less than one hundred and sixty pounds, he shall be entitled to have the amount of income tax payable in respect of his total income, if it would but for the provisions of this subsection exceed a sum equal to three-tenths of the amount by which his total income exceeds one hundred and thirty-five pounds, reduced to that sum.

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Personal relief.

210.—(1) The claimant shall be entitled—

(*a*) if he proves—

(i) that for the year of assessment he has his wife living with him; or

(ii) that his wife is wholly maintained by him during the year of assessment, and that he is not entitled in computing the amount of his income for that year for income tax purposes to make any deduction in respect of the sums paid for the maintenance of his wife,

to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on one hundred and ninety pounds;

(*b*) in any other case, to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on one hundred and ten pounds.

(2) If the total income of the claimant includes any earned income of his wife, the deduction to be allowed under this section shall be increased by an amount equal to tax at the standard rate on four-fifths of the amount of that earned income or on one hundred and ten pounds, whichever is the less.

For the purposes of this subsection—

(*a*) any earned income of the claimant's wife arising in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office, given in respect of his past services in any office or employment of profit, shall be deemed not to be earned income of his wife; and

(*b*) no payment on account of a family allowance, and, except in the case of a retirement pension payable to the wife by virtue of her own insurance, no payment of benefit under the National Insurance Act, shall be treated as earned income.

Earned income and old age reliefs.

211.—(1) The claimant shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on one-fifth of the amount of his earned income, or on four hundred pounds, whichever is the less.

(2) The claimant, if he proves that at any time within the year of assessment either he or, in the case of a married man, his wife living with him was of the age of sixty-five years or upwards and that his total income for the year of assessment does not exceed five hundred pounds, shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on one-fifth of the amount of that income.

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(3) If the claimant would be entitled to relief under subsection (2) of this section but for the fact that his total income exceeds five hundred pounds, he shall be entitled to have the amount of the income tax payable in respect of his total income reduced, where necessary, so as not to exceed a sum equal to the aggregate of the two following amounts, that is to say, the amount of the tax which would have been payable if his total income had amounted to, but had not exceeded, five hundred pounds, and five-eighths of the amount by which his total income exceeds five hundred pounds.

(4) Any relief under subsection (2) or subsection (3) of this section shall be in substitution for and not in addition to the relief under subsection (1) of this section.

Children.

212.—(1) If the claimant proves that he has living at any time within the year of assessment any child who is either under the age of sixteen years or who, if over the age of sixteen years at the commencement of that year, is receiving full-time instruction at any university, college, school or other educational establishment, he shall, subject to the provisions of this and the next following section, be entitled in respect of each such child to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on seventy pounds.

In this provision, " child " includes a stepchild and an illegitimate child whose parents have married each other after his birth.

(2) If the claimant proves that for the year of assessment he has the custody of and maintains at his own expense any child who is under the age of sixteen years at the commencement of that year, or who, if over the age of sixteen years at the commencement of that year, is receiving such full-time instruction as aforesaid, and that neither he nor any other individual is entitled to relief in respect of the same child under the preceding provisions of this section or under any of the other provisions of this Part of this Act, or, if any other individual is entitled to such relief, that that other individual has relinquished his claim thereto, he shall be entitled in respect of the child to the same relief as if the child were a child of his.

(3) The references in the preceding provisions of this section to a child receiving full-time instruction at an educational establishment shall include references to a child undergoing training by any person (hereinafter referred to as " the employer ") for any trade, profession or vocation in such circumstances that—

(*a*) the child is required to devote the whole of his time to the training for a period of not less than two years; and

(*b*) while the child is undergoing the training, the emoluments, if any, receivable by the child, or payable by the employer in respect of the child, do not exceed thirteen pounds a year, exclusive of any emoluments receivable or payable by way of return of any premium paid in respect of the training.

For the purpose of paragraph (*b*) of this subsection, where a premium has been paid in respect of the training of a child, all emoluments at any time receivable by the child, or payable by the employer in respect of the child, shall be deemed to be receivable or payable by way of return of the premium, unless and except to the extent that the amount thereof exceeds in the aggregate the amount of the premium.

In this subsection, "emoluments" means any salary, fees, wages, perquisites, or profits or gains whatsoever, and includes the value of free board, lodging or clothing.

For the purpose of a claim in respect of a child undergoing training the surveyor may require the employer to furnish particulars with respect to the training and emoluments of the child in such form as may be prescribed by the Commissioners of Inland Revenue.

(4) No relief shall be allowed under this section in respect of any child who is entitled in his own right to an income exceeding seventy pounds a year:

Provided that in calculating the income of the child for the purpose of this subsection no account shall be taken of any income to which the child is entitled as the holder of a scholarship, bursary, or other similar educational endowment.

(5) If any question arises as to whether any person is entitled to relief under this section in respect of a child who is over the age of sixteen years, as being a child who is receiving full-time instruction at an educational establishment, the Commissioners of Inland Revenue may, on the request of the Income Tax Commissioners concerned, consult the Minister of Education.

In the application of this subsection to Scotland and Northern Ireland, the Secretary of State and the Governor of Northern Ireland shall respectively be substituted for the Minister of Education.

Double claim for children.

213.—(1) The provisions of this section shall have effect where, for any year of assessment, two or more individuals are, or would but for the provisions of this section be, entitled, under the last preceding section, to relief in respect of the same child.

(2) The relief to be granted to each of the individuals shall be computed as if the reference in subsection (1) of the last preceding section to seventy pounds were a reference to the part of seventy pounds which is apportioned to that individual under subsection (3) of this section.

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(3) The seventy pounds shall be apportioned between the individuals in question in such proportion as they agree, or, in default of agreement, in proportion to the amount or value of the provision made by them respectively (otherwise than by way of payments deductible in computing their respective total incomes) for the child's maintenance and education for the year of assessment.

(4) Any apportionment under this section shall be made by such body of General Commissioners, being the General Commissioners for a division in which one of the individuals resides, as the Commissioners of Inland Revenue may direct, or, if none of the individuals resides in Great Britain, by the Special Commissioners.

(5) Where a claim for relief under the last preceding section is delivered to the surveyor, and it appears that if the claim is allowed an apportionment will be necessary under this section, the Commissioners of Inland Revenue may, if they think fit, direct that the claim itself shall be dealt with by any specified body of Commissioners which could under this section be directed to make the apportionment, and that the same Commissioners shall also make any apportionment which proves to be necessary; and where a direction is given under this subsection no other body of Commissioners shall have jurisdiction to determine the claim.

(6) The Commissioners making any apportionment under this section shall hear and determine the case in like manner as they hear and determine appeals against an assessment under Schedule D, and the provisions of this Act relating to such appeals shall apply accordingly with any necessary modifications, but any individual who is, or but for the provisions of this section would be, entitled to relief in respect of the child shall be entitled to appear and be heard by the Commissioners or to make representations to them in writing.

(7) An apportionment may be made under this section notwithstanding that relief in respect of the child in question has already been allowed to any individual and, if it appears as a result of the apportionment that the individual has been allowed too much relief, the amount of the excess may, if not otherwise made good, be assessed under Case VI of Schedule D and recovered from him accordingly.

Person taking charge of widower's or widow's children or acting as his or her housekeeper.

214.—(1) If the claimant proves that he is a widower and that for the year of assessment a person, being a female relative of his or of his deceased wife, is resident with him for the purpose of having the charge and care of any child of his or in the capacity of a housekeeper, or that he has no female relative of his own or of his deceased wife who is able and willing to take such charge or act in such capacity and that he has employed some other female person for the purpose, he shall, subject as

hereinafter provided, be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on fifty pounds in respect of that female relative or female person:

Provided that—

(*a*) no relief shall be allowed under this section unless the claimant proves that no other individual is entitled to relief in respect of the female relative under the provisions of this Part of this Act or, if any other individual is so entitled, that the other individual has relinquished his claim thereto; and

(*b*) no relief shall be allowed under this section where the female relative is a married woman living with her husband, and the husband has claimed and been allowed the higher relief under subsection (1) of section two hundred and ten of this Act; and

(*c*) not more than one deduction of tax shall be allowed under this section to any claimant for any year.

(2) In this section, " child " means a child in respect of whom relief is allowed under this Part of this Act.

(3) This section shall apply to a claimant being a widow as it applies to a claimant being a widower, with the substitution of " her deceased husband " for " his deceased wife."

Relative taking charge of unmarried person's young brother or sister.

215. If the claimant proves—

(*a*) that he is unmarried and that he has living with him either his mother, being a widow or a person living apart from her husband, or some other female relative, for the purpose of having the charge and care of any brother or sister of his, being a child in respect of whom relief is allowed under this Part of this Act, and that he maintains the mother or other relative at his own expense; and

(*b*) that neither he nor any other individual is entitled to relief in respect of the same person under any of the other provisions of this Part of this Act, or if any other individual is entitled to any such relief that the other individual has relinquished his claim thereto,

he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on fifty pounds.

Dependent relatives.

216.—(1) If the claimant proves that he maintains at his own expense any person, being a relative of his or of his wife who is incapacitated by old age or infirmity from maintaining himself, or his or his wife's widowed mother, whether incapacitated or not, and being a person whose total income does not exceed one hundred and thirty pounds a year, he shall be entitled, in respect of each person whom he so maintains, to a deduction

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from the amount of income tax with which he is chargeable equal to tax at the standard rate on fifty pounds:

Provided that in the case of any person so maintained whose total income exceeds eighty pounds a year, this subsection shall have effect with the substitution for the reference to fifty pounds of a reference to fifty pounds diminished by the amount of the excess.

(2) Where two or more persons jointly maintain any such person as aforesaid, the fifty pounds mentioned in subsection (1) of this section, or, as the case may be, the lesser amount mentioned in the proviso thereto, shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

(3) Where the claimant is a female person, the references in the preceding provisions of this section to the claimant's wife shall be construed as references to the claimant's husband.

(4) A claimant shall not be entitled to less relief under this Act than he would be entitled to if no relief were available under subsection (1) of this section in respect of the maintenance of a person whose total income exceeds fifty pounds a year.

Claimant depending on services of a daughter.

217. If the claimant, by reason of old age or infirmity, is compelled to depend upon the services of a daughter resident with and maintained by him, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on twenty-five pounds.

Person employed or maintained to take charge of children.

218.—(1) Subject to the provisions of this section, if the claimant proves, in the case of a year of assessment—

(*a*) that he is entitled to relief under section two hundred and twelve of this Act in respect of a child resident with him; and

(*b*) that a female person is resident with and maintained or employed by him for the purpose of having the charge and care of the child; and

(*c*) that neither he nor any other individual is entitled under sections two hundred and twelve to two hundred and seventeen of this Act to relief in respect of the person so employed or maintained or, if he or any other individual is so entitled, that the claim thereto has been relinquished; and

(*d*) that he is not entitled under section two hundred and fourteen or section two hundred and fifteen of this Act to relief in respect of any other person,

he shall be entitled to a deduction from the amount of tax with which he is chargeable for that year equal to tax at the standard rate on fifty pounds.

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(2) Not more than one deduction of tax shall be allowed under this section to any claimant for any year.

(3) No relief shall be given under this section for any year—

(*a*) to a male claimant if he is entitled for that year to the higher relief under subsection (1) of section two hundred and ten of this Act unless throughout that year his wife was totally incapacitated by physical or mental infirmity; or

(*b*) to a female claimant unless throughout that year she was either incapacitated as aforesaid or in full-time employment or engaged full-time in some trade, profession or vocation.

(4) Where more than one individual is entitled to relief under this section in connection with the same child, the fifty pounds mentioned in subsection (1) of this section shall be apportioned between them in such proportions as may be agreed between them or, in default of agreement, in accordance with such apportionment as may be adopted in relation to that child under section two hundred and thirteen of this Act.

(5) An apportionment may be made under this section notwithstanding that relief has already been allowed thereunder to any individual, and if it appears as a result of the apportionment that the individual has been allowed too much relief, the amount of the excess may, if not otherwise made good, be assessed under Case VI of Schedule D and recovered from him accordingly.

Insurances, etc., made after 1916.

219.—(1) Subject to the provisions of this section and of section two hundred and twenty-six of this Act, if the claimant has paid any such premium as is specified in subsection (2) of this section, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at two-fifths of the standard rate on the amount of the premium:

Provided that if, in any year of assessment, the total premiums in respect of which relief falls to be granted under this subsection do not exceed twenty-five pounds, the relief under this subsection shall be a deduction equal to tax at the standard rate on ten pounds or on the full amount of the premiums, whichever is the less.

(2) The premiums referred to in subsection (1) of this section are any premiums paid by the claimant on a policy of insurance or on a contract for a deferred annuity where—

(*a*) the insurance or contract was made after the twenty-second day of June, nineteen hundred and sixteen—

(i) with any insurance company legally established within Her Majesty's dominions, India or the Republic of Ireland or lawfully carrying on business in the United Kingdom; or

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(ii) with underwriters, being members of Lloyd's or of any other association of underwriters approved by the Board of Trade, who comply with the requirements set forth in the Eighth Schedule to the Assurance Companies Act, 1909; or

(iii) with a registered friendly society; or

(iv) in the case of a deferred annuity, with the National Debt Commissioners; and

(*b*) the insurance, or, as the case may be, the deferred annuity, is on the life of the claimant or on the life of his wife; and

(*c*) the insurance or contract was made by him.

(3) No relief under this section shall—

(*a*) be given except in respect of premiums payable on policies for securing a capital sum on death, whether in conjunction with any other benefit or not; or

(*b*) be given in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance:

Provided that this subsection shall not affect premiums payable—

(i) on policies or contracts made in connection with any superannuation or bona fide pension scheme for the benefit of the employees of any employer or of persons engaged in any particular trade, profession, vocation or business or for the benefit of the wife or widow of any such employee or person or of his children or other dependants; or

(ii) on policies taken out by teachers in the schools known in the year nineteen hundred and eighteen as secondary schools pending the establishment of a superannuation or pension scheme for those teachers.

(4) Where a premium is paid by a wife out of her separate income in respect of an insurance on her own life or the life of her husband or a contract for any deferred annuity on her own life or the life of her husband, the same relief shall be given as if the premium were a premium paid by her husband for an insurance on his own life or for a contract for a deferred annuity on his own life, and this section shall apply accordingly.

(5) Any reference in any provision of this Act, and, in particular, in the next following section, to an amount tax on which falls to be deducted under this or the preceding sections of this Part of this Act shall, in relation to a premium on which, by virtue of this section, a deduction falls to be made at two-fifths of the standard rate, be construed as a reference to two-fifths of the amount of that premium.

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Reduced rate relief.

220.—(1) Subject to the provisions of this section, the claimant shall be entitled to have the amount of the income tax which remains chargeable on him in respect of his total income after there has been made any deduction of tax to which he is entitled under section two hundred and ten, subsections (1) and (2) of section two hundred and eleven and sections two hundred and twelve to two hundred and nineteen of this Act reduced by a further deduction equal—

(*a*) where the amount so remaining chargeable does not exceed the tax at the standard rate on fifty pounds, to thirteen-nineteenths of that amount; and

(*b*) where that amount exceeds the tax at the standard rate on fifty pounds, to thirteen-nineteenths of the tax at the standard rate on fifty pounds plus—

(i) eight-nineteenths of the excess; or

(ii) eight-nineteenths of the tax at the standard rate on two hundred pounds,

whichever is the less.

(2) Subsection (1) of this section shall, where the income of an individual includes both—

(*a*) earned income of his wife; and

(*b*) other income available for relief under the said subsection (1),

have effect subject to the following provisions of this section.

(3) Where there is earned income of the wife available for relief under subsection (1) of this section, references to fifty pounds plus the amount of the earned income so available, or to one hundred pounds, whichever is the smaller, shall be substituted in the said subsection (1) for the references to fifty pounds:

Provided that where the other income available for relief under the said subsection (1) falls short of fifty pounds, the amount references to which are to be substituted as aforesaid under this subsection shall be diminished by the amount of the deficiency.

(4) Where the earned income of the wife available for relief under the said subsection (1) exceeds fifty pounds, a reference to two hundred pounds plus the amount of the excess or to four hundred pounds, whichever is the smaller, shall be substituted in the said subsection (1) for the reference to two hundred pounds:

Provided that where the other income available for relief under the said subsection (1) does not exceed fifty pounds, this subsection shall not apply, and where the said other income exceeds fifty pounds and falls short of two hundred and fifty pounds, the amount references to which are to be substituted as aforesaid under this subsection shall be diminished by the amount of the deficiency.

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(5) References in this section to the earned income of the wife available for relief under subsection (1) of this section shall be construed as references to her earned income less—

(*a*) so much of any amount which falls to be deducted under any of the provisions of this Act as could not have been deducted but for the existence of the earned income of the wife; and

(*b*) so much of the amounts tax on which falls to be deducted under the preceding provisions of this Part of this Act which are mentioned in subsection (1) of this section as could not have been taken into account but for the existence of the earned income of the wife; and

(*c*) any deduction allowable under section three hundred and seventy-seven of this Act in respect of contributions paid by the wife as an insured person.

(6) References in this section to the income available for relief under subsection (1) of this section, other than earned income of the wife, shall be construed as references to the man's total income other than earned income of the wife, less the total of the amounts tax on which falls to be deducted under the preceding provisions of this Part of this Act which are mentioned in subsection (1) of this section, other than so much of those amounts as falls to be deducted from the earned income of the wife in ascertaining the earned income of the wife available for relief under subsection (1) of this section.

(7) For the purposes of this section—

(*a*) any earned income of an individual's wife arising in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office, given in respect of his past services in any office or employment of profit shall be deemed not to be earned income of his wife; and

(*b*) no payment on account of a family allowance, and, except in the case of a retirement pension payable to the wife by virtue of her own insurance, no payment of benefit under the National Insurance Act, shall be treated as earned income of an individual's wife.

General provisions relating to reliefs under preceding provisions

No relief to be given in respect of charges on income.

221. A claimant shall not be entitled to relief under the preceding provisions of this Part of this Act in respect of any income the tax on which he is entitled to charge against any other person, or to deduct, retain or satisfy out of any payment which he is liable to make to any other person.

Basis of estimating income from land.

222. For the purpose of any claim for relief under the preceding provisions of this Part of this Act, the income arising from the ownership of lands, tenements, hereditaments or heritages assessable under Schedule A shall, subject to any allowance, reduction or relief granted under this Act, be deemed

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to be the annual value thereof estimated in accordance with the provisions of Part III of this Act as they apply in relation to Schedule A and the income arising from the occupation of lands, tenements, hereditaments or heritages assessable under Schedule B shall, subject to any allowance, reduction or relief granted under this Act, be deemed the assessable value thereof estimated in accordance with the provisions of Part III of this Act as they apply in relation to Schedule B, and where a claimant is both owner and occupier of the last-mentioned lands, tenements, hereditaments or heritages, the amount of the annual value under Schedule A, added to the amount of the assessable value under Schedule B, shall be deemed to be the income arising from those lands, tenements, hereditaments or heritages:

Provided that nothing in this section shall be construed as preventing any income from any lands, tenements, hereditaments or heritages which is assessable under Schedule D from being taken into account.

Partners.

223. The following persons having joint interests, that is to say—

(*a*) coparceners, joint tenants, or tenants in common of the profits of any property; and

(*b*) joint tenants, or tenants of land or tenements in partnership, being in the actual and joint occupation thereof in partnership, who are entitled to the profits thereof in shares; and

(*c*) partners carrying on a trade, profession or vocation together who are entitled to the profits thereof in shares,

may claim any relief under the preceding provisions of this Part of this Act according to their respective shares and interests, and any such claims which are proved to the satisfaction of the Commissioners to whom they are made may be dealt with in the same manner as in the case of several interests:

Provided that—

(i) profits arising from the occupation of lands shall not be separately charged if the lands are let or under-let without the lessor relinquishing the possession thereof or if the lessee is not exclusively in the possession and occupation of the lands;

(ii) the income of a partner from a partnership carrying on any trade, profession or vocation shall be deemed to be the share to which he is entitled during the year to which the claim relates in the partnership profits, such profits being estimated according to the provisions of this Act.

Supplemental provisions.

224.—(1) Any relief under the preceding provisions of this Part of this Act shall be given either by discharge or reduction of the tax charged under the assessment or by repayment of the excess which has been paid, or by all or any of those means as the case may require.

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(2) The provisions of the Sixth Schedule to this Act shall apply to claims for any such relief:

Provided that—

(*a*) a claim for any such relief (other than relief under subsection (3) of section two hundred and eleven of this Act) shall be made in such form as the Commissioners of Inland Revenue may direct, and shall be delivered to the surveyor; and

(*b*) where the surveyor objects to any such claim, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply.

*Relief for premiums on pre-*1916 *insurances and for certain other payments*

Insurances, etc., made before 1916 and certain other payments.

225.—(1) Subject to the provisions of this and the next following section, and to the provisions of section three hundred and eighty-four of this Act (which relates to deductions under Parts I and II of the Superannuation Act, 1949, and the corresponding enactments in force in Northern Ireland and to contributions under the Administration of Justice (Pensions) Act, 1950), any person—

(*a*) who has paid any such premium as is specified in subsection (2) of this section; or

(*b*) who is under any Act of Parliament or under the terms or conditions of his employment liable to the payment of any sum or to the deduction from his salary or stipend of any sum for the purpose of securing a deferred annuity to his widow or provision for his children after his death,

shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the appropriate rate on the amount of the premium paid by him or on the amount of the sum paid by him or deducted from his salary or stipend.

(2) The premiums referred to in paragraph (*a*) of subsection (1) of this section are any premiums paid by a person on a policy of insurance or on a contract for a deferred annuity where—

(*a*) the insurance or contract was made on or before the twenty-second day of June, nineteen hundred and sixteen—

(i) with any insurance company legally established within Her Majesty's dominions, India or the Republic of Ireland or lawfully carrying on business in the United Kingdom; or

(ii) with a registered friendly society; or

(iii) in the case of a deferred annuity, with the National Debt Commissioners; and

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(*b*) the insurance, or, as the case may be, the deferred annuity, is on the life of that person or on the life of his wife; and

(*c*) the insurance or contract was made by him.

(3) For the purposes of this section, "the appropriate rate" means—

(*a*) where the total income of the claimant does not exceed one thousand pounds, half the standard rate of tax;

(*b*) where the total income of the claimant exceeds one thousand pounds but does not exceed two thousand pounds, three-fourths of the standard rate of tax;

(*c*) where the total income of the claimant exceeds two thousand pounds, the standard rate of tax:

Provided that, in relation to the premiums referred to in paragraph (*a*) of subsection (1) of this section, this subsection shall, as respects any year for which the standard rate exceeds seven shillings in the pound, have effect as if the standard rate were seven shillings in the pound.

(4) No relief under subsection (1) of this section shall be given in respect of the amount, if any, by which the premiums or other sums in respect of which relief is claimed exceed the claimant's taxable income, that is to say, his total income less any amount on which he is entitled to relief by virtue of section two hundred and ten, subsection (1) or subsection (2) of section two hundred and eleven or sections two hundred and twelve to two hundred and nineteen of this Act.

(5) Where the tax ultimately payable by any person after deducting the relief under this section is greater than the amount of tax at the standard rate which would be payable if the total income of that person exceeded one thousand pounds or two thousand pounds, as the case may be, the relief under this section shall be increased by a sum representing the amount by which tax at one-fourth of the standard rate on the amount of the premiums or payment in respect of which the relief is given exceeds the amount of the tax at the standard rate on the amount by which the total income falls short of one thousand pounds or two thousand pounds, as the case may be:

Provided that, in relation to the premiums referred to in paragraph (*a*) of subsection (1) of this section, this subsection shall, as respects a year for which the standard rate of income tax exceeds seven shillings in the pound, have effect as if the two last references therein to the standard rate were references to a rate of seven shillings in the pound.

(6) Where a premium is paid by a wife out of her separate income in respect of an insurance on her own life or the life of her husband or a contract for any deferred annuity on her own life or the life of her husband, the same relief shall be given as if the premium were a premium paid by her husband

* F*

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for an insurance on his own life or for a contract for a deferred annuity on his own life, and this section shall apply accordingly.

(7) If the person entitled to relief under this section is charged to tax under any Schedule and has paid that tax, or has paid or has been charged with tax by deduction or otherwise, he shall, on a claim being made to the Special Commissioners and on production to them of the receipt for the payment made by him which entitles him to the relief and proof of the facts to their satisfaction, be entitled to repayment of tax on the amount thereof at the appropriate rate.

(8) Where premiums in respect of any insurance effected with a registered friendly society are made payable for shorter periods than three months, a person who claims relief under this section must, in order to obtain relief, produce to the surveyor a certificate, signed by an officer of the society, specifying the correct amount of premiums paid during the year of assessment.

A person who wilfully gives or produces a false certificate shall forfeit the sum of fifty pounds.

Miscellaneous

Supplementary provisions as to relief for premiums on insurances, etc.

226.—(1) The aggregate of the premiums or other sums in respect of which relief is given to any person under sections two hundred and nineteen and two hundred and twenty-five of this Act shall not exceed one-sixth of that person's total income.

(2) No relief under either of the said sections in respect of a premium or other payment payable on a policy for securing a capital sum on death (whether in conjunction with any other benefit or not) shall exceed the amount of the tax calculated at the appropriate rate on an amount equal to seven per cent. of the actual capital sum assured, and, in calculating any such capital sum, no account shall be taken of any sum payable on the happening of any other contingency, or of the value of any premiums agreed to be returned, or of any benefit by way of bonus, or otherwise, which is to be or may be received either before or after death, either by the person paying the premium, or by any other person, and which is not the sum actually assured.

(3) The aggregate of the relief given under the said section two hundred and nineteen and the said section two hundred and twenty-five in respect of premiums or sums payable for securing any benefits other than those mentioned in subsection (2) of this section shall not exceed the amount of the tax calculated at the appropriate rate on one hundred pounds.

(4) In subsections (2) and (3) of this section, " the appropriate rate "—

(*a*) in relation to premiums to which the said section two hundred and nineteen applies, means two-fifths of the standard rate ; and

(*b*) in relation to other premiums or payments, has the same meaning as in the said section two hundred and twenty-five,

and the said subsections (2) and (3) shall not apply to premiums falling within the proviso to subsection (1) of the said section two hundred and nineteen.

(5) War insurance premiums shall not be taken into account in calculating the limits of one-sixth of total income or of seven per cent. or of one hundred pounds mentioned in this section.

In this subsection, "war insurance premiums" means any additional premium or other sum paid in order to extend an existing life insurance policy to risks arising from war or war service abroad, and any part of any premium or other sum paid in respect of a life insurance policy covering those risks, or either of them, which appears to the Commissioners to whom the claim for relief is made to be attributable to those risks, or either of them.

Non-residents.

227.—(1) Subject to the provisions of this section, no relief under the preceding provisions of this Part of this Act shall be given in the case of any individual who is not resident in the United Kingdom.

(2) Subsection (1) of this section shall not apply in the case of any individual who satisfies the Commissioners of Inland Revenue that he or she—

(*a*) is a British subject or a citizen of the Republic of Ireland; or

(*b*) is a person who is or has been employed in the service of the Crown, or who is employed in the service of any missionary society or in the service of any native State under the protection of Her Majesty; or

(*c*) is resident in the Isle of Man or the Channel Islands; or

(*d*) has previously resided within the United Kingdom and is resident abroad for the sake of his or her health or the health of a member of his or her family resident with him or her; or

(*e*) is a widow whose late husband was in the service of the Crown:

Provided that no such relief as aforesaid shall be given so as to reduce the amount of the income tax other than surtax payable by that individual below the amount which bears the same proportion to the amount which would be payable by him by way of income tax other than surtax if the tax were chargeable on his total income from all sources, including income which is not subject to income tax charged in the United Kingdom, as the amount of the income subject to income tax so charged bears to the amount of his total income.

(3) Any claim which an individual is entitled to make by virtue of subsection (2) of this section shall be made to the

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Commissioners of Inland Revenue in such form as they may prescribe, and the said Commissioners shall on proof of the facts to their satisfaction allow the claim accordingly.

(4) Any person who is aggrieved by the decision of the said Commissioners on a claim made by him as aforesaid may, by notice in writing to that effect given to the said Commissioners within three months from the date on which notice of the decision is given to him, make an application to have his claim for relief heard and determined by the Special Commissioners.

(5) Where any such application as aforesaid is made, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

Relief from tax in respect of income accumulated under trusts.

228. Where in pursuance of the provisions of any will or settlement any income arising from any fund is accumulated for the benefit of any person contingently on his attaining some specified age or marrying, and the aggregate amount in any year of assessment of that income and the income from any other fund subject to the like trusts for accumulation and of the total income of that person (hereinafter referred to as "the aggregate yearly income") is of such an amount only as would entitle an individual either to total exemption from tax or to relief from tax, that person shall, on making a claim for the purpose within six years after the end of the year of assessment in which the contingency happens, be entitled, on proof of the claim in manner prescribed by the Sixth Schedule to this Act, to have repaid to him on account of the tax which has been paid in respect of the income during the period of accumulation a sum equal to the aggregate amount of relief to which he would have been entitled if his total income for each of the several years of the said period had been equal to the aggregate yearly income for that year; but in calculating that sum a deduction shall be made in respect of any relief already received.

PART IX

SURTAX

CHAPTER I

GENERAL

Date of payment, assessment, etc., of surtax.

229.—(1) Surtax shall be due and payable as a deferred instalment of income tax on or before the first day of January next after the end of the year of assessment for which it is payable, except that surtax or any part of any surtax included in an assessment which is signed and allowed on or after the said first

day of January shall be deemed to be due and payable on the day next following the day on which the assessment is signed and allowed.

(2) Surtax shall be assessed and charged by the Special Commissioners, and, notwithstanding anything in this Act providing for the separate assessment of income arising from different sources, shall be assessed and charged in one sum.

(3) The Special Commissioners may make an assessment or additional assessment in respect of surtax during any time within the year of assessment or within the period allowed by this Act for the making of assessments and additional assessments in respect of income tax charged at the standard rate:

Provided that where any form of fraud or wilful default has been committed by or on behalf of any person in connection with or in relation to income tax, assessments and additional assessments on that person for that year may, for the purpose of making good to the Crown any loss of tax attributable to the fraud or wilful default, be made as aforesaid at any time.

(4) Assessments in respect of surtax shall be subject to appeal to the Special Commissioners except on such matters as, under subsections (4) and (5) of section five hundred and twenty-four of this Act, are to be regarded as having been finally and conclusively determined, and all the provisions of this Act relating—

(*a*) to persons who are to be chargeable to income tax at the standard rate and to assessments to such tax; and

(*b*) to appeals against such assessments; and

(*c*) to the collection and recovery of such tax; and

(*d*) to cases to be stated for the opinion of the High Court,

(including, without prejudice to the generality of the preceding words, the provisions of subsection (2) of section sixty-three of this Act, which relate to appeals pending against assessments under Schedule D) shall, so far as they are applicable, apply to the charge, assessment, collection and recovery of surtax, and the Special Commissioners shall, for the purpose of assessment of surtax, have any powers of a surveyor and, for the purpose of the representation of the Crown on any appeal before the Special Commissioners, any person nominated in that behalf by the Commissioners of Inland Revenue shall have the same power at, and upon the determination of, the appeal as a surveyor has at, and upon the determination of, any appeal relating to income tax at the standard rate.

(5) Section sixty-six of this Act (which provides for relief in respect of error or mistake) shall, with any necessary modifications, apply to surtax as it applies to tax charged under an assessment under Schedule D or Schedule E.

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(6) The Commissioners of Inland Revenue may make regulations for the purpose of carrying into effect the provisions of this Act relating to surtax.

(7) The power conferred by this section to make regulations shall be exercisable by statutory instrument and any such regulations shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Duty of individuals chargeable to surtax to notify the Special Commissioners.

230.—(1) It shall be the duty of every individual who, for any year of assessment, is chargeable to income tax in respect of any part of his total income at a rate exceeding the standard rate to give notice that he is so chargeable to the Special Commissioners before the thirtieth day of September next following the end of that year.

(2) If any person without reasonable excuse fails to give any notice required by subsection (1) of this section, he shall be liable to a penalty not exceeding fifty pounds.

Returns of total income for surtax purposes.

231.—(1) An individual who, for any year of assessment, is chargeable to surtax may, by giving notice in writing to the Special Commissioners not later than the first day of May next following the end of that year of his desire so to do, elect to make a return of his total income to those Commissioners, and any such election shall have effect not only as respects that year, but also as respects all subsequent years for which he remains chargeable to surtax:

Provided that any individual who has so elected may at any time in any subsequent year of assessment give notice in writing to the Commissioners of his desire to revoke the election, and thereupon the election shall cease to have effect except as respects any year preceding the year in which notice is so given.

(2) Where for any year of assessment an election made by an individual under subsection (1) of this section is in force, the Special Commissioners may serve upon him a notice requiring him to make a return of his total income, and he shall make such a return in the form and within the time required by the notice.

(3) In any case in which it appears to the Special Commissioners that the particulars contained in any return made by any person, whether acting on his own behalf or as representing an incapacitated, non-resident or deceased person, are insufficient to enable them to assess and charge surtax or that any person has failed to make a return, the Special Commissioners may serve upon him, in manner prescribed by regulations under this Part of this Act, a notice requiring him to make a return of his total income or of the total income of the incapacitated, non-resident or deceased person, as the case may be, and every person so required shall, whether he is or is not chargeable with surtax, make such a return in the form and within the time required by the notice.

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(4) If any person fails to make any such return when so required or if the Special Commissioners are not satisfied with any return made by him, they may make an assessment to surtax according to the best of their judgment, and if any person without reasonable excuse fails to make any such return as aforesaid, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the default continues.

Delivery of additional particulars for purposes of surtax.

232.—(1) The Special Commissioners may, whether an assessment to surtax has been made or not, require any individual who—

(*a*) has been required to make a return of his total income for the purposes of surtax; or

(*b*) being an individual liable to surtax, has been required to make a return of his income under section nineteen of this Act,

to furnish to them within such time as they may prescribe, not being less than twenty-eight days, such particulars as to the several sources of his income and the amount arising from each source, and as to the nature and the amount of any deductions claimed to be allowed therefrom, as they consider necessary.

(2) If any person without reasonable excuse fails to furnish within the time prescribed any particulars required under this section, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

Power of Special Commissioners to obtain copies of registers of securities.

233.—(1) The Special Commissioners may cause to be served upon any body corporate a notice requiring them to deliver to those Commissioners within a specified time, being not less than twenty-one days, a copy, certified by a duly authorised officer of such body, of the whole of, or any specified class of entries in, any register containing the names of the holders of any securities issued by them.

(2) On delivery of the copy in accordance with the notice payment shall be made therefor at the rate of five shillings in respect of each one hundred entries.

(3) A notice under this section may be served by post.

(4) Where a notice served under this section is not complied with, the body in question shall, unless it is proved to the satisfaction of the court that it was not reasonably possible to comply with the notice, be liable to a penalty not exceeding fifty pounds and, if, after judgment has been given for that penalty, the copy still remains undelivered, shall be liable to a further penalty of the like amount for every day during which the default continues.

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(5) In this section, " security " includes shares, stock, debentures and debenture stock and " entry " means, in relation to any register, so much thereof as relates to the securities held by any one person.

Power to obtain information as to income from securities.

234.—(1) The Special Commissioners may by notice in writing require—

(*a*) any person, being a registered or inscribed holder of any United Kingdom securities, who, in any year of assessment, has received on behalf of any other person any income arising from any such securities ; or

(*b*) any person by or through whom, in any year of assessment, any income in respect of United Kingdom securities has been paid in any case where—

(i) the registered or inscribed holder of the securities is not the person to whom the income was paid ; or

(ii) the securities are bearer securities,

to furnish them within such time as may be specified in the notice (not being less than twenty-eight days) with particulars of the amounts so received or, as the case may be, paid in that year (other than amounts received or paid in that year on behalf of or to any one person which did not exceed in the aggregate the sum of fifteen pounds), the securities to which those amounts respectively relate, and the names and addresses of the persons on whose behalf or to whom those amounts were respectively received or paid.

(2) The Special Commissioners may similarly require any person who acts or has acted, directly or indirectly, as an intermediary or as one of a series of intermediaries between any such person as is specified in paragraph (*a*) or paragraph (*b*) of subsection (1) of this section and the person or persons beneficially entitled to the income in question to furnish such information as the Commissioners may require for the purpose of enabling them to ascertain the names and addresses of the person or persons beneficially entitled to the income and the respective amounts to which those persons were beneficially entitled.

(3) If any person to whom the Special Commissioners have given notice as aforesaid fails to comply with the notice within the time specified therein or such further time, if any, as those Commissioners may allow, he shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

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(4) Nothing in this section shall impose on any bank the obligation to disclose any particulars relating to income from securities in cases where the person beneficially entitled to the income is not resident in the United Kingdom.

(5) In this section—

"securities" includes shares, stocks, bonds, debentures and debenture stock; and

"United Kingdom securities" means any securities issued by or on behalf of Her Majesty's Government in the United Kingdom or the Government of Northern Ireland and any securities of a body corporate incorporated in any part of the United Kingdom.

Penalty for fraudulent practices.

235.—(1) Where a person who ought to be charged with surtax, as directed by this Act, is not duly assessed and charged by reason that he has—

(*a*) fraudulently changed his place of residence or fraudulently converted, or fraudulently released, assigned or conveyed any of his property; or

(*b*) made and delivered any statement or schedule which is false or fraudulent; or

(*c*) fraudulently converted any of his property which was chargeable by altering any security relating thereto or by fraudulently rendering it temporarily unproductive, in order not to be charged for the same or any part thereof; or

(*d*) been guilty of any falsehood, wilful neglect, fraud, covin, art or contrivance whatsoever,

such person shall, on proof thereof to the Special Commissioners, be assessed and charged treble the amount of the charge which ought to have been made upon him:

Provided that, if any charge has been made, but that charge is less than the charge which ought to have been made, such person shall be assessed and charged, over and above the former charge, treble the amount of the difference between the charge which was made and the charge which ought to have been made, such amount to be added to the assessment.

(2) A person who knowingly and wilfully aids, abets, assists, incites or induces another person to make or deliver, for surtax purposes, a false or fraudulent account, statement or declaration of or concerning any profits or gains chargeable, or the yearly rent or value of any lands, tenements, hereditaments or heritages, or any matters affecting any such rent or value, shall for every such offence forfeit the sum of five hundred pounds.

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CHAPTER II

MISCELLANEOUS SPECIAL PROVISIONS

Surtax where individual dies within year of assessment.

236. The amount of surtax payable in respect of the total income of an individual for the year of assessment in which he dies shall not exceed the amount of surtax which would have been payable if income tax had been chargeable for that year at the same rates as for the year preceding that year, and all such adjustments and repayments of tax shall be made as may be required in order to give effect to the provisions of this section.

Provisions for preventing avoidance of surtax by sales cum dividend, etc.

237.—(1) Any individual upon whom notice is served by the Special Commissioners requiring him to furnish a statement of and particulars relating to any assets in which, at any time during the period specified in the notice, he has had any beneficial interest, and in respect of which, within such period, either no income was received by him, or the income received by him was less than the sum to which the income would have amounted if the income from such assets had accrued from day to day and been apportioned accordingly, shall, whether an assessment to surtax in respect of his total income has or has not been made for the relevant year or years of assessment, furnish such a statement and such particulars in the form and within the time (not being less than twenty-eight days) required by the notice.

(2) The Special Commissioners may serve further notices whenever they consider it necessary for the purposes of this section until complete particulars have been furnished to their satisfaction.

(3) If it appears to the Special Commissioners by reference to all the circumstances in relation to the assets of any such individual (including circumstances with respect to sales, purchases, dealings, contracts, arrangements, transfers or any other transactions relating to such assets) that the individual has thereby avoided or would avoid more than ten per cent. of the amount of the surtax for any year which would have been payable in his case if the income from those assets had been deemed to accrue from day to day and had been apportioned accordingly and the income so deemed to have been apportioned to him had been treated as part of his total income for the purposes of surtax, then those assets shall be deemed to be assets to which subsection (4) of this section applies.

(4) For the purposes of assessment to surtax in the case of any such individual, the income from any assets to which this subsection applies shall be deemed to accrue from day to day, and in the case of the sale or transfer of any such assets by or to him shall be deemed to have been received as and when it is deemed to have accrued:

Provided that an individual shall not be liable to be assessed to surtax under this section in respect of any such income if he

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proves to the satisfaction of the Special Commissioners that the avoidance of surtax was exceptional and not systematic, and that there was not in his case in any of the three next preceding years any such avoidance of surtax as is described in the provisions of subsection (3) of this section.

(5) If any individual fails to furnish any statement or particulars required under this section, or if the Special Commissioners are not satisfied with any statement or particulars furnished under this section, they may make an estimate of the amount of the income which, under the preceding provisions of this section, is to be deemed to form part of his total income for the purposes of surtax.

(6) If any individual without reasonable excuse fails to furnish any statement or particulars required under this section, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

(7) For the purposes of this section, " assets " means—

(*a*) stocks or securities entitled to interest or dividend at a fixed rate only, not being stocks or securities the interest or dividend on which is dependent on the earnings of a company ; and

(*b*) any other stocks or securities and any shares, if transactions in relation thereto have been effected by the individual otherwise than through a stock exchange in the United Kingdom and by a transfer on which duty has been paid at the rate of one or two pounds per cent. under the heading " Conveyance or Transfer on Sale " in the First Schedule to the Stamp Act, 1891.

Relief from surtax where income attributable to a period exceeding a year is received in a year.

238. If, on an application made by any individual for the purpose, either at the time of making his return under section nineteen of this Act or his return for the purposes of surtax for any year or within the time limited for appealing against the assessment upon him to surtax for that year, the applicant proves to the satisfaction of the Special Commissioners—

(*a*) that, as respects any assets, in consequence of the operation of the provisions of this Act which require that for purposes of surtax any income which is chargeable with income tax by way of deduction shall be deemed to be income of the year in which it is receivable, the income from those assets, as estimated for the purposes of surtax for that year, represents more than the income which would be attributable to a period of one full year if the income were deemed to have accrued from day to day ; and

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(*b*) that, in consequence, the amount of surtax payable by him for that year exceeds by more than five per cent. the amount of the surtax which would have been payable by him for that year if the amount of his income from those assets had not exceeded the amount which would be attributable to a period of one full year if the income from those assets were deemed to have accrued from day to day,

the Special Commissioners shall charge him to surtax, or adjust his liability to surtax, for that year and any succeeding year so as to give such relief as may be just, having regard to all the circumstances and in particular to the amount of any liability or additional liability to surtax which would have arisen for any preceding year or years if—

(i) the income from such assets as aforesaid were deemed to have accrued from day to day and to have been apportioned accordingly; and

(ii) the income so deemed to have been apportioned to him had been treated as part of his total income for the purposes of surtax.

Relief from surtax in case of purchases cum dividend.

239. If, on an application made by any individual, either at the time of making his return under section nineteen of this Act or his return for the purposes of surtax for any year or within the time limited for appealing against the assessment upon him to surtax for that year, the applicant proves to the satisfaction of the Special Commissioners that, in consequence of the sale or transfer to him of any assets, the amount of surtax payable by him for that year exceeds by more than ten per cent. the amount of the surtax which would have been payable by him for that year if the income from those assets and from any assets sold or transferred by him were deemed to have accrued from day to day, then, for the purposes of any assessment to surtax in the case of that individual for that year, the income from all such assets as aforesaid shall be deemed to have accrued from day to day and to have been received by him as and when it is deemed to have accrued.

Supplemental provisions as to three last preceding sections.

240.—(1) Any income arising in respect of any assets which for any of the purposes of the three last preceding sections is deemed to have accrued from day to day or which is to be computed as if it were income that accrued from day to day shall—

(*a*) if payable in respect of any stated period, be deemed to have accrued from day to day during that period; and

(*b*) if not payable in respect of any stated period, be deemed to have accrued from day to day during the period of twelve months next preceding the date on which that

income was declared payable, or during the period between the last previous declaration of a dividend (not being a dividend expressed to be an interim dividend in respect of a stated period), payment of interest, or other yield or produce of such asset and the date aforesaid, whichever period is the less.

(2) The provisions of this Act relating to appeals against assessments to surtax, including the provisions relating to the statement of a case for the opinion of the High Court on a point of law, shall, with any necessary modifications, apply for the purposes of the three last preceding sections.

Interest on loans used for payment of premiums, etc., not to be allowed as deduction for surtax purposes.

241.—(1) Subject to the provisions of this section, in computing for the purposes of surtax the total income for any year of an individual who has entered into a contract of assurance, no deduction shall be allowed in respect of any interest on any borrowed money which has been applied directly or indirectly to or towards the payment of any premium under that contract, or of any sum paid in lieu of any such premium.

(2) Where the benefit of a contract of assurance entered into by any person has become vested in another person, being an individual, subsection (1) of this section shall apply in relation to that individual—

(*a*) as if the contract had been a contract entered into by him; and

(*b*) in a case where the benefit of the contract became vested in him by virtue of an assignment and any payment was made by him in consideration of the assignment, as if that payment were the payment of a premium under the contract; and

(*c*) in a case where, either as being the person in whom the said benefit is vested, or by reason of any agreement under or in pursuance of which the said benefit became vested in him, he pays any interest on any borrowed money, as if that money had been applied to the payment of a premium under the contract.

(3) This section shall not, where the interest is payable at a rate not exceeding ten per cent. per annum, apply to—

(*a*) interest on borrowed money applied to or towards the payment of any premium under a contract of assurance entered into before the fifteenth day of April, nineteen hundred and thirty, which assures a fixed capital sum payable either—

(i) on death only; or

(ii) on the expiration of a period of not less than ten years from the date of the commencement of the contract or on earlier death; or

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(*b*) interest on money borrowed before the sixth day of April, nineteen hundred and twenty-nine, unless—

(i) the money was borrowed from an assurance company; and

(ii) the repayment thereof was secured on a contract of assurance; and

(iii) the premium in question was a premium under that contract; or

(*c*) interest on money borrowed mainly on the security of property other than a contract of assurance, if the premium in question either—

(i) is payable under a contract of assurance entered into in order to provide against the failure of a contingent interest in any property, and to serve as additional security for the loan and for no other purpose; or

(ii) is the first of a series of premiums payable under a contract of assurance entered into solely in order to provide for the repayment of the money borrowed and does not exceed ten per cent. of the sum assured under that contract; or

(*d*) interest on borrowed money applied to or towards the payment of premiums under a contract of assurance which assures throughout the term of the contract a capital sum payable on death, if neither the amount of the first premium under the contract nor the amount subsequently payable by way of premiums thereunder in respect of any period of twelve months exceeds one-eighth of the capital sum payable on death; or

(*e*) interest on borrowed money applied to or towards the payment of premiums (not being premiums such as those specified in the preceding paragraphs of this subsection) each of which is one of a series of equal premiums payable at equal intervals of not more than one year, except so far as such interest exceeds in the year of assessment one hundred pounds in all.

(4) The provisions of section two hundred and thirty-two of this Act with regard to the delivery of particulars as to deductions claimed to be allowed shall be extended so as to enable the Special Commissioners to require such particulars with respect to deductions and otherwise as they may consider necessary for the purpose of carrying this section into effect.

(5) In this section—

(*a*) "contract of assurance" means a contract of assurance or a contract similar in character to a contract of assurance, being in either case a contract under which

a capital sum is expressed to be payable in the future in return for one or more antecedent payments, and "premium" means any such antecedent payment;

(*b*) "interest" includes any sum payable in respect of any borrowed money;

(*c*) any reference to borrowed money applied to or towards any payment shall be deemed to include a reference to borrowed money applied directly or indirectly to or towards the replacement of any money so applied;

(*d*) any reference to a capital sum payable on death under a contract of assurance shall be construed as a reference to the actual capital sum assured on death, exclusive of any addition which has arisen or may arise from any bonus, share of profits, return of premiums or otherwise, and, in the case of a contract under which different capital sums are payable on death in different events, as a reference to the least of those sums.

Surtax to be charged on consideration for certain restrictive covenants, etc.

242.—(1) Where—

(*a*) an individual who holds, has held or is about to hold an office or employment gives, in connection with his holding thereof, an undertaking (whether absolute or qualified and whether legally valid or not) the tenor or effect of which is to restrict him as to his conduct or activities; and

(*b*) in respect of the giving of that undertaking by him, or of the total or partial fulfilment of that undertaking by him, any sum is paid either to him or to any other person; and

(*c*) apart from this section, the sum paid would neither fall to be treated as income of any person for the purposes of income tax for any year of assessment nor fall to be taken into account as a receipt in computing, for the purposes of income tax for any year of assessment, the amount of any income of, or loss incurred by, any person,

the same results shall follow in relation to surtax for the year of assessment in which the said sum is paid as would have followed if the said sum had been paid to the said individual (and not to any other person) as and for the net amount of an annual payment to which the said individual was entitled, being an annual payment chargeable to income tax from the gross amount of which tax at the standard rate for that year had been duly deducted under section one hundred and sixty-nine or section one hundred and seventy of this Act:

Provided that where the individual has died before the payment of the said sum, so much of the preceding provisions of this subsection as relates to the results which are to follow from the

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matters specified in paragraphs (*a*) to (*c*) of this subsection shall have effect as if the said sum had been paid immediately before the death.

(2) Where valuable consideration otherwise than in the form of money is given in respect of the giving of, or of the total or partial fulfilment of, any undertaking, the preceding provisions of this section shall apply as if a sum had instead been paid equal to the value of that consideration.

(3) The preceding provisions of this section shall not apply to any sum paid or consideration given if either—

(*a*) the undertaking in question was given on or before the sixth day of April, nineteen hundred and forty-eight; or

(*b*) the sum or consideration is or was paid or given at or after the time of the retirement of the individual in question from the service of the person under whom the office or employment in question was held and is or was so paid or given in pursuance of a provision in that behalf which expressly provides for the payment or giving thereof at or after that time and is embodied in a contract made in writing on or before the eighteenth day of April, nineteen hundred and fifty, or reduced to writing on or before that date; or

(*c*) the sum or consideration is or was paid or given in pursuance of an express provision in that behalf embodied in a contract made in writing on or before the eighteenth day of April, nineteen hundred and fifty, or reduced to writing on or before that date, being a contract the main purpose of which was to provide for the transfer of a trade or part of a trade or for the transfer of the controlling interest in any body corporate.

For the purposes of this subsection, a director of a company shall be deemed to be in the service of that company and to hold his office as such under that company.

(4) Where any sum is paid or valuable consideration given to any person in any year of assessment in respect of the giving of, or of the total or partial fulfilment of, an undertaking given after the sixth day of April, nineteen hundred and forty-eight, and satisfying the conditions specified in paragraph (*a*) of subsection (1) of this section (not being a sum from which tax is duly deducted under any provision of this Act), it shall be the duty of the person paying over the sum or giving the consideration to deliver particulars thereof in writing to the surveyor not later than one month after the end of that year, identifying the recipient of the payment or consideration, the undertaking in connection with which it was made or given and the individual who gave that

undertaking; and subsections (3) to (5) of section twenty-five of this Act (which relate to failure to deliver lists, declarations and statements) shall apply in relation to the particulars required to be delivered under this subsection as they apply in relation to any list, declaration or statement required to be delivered by any such notice as is referred to in that section.

(5) In this section, "office or employment" means any office or employment whatsoever such that the emoluments thereof, if any, are or would be chargeable to income tax under Schedule E for any year of assessment; and references in this section to the giving of valuable consideration do not include references to the mere assumption of an obligation to make over or provide valuable property, rights or advantages, but do include references to the doing of anything in or towards the discharge of such an obligation.

Expenses of Crown servants abroad.

243. For the purpose of charging surtax, there shall be deducted from the total income of an individual in the service of the Crown abroad any such sum as the Treasury may allow for expenses which, in their opinion, are necessarily incidental to the discharge of the functions of his office and for which an allowance has not already been made.

Recovery of surtax due from beneficiary under discretionary trust.

244.—(1) The provisions of this section shall have effect in relation to surtax due from any person (in this section referred to as "the beneficiary") to whom, or for whose benefit, any income or any capital may in the discretion of some other person be paid or applied under a trust.

(2) If any surtax charged in respect of the income of the beneficiary is not paid before the expiration of six months from the date when it became due and payable, the Special Commissioners may at any time thereafter, so long as the said surtax remains unpaid, cause to be served on the trustees of the trust a notice in writing that the said surtax remains unpaid.

(3) Where such a notice as aforesaid is served in accordance with the provisions of this section on the trustees of the trust, it shall be the duty of the trustees, as soon as may be, and if necessary from time to time, to pay the Commissioners of Inland Revenue in or towards satisfaction of the said surtax from time to time remaining unpaid any income or capital which, by virtue of any exercise of the discretion under the trust, the beneficiary may become entitled to receive or to have applied for his benefit.

(4) Any payments made out of income by trustees on account of surtax in respect of which a notice under this section has been served shall be deemed for all the purposes of this Act to represent income paid to the beneficiary.

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(5) Any sum which the trustees are liable to pay by virtue of the provisions of this section shall be recoverable from them as a debt due to the Crown.

(6) Service of any notice under this section may be effected by sending it by post to the person on whom it is to be served by letter addressed to him at his usual or last known place of abode, and, where there are two or more trustees under the trust, the notice shall be deemed to have been validly served upon the trustees if served upon any one of them, but nothing in this section shall render a trustee personally liable for anything done by him in good faith and in ignorance of the fact that such a notice has been served.

CHAPTER III

SURTAX ON UNDISTRIBUTED INCOME OF CERTAIN BODIES CORPORATE

Principal Provisions

Power to direct that income of bodies corporate is to be deemed to be income of their members.

245. With a view to preventing the avoidance of the payment of surtax through the withholding from distribution of income of a company which would otherwise be distributed, it is hereby enacted that where it appears to the Special Commissioners that any company to which this section applies has not, within a reasonable time after the end of any year or other period for which accounts have been made up, distributed to its members, in such manner as to render the amount distributed liable to be included in the statements to be made by the members of the company of their total income for the purposes of surtax, a reasonable part of its actual income from all sources for the said year or other period, the Commissioners may, by notice in writing to the company, direct that, for purposes of assessment to surtax, the said income of the company shall, for the year or other period specified in the notice, be deemed to be the income of the members, and the amount thereof shall be apportioned among the members.

Tests of adequacy of distribution of income.

246.—(1) In determining under the last preceding section whether any company has or has not made such a distribution of its actual income as is therein mentioned, the Special Commissioners shall have regard not only to the current requirements of the company's business but also to such other requirements as may be necessary or advisable for the maintenance and development of that business.

(2) For the purposes of the said last preceding section, any such sum as is hereinafter described shall be regarded as income available for distribution among the members of the company and not as having been applied or being applicable to the current

requirements of the company's business or to such other requirements as may be necessary or advisable for the maintenance and development of that business, that is to say—

(*a*) any sum expended or applied, or intended to be expended or applied, out of the income of the company, otherwise than in pursuance of an obligation entered into by the company before the fourth day of August, nineteen hundred and fourteen—

(i) in or towards payment for the business, undertaking or property which the company was formed to acquire or which was the first business, undertaking or property of a substantial character in fact acquired by the company; or

(ii) in redemption or repayment of any share or loan capital or debt (including any premium on such share or loan capital or debt) issued or incurred in or towards payment for any such business, undertaking or property, or issued or incurred for the purpose of raising money applied or to be applied in or towards payment therefor; or

(iii) in meeting any obligations of the company in respect of the acquisition of any such business, undertaking or property; or

(iv) in redemption or repayment of any share or loan capital or debt (including any premium on such share or loan capital or debt) issued or incurred otherwise than for adequate consideration; and

(*b*) any sum expended or applied, or intended to be expended or applied, in pursuance or in consequence of any fictitious or artificial transaction:

Provided that this subsection shall not operate so as to make the said last preceding section apply as respects any company unless it appears to the Special Commissioners, not only that income of the company has been or is to be expended or applied for one or more of the purposes mentioned in this subsection, but also that the company has not in fact distributed a reasonable part of its actual income in such manner as to render the amount distributed liable to be included in the statements to be made by the members of the company of their total income for the purposes of surtax.

(3) For the purposes of subsection (2) of this section, share or loan capital or debt shall be deemed to be issued or incurred otherwise than for adequate consideration if—

(*a*) it is issued or incurred for consideration the value of which to the company is substantially less than the amount of the capital or debt (including any premium thereon); or

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(*b*) it is issued or incurred in or towards, or for the purpose of raising money applied or to be applied in or towards, the redemption or repayment of any share or loan capital or debt which itself was issued or incurred for such consideration as is mentioned in paragraph (*a*) of this subsection or which represents, directly or indirectly, any share or loan capital or debt which itself was issued or incurred for such consideration,

and references in this subsection and the last preceding subsection to money applied or to be applied for any purpose shall be deemed to include references to money applied or to be applied in or towards the replacement of that money.

Appeals against directions under s. 245.

247.—(1) A company which is aggrieved by any direction given under section two hundred and forty-five of this Act may appeal to the Special Commissioners against the direction by giving notice of appeal to the clerk to the Commissioners within twenty-one days after the date of the notice, and the Commissioners shall hear and determine the appeal, subject as herein provided, and the provisions of this Act relating to appeals against assessments shall, with any necessary modification, apply for the purposes of an appeal under this subsection.

(2) If either the company or the Commissioners of Inland Revenue are dissatisfied with the determination of the Special Commissioners on any appeal under subsection (1) of this section, they may, on giving notice to the clerk to the Special Commissioners within twenty-one days after the determination, require the appeal to be re-heard by the Board of Referees, and the Special Commissioners shall transmit to the Board any document in their possession which was delivered to them for the purposes of the appeal.

(3) Where notice is given under subsection (2) of this section with respect to an appeal, the Board shall re-hear and determine the appeal and shall have and exercise the same powers and authorities in relation to the appeal as the Special Commissioners might have and exercise, and the determination of the Board thereon shall be final and conclusive:

Provided that section sixty-four of this Act (which relates to the statement of a case on a point of law) shall apply with the necessary modifications in the case of any such rehearing and determination as it applies in the case of appeals to the General or Special Commissioners under this Act.

(4) Any person nominated in that behalf by the Commissioners of Inland Revenue shall have the same power at, and upon the determination of, an appeal under this section as a surveyor has at, and upon the determination of, any appeal relating to income tax at the standard rate.

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Procedure for apportionment of income of company.

248.—(1) Where a direction has been given under section two hundred and forty-five of this Act with respect to a company, the apportionment of the actual income from all sources of the company shall be made by the Special Commissioners in accordance with the respective interests of the members.

(2) Notice of any such apportionment shall be given by serving on the company a statement showing the amount of the actual income from all sources adopted by the Special Commissioners for the purposes of the said section two hundred and forty-five and either the amount apportioned to each member or the amount apportioned to each class of shares, as the Commissioners think fit.

(3) A company which is aggrieved by any such notice of apportionment shall be entitled to appeal to the Special Commissioners on giving notice to their clerk within twenty-one days after the date of the notice, and those Commissioners shall hear and determine the appeal, and all the provisions of this Act and any regulations made thereunder relating to appeals against assessments and to cases to be stated for the opinion of the High Court shall, with any necessary modification, apply for the purposes of any such appeal.

(4) Any person nominated in that behalf by the Commissioners of Inland Revenue shall have the same power at, and upon the determination of, an appeal under this section as a surveyor has at, and upon the determination of, any appeal relating to income tax at the standard rate.

Consequences of apportionment of income of company.

249.—(1) Where an apportionment has been made under this Chapter of the income of a company, surtax shall be assessed and charged under this Chapter in respect of the sum so apportioned after deducting in the case of each member any amount which has been distributed to him by the company in respect of the year or period in question in such manner that the amount distributed falls to be included in the statement of total income to be made by that member for the purposes of surtax.

(2) The income apportioned to a member of a company so far as assessable and chargeable to surtax under this Chapter—

(*a*) shall be deemed for the purposes of surtax to represent income from his interest in the company for the year or other period in question; and

(*b*) shall be included in the statement of his total income or in an amended statement of total income which the Special Commissioners are hereby authorised to require, and be deemed to be the highest part of that income; and

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(*c*) shall be deemed for the purposes of surtax to have been received by him on the date to which the accounts of the company for the year or period were made up or, if an application in that behalf is made by the company to the Special Commissioners at any time within the period limited by this Chapter for giving notice of appeal against the direction to the Special Commissioners, on such date as those Commissioners determine to be just, having regard to the dates on which distributions of income have been made by the company, and so as to avoid, as far as possible, the inclusion for the purposes of surtax for any year of income referable to more than one year.

(3) Any surtax chargeable under this Chapter in respect of the amount of the income of a company apportioned to any member of the company shall be assessed upon that member in the name of the company and, subject as hereinafter provided, shall be payable by the company, and all the provisions of this Act, and any regulations made thereunder relating to surtax assessments and the collection and recovery of surtax shall, with any necessary modification, apply to surtax assessments and to the collection and recovery of surtax charged under this Chapter.

(4) A notice of charge to surtax under this Chapter shall in the first instance be served on the member of the company on whom the tax is assessed, and, if that member does not within twenty-eight days from the date of the notice elect to pay the tax, a notice of charge shall be served on the company and the tax shall thereupon become payable by the company:

Provided that—

(*a*) nothing in this subsection shall prejudice the right to recover from the company the surtax charged in respect of any member who has elected as aforesaid but who fails to pay the tax by the first day of January in the year next following the year of assessment or within twenty-eight days of the date on which he so elected, whichever is the later; and

(*b*) where a notice of charge is served on a company, or the liquidator of a company, and the tax thereupon becoming payable is not paid by the company before the expiration of three months from the date of service or before the second day of January in the year next following the year of assessment, whichever is the later, the tax shall thereupon, without prejudice to the right to recover it from the company, be recoverable from the member on whom the tax was assessed.

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(5) Any undistributed income which has been assessed and charged to surtax under this Chapter shall, when subsequently distributed, be deemed not to form part of the total income for the purposes of surtax of any individual entitled thereto; and where a member of a company has been assessed to and has paid surtax otherwise than under this Chapter in respect of any income which has also been assessed, and upon which surtax has been paid, under this Chapter, he shall, on proof to the satisfaction of the Special Commissioners of the double assessment, be entitled to repayment of so much of the surtax so paid by him as was attributable to the inclusion of the first-mentioned income in his total income.

Powers of Special Commissioners to obtain information.

250.—(1) The Special Commissioners may at any time by notice in writing require any company which appears to them to be a company to which section two hundred and forty-five of this Act applies to furnish them with—

(*a*) a statement of the actual income of the company from all sources, together with a copy of the company's accounts for any year or other period for which the company's accounts have been made up and such particulars as the Commissioners may reasonably require as to the income of the company and the manner in which the income has been dealt with; and

(*b*) a statement for the same period of the names and addresses and particulars of the respective interests of all members of the company.

(2) If a company to whom a notice is issued under subsection (1) of this section fails, without reasonable excuse, to comply with the notice within the time specified therein, it shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

(3) Without prejudice to the provisions of subsection (2) of this section, if any company fails or refuses on being required under this section to furnish a statement of actual income from all sources or renders a statement with which the Special Commissioners are not satisfied, the Commissioners may make an estimate of that income to the best of their judgment.

(4) Any person in whose name any shares of a company are registered shall, if required by notice in writing by the Special Commissioners, state whether or not he is the beneficial owner of those shares, and, if not the beneficial owner of those shares or any of them, shall furnish the name and address of the person or persons on whose behalf the shares are registered in his name, and if any person on being so required neglects or fails to comply with the notice within the time limited by the notice, he shall be liable to a penalty of twice the amount of surtax that would

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be chargeable at the highest rate in respect of the amount of the income apportioned to such shares.

(5) The Special Commissioners may by notice in writing require—

(*a*) any company which appears to them to be a company to which section two hundred and forty-five of this Act applies to furnish them with particulars of any bearer securities issued by the company, and the names and addresses of the persons to whom the securities were issued and the respective amounts issued to each person; and

(*b*) any person to whom securities were issued as aforesaid or to or through whom such securities were subsequently sold or transferred to furnish them with such further information as they may require with a view to enabling them to ascertain the names and addresses of the persons beneficially interested in the securities,

and if any person to whom the Special Commissioners have given notice as aforesaid fails to comply with the notice within the time specified therein or such further time, if any, as those Commissioners may allow, he shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

In this subsection, " securities " includes shares, stocks, bonds, debentures and debenture stock, and also any promissory note or other instrument evidencing indebtedness issued to a person who is, within the meaning of subsection (4) of section two hundred and fifty-eight of this Act, a loan creditor of the company.

Protection for companies whose directors make statutory declarations of non-avoidance of surtax.

251.—(1) Where the Special Commissioners have—

(*a*) issued a notice requiring any company to furnish them with particulars under subsection (1) of the last preceding section as respects any year or other period; or

(*b*) given a direction under section two hundred and forty-five of this Act as respects any year or other period in relation to any company to which no such notice has been issued as respects that year or period,

the directors of the company, if they are of opinion that there has not been and will not be any avoidance of the payment of surtax through failure to distribute to the members of the company a reasonable part of its income for that year or period, may make a statutory declaration to that effect stating the facts and circumstances upon which their opinion is based.

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(2) In any case where such a statutory declaration as aforesaid is sent to the Special Commissioners within twenty-eight days of the issue of such a notice or the giving of such a direction as aforesaid, the Special Commissioners shall not, unless they see reason to the contrary, take any further action in the matter.

(3) If in any such case the Commissioners see reason to the contrary, they shall send to the Board of Referees a certificate to that effect, together with the said statutory declaration, and shall at the same time transmit a copy of the certificate and of the statutory declaration to the Commissioners of Inland Revenue.

(4) The Commissioners of Inland Revenue may at any time within twenty-eight days after receiving the copy of the certificate and the copy of the statutory declaration submit to the Board of Referees a counter-statement with reference to the matter.

(5) The Board of Referees shall in any such case take into consideration the declaration and the certificate, and the counter-statement, if any, and shall determine whether there is or is not a prima facie case for proceeding in the matter.

(6) The determination of the Board of Referees under this section shall be final and conclusive, and, where the Board of Referees determines that there is a prima facie case for proceeding, the notice or direction aforesaid shall have effect as if it had been issued or given on the date on which notice of the determination of the Board is given to the company.

Protection for companies which transmit accounts to the Special Commissioners.

252.—(1) Any company to which section two hundred and forty-five of this Act applies may, at any time after the general meeting at which the accounts of the company made up for any year or other period are adopted, forward to the Special Commissioners for their consideration a copy of the said accounts, together with a copy of the report, if any, of the directors for that year or period, and such further information, if any, as it may think fit, and the Special Commissioners shall, subject to the provisions of this section, on receiving the said accounts and other documents, if any, proceed to consider the position of the company in relation to this Chapter.

(2) The Special Commissioners may as soon as reasonably may be, but not later than twenty-eight days after the receipt of the said accounts and other documents, if any, call upon the company to furnish to them within twenty-eight days, or such extended period as they may subsequently allow, such further particulars as they may reasonably require:

Provided that if the particulars so required are not furnished to the Commissioners within the period or extended period allowed for the purpose, they may proceed under this section upon the information before them.

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(3) Where a company has, under subsection (1) of this section, forwarded to the Special Commissioners the accounts of the company for any year or other period, whether with or without any other documents, the following provisions shall have effect—

(*a*) unless within three months after the receipt of the said accounts and other documents, or, if further particulars have been required as aforesaid, within three months after the receipt of those particulars, or the expiration of the period within which those particulars are to be furnished, as the case may be, the Special Commissioners intimate to the company their intention to take further action in the case of the company under this Chapter in respect of that year or other period, the power of the Commissioners to take any such further action in respect of that year or other period shall absolutely cease and determine; and

(*b*) notwithstanding that the Special Commissioners have given such an intimation as aforesaid, they shall not, after the expiration of six months from the date of the intimation, have power in relation to that company to issue a notice under subsection (1) of section two hundred and fifty of this Act with respect to that year or period, or, unless such a notice has been issued before the expiration of the said period of six months, to give a direction in relation to the company under section two hundred and forty-five of this Act.

Special provisions as to companies in liquidation.

253.—(1) Where an order has been made or a resolution passed for the winding up of a company to which section two hundred and forty-five of this Act applies—

(*a*) the income of the company for the period from the end of the last year or other period for which accounts of the company have been made up to the time of the commencement of the winding up shall, for the purposes of the said section, be deemed to be income of that period available for distribution to the members of the company; and

(*b*) as respects that period, and the next preceding year or other preceding period or periods ending within that next preceding year for which accounts have been made up, the said section shall apply as if the words " within a reasonable time " were omitted therefrom.

(2) Any notice required under this Chapter to be served on a company may, where the company is in liquidation, be served upon the liquidator of the company, and the liquidator shall be responsible for doing all matters or things required to be done by or on behalf of the company, and the liquidator shall be responsible for the due payment of any surtax payable by or

recoverable from the company under the provisions of this Chapter.

(3) The income apportioned to a member of a company for the period from the end of the last year or other period for which accounts have been made up to the time of the commencement of the winding up shall, for the purposes of surtax, be deemed to have been received by him at that time.

Special provisions as to inter-connected companies.

254.—(1) Where a member of a company (in this section referred to as " the first company ") the income of which for any year or period has been deemed to be the income of its members and has been the subject of an apportionment (in this section referred to as " the original apportionment ") under the provisions of this Chapter is itself a company (in this section referred to as " the second company ") to which section two hundred and forty-five of this Act applies, the excess of the amount so apportioned to the second company over the amount, if any, which has been received by the second company out of the income as aforesaid of the first company in such manner as would, in the case of an individual, render the amount so received liable to be included in the statement of his total income for the purposes of surtax, shall, for the purposes of this Chapter, be deemed to be income of the members of the second company and shall be apportioned among them in accordance with their respective interests in that company, and the provisions of this Chapter shall, with any necessary modifications, apply accordingly.

(2) The second company shall, on being required by notice in writing to that effect given to it by the Special Commissioners, furnish the Commissioners with a statement showing the names and addresses and particulars of the respective interests of all its members as on the last day of the year or other period the income of which formed the subject of the original apportionment, and the income apportioned as aforesaid to the members of the second company shall, for the purposes of surtax, be deemed to have been received by those members on the date on which the income apportioned as aforesaid to the members of the first company is deemed to have been received by them.

(3) Any surtax chargeable by reference to the provisions of this Chapter in respect of the amount of the income of the first company apportioned to any member of the second company shall be assessed upon that member in the name of the first company, and shall, subject to the provisions of this Chapter as to payment by the member, be payable by the first company, and the provisions of this Chapter as to the assessment, collection and recovery of surtax chargeable in respect of the income of a company apportioned to any member thereof shall, with any necessary modifications, apply accordingly.

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(4) Where a member of any such second company as aforesaid is itself a company to which section two hundred and forty-five of this Act applies, the income apportioned to it under the preceding provisions of this section shall in turn be deemed to be the income of its members and apportioned to them, for the purposes of assessment to surtax, in accordance with their respective interests, and so on successively where any member to whom income of a company has been apportioned is itself a company to which the said section two hundred and forty-five applies, so that successive apportionments shall in like manner be made until the entire amount of the income which was apportioned under the provisions of this section among the members of the second company has been apportioned to persons other than a company to which the said section two hundred and forty-five applies, and the provisions of this Chapter shall, with any necessary modifications, apply to such successive apportionments, and to the furnishing of statements and to the assessment, collection and recovery of surtax in respect of income apportioned thereunder, and, in particular, the date on which any such income is to be deemed to have been received by the member to whom it is apportioned shall be the date mentioned in subsection (2) of this section, and any surtax which is chargeable in respect of income apportioned to a member being an individual shall be assessed and charged upon that member in the name of the first company.

(5) In this Chapter—

"original apportionment" has the same meaning as in this section; and

"sub-apportionment" means such an apportionment of income as is provided for by the preceding provisions of this section,

and, subject to any express provision of this Act, any reference in any enactment (whether contained in this or in any other Act) to apportioning income under or for the purposes of the provisions, or any specified provisions, of this Chapter shall be construed as a reference not only to apportioning by means of an original apportionment but also to apportioning by means of an original apportionment together with one or more sub-apportionments or series of sub-apportionments.

Meaning of "company", "member", "actual income" and "Board of Referees".

255.—(1) In this Chapter, "company" includes any body corporate incorporated in any part of the United Kingdom under any enactment:

Provided that in relation to any such body corporate other than a company within the meaning of the Companies Act, 1948, or any corresponding enactment in force in Northern Ireland, the provisions of this Chapter shall have effect subject to the following modifications—

(*a*) references to winding up shall include references to the dissolution or cancellation of the registry of the

body corporate in any manner authorised by any rules, regulations or other instrument constituting or regulating the body corporate or any enactment applying to the body corporate; and

(*b*) references to an order or resolution for winding up shall include references to the signing of any instrument, the making of any application or the doing of any other act which is authorised as aforesaid with a view to dissolving, or cancelling the registry of, the body corporate; and

(*c*) references to the time of the commencement of the winding up shall be construed as references to the time of the making of the order, or of the passing of the resolution, or of the signing of the instrument, or of the making of the application, or of the doing of the act, as the case may be, which initiates the winding up of the body corporate; and

(*d*) references to the liquidator shall include references to any person in charge of the winding up of the affairs of the body corporate.

(2) In this Chapter, " member ", in relation to any company, shall include any person having a share or interest in the capital or profits or income of the company.

(3) In computing, for the purposes of this Chapter, the actual income from all sources of a company for any year or period, the income from any source shall be estimated in accordance with the provisions of this Act relating to the computation of income from that source, except that the income shall be computed by reference to the income for such year or period as aforesaid and not by reference to any other year or period.

(4) In this Chapter, " the Board of Referees " means the Board of Referees for the purposes of section two hundred and eighty-seven of this Act (which relates to allowances for wear and tear of machinery and plant).

Meaning of " company to which section 245 of this Act applies ".

256.—(1) Section two hundred and forty-five of this Act shall apply to any company which is under the control of not more than five persons and which is not a subsidiary company or a company in which the public are substantially interested.

(2) For the purposes of this section, a company shall be deemed to be under the control of not more than five persons—

(*a*) if any five or fewer persons together exercise, or are able to exercise, or are entitled to acquire, control, whether direct or indirect, over the company's affairs, and in particular, but without prejudice to the generality of the preceding words, if any five or fewer persons together possess, or are entitled to acquire, the greater part of the share capital or voting power of the company; or

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(*b*) if any five or fewer persons together possess, or are entitled to acquire, either the greater part of the issued share capital of the company, or such part of that capital as would, if the whole of the income of the company were in fact distributed to the members, entitle them to receive the greater part of the amount so distributed; or

(*c*) if—

(i) on the assumption that the company is a company to which the said section two hundred and forty-five applies; or

(ii) on the assumption that the company and any other company or companies are companies to which the said section two hundred and forty-five applies,

more than half the income of the company (including any income which has been apportioned to it, or could on either of those assumptions be apportioned to it, for the purposes of this Chapter) could be apportioned for those purposes among not more than five persons.

In ascertaining under paragraph (*c*) of this subsection whether or not income could be apportioned among not more than five persons, account shall, in cases where an original apportionment and any sub-apportionment are involved, be taken only of persons to whom income could be finally apportioned as the result of the whole process of original apportionment and sub-apportionment.

(3) In determining for the purposes of this section whether a company is or is not under the control of not more than five persons, persons who are relatives of one another, persons who are nominees of any other person together with that other person, persons in partnership and persons interested in any shares or obligations of the company which are subject to any trust or are part of the estate of a deceased person shall respectively be treated as a single person.

For the purposes of this subsection—

(*a*) "relative" means husband, wife, ancestor, lineal descendant, brother or sister; and

(*b*) a person shall be deemed to be a nominee of another person if, whether directly or indirectly, he possesses on behalf of that other person, or may be required to exercise on the direction of or on behalf of that other person, any right or power which, by virtue of any of the provisions of this section, is material in determining whether a company is or is not to be deemed to be under the control of not more than five persons.

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(4) For the purposes of this section, a company shall be deemed to be a subsidiary company if by reason of the beneficial ownership of shares therein the control of the company is in the hands of a company not being a company to which section two hundred and forty-five of this Act applies, or of two or more companies none of which is a company to which the said section two hundred and forty-five applies:

Provided that, notwithstanding anything in this subsection, a company which is deemed for the purposes of this section to be under the control of not more than five persons shall not be deemed to be a subsidiary company unless it can be deemed to be under the control of not more than five persons only by including among the persons mentioned in paragraph (*a*), paragraph (*b*) or paragraph (*c*) of subsection (2) of this section a company to which the said section two hundred and forty-five does not apply and which is not the nominee of any other person.

(5) For the purposes of this section, a company shall be deemed to be a company in which the public are substantially interested if shares of the company (not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits) carrying not less than twenty-five per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and are at the end of the year or other period mentioned in section two hundred and forty-five of this Act for which the accounts of the company have been made up beneficially held by, the public (not including a company to which the said section two hundred and forty-five applies) and any such shares have in the course of such year or other period been the subject of dealings on a stock exchange in the United Kingdom and the shares have been quoted in the official list of such a stock exchange.

Modifications of previous provisions in cases of investment companies

Investment companies; definition and general provision.

257.—(1) The preceding provisions of this Chapter shall, in relation to companies which are investment companies, have effect subject to the subsequent provisions of this Chapter.

(2) In this section, and in the subsequent provisions of this Chapter, "investment company" means a company the income whereof consists mainly of investment income, and "investment income" means, in relation to a company, income which, if the company were an individual, would not be earned income:

Provided that, for the purposes of this subsection, any income apportioned to a company under this Chapter shall be deemed to be income of the company and to be investment income.

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Investment companies; provisions as to loan creditors.

258.—(1) For the purposes of section two hundred and forty-six of this Act, the sums which are to be regarded as income available for distribution among the members of a company, and not as having been applied or being applicable to the current requirements of the company's business or to such other requirements as may be necessary or advisable for the maintenance and development of that business, shall, in the case of an investment company, include any sum expended or applied, or available to be expended or applied, out of the income of the company in or towards the redemption, repayment or discharge of any loan capital or debt (including any premium thereon) in respect of which any person is a loan creditor of the company.

(2) Without prejudice to the provisions of subsections (2) and (3) of section two hundred and fifty-six of this Act (which relate to the cases where a company is to be treated as one to which section two hundred and forty-five of this Act applies) an investment company shall be deemed for the purposes of the said section two hundred and fifty-six to be under the control of not more than five persons if any five or fewer persons would, if the company were wound up, be entitled as members or loan creditors of the company to receive more than half of the assets of the company which would be available for distribution to members and loan creditors; and the said section two hundred and fifty-six shall have effect as if, in paragraph (*b*) of subsection (3) thereof, the words " this section ", and, in the proviso to subsection (4) thereof, the references to paragraph (*a*), paragraph (*b*) or paragraph (*c*) of subsection (2) thereof, included references to this subsection.

(3) Where an investment company is deemed by virtue of subsection (2) of this section to be under the control of not more than five persons by reason that any five or fewer persons would, if the company were wound up, be entitled as loan creditors to receive more than half of the assets therein referred to (whether or not it would otherwise be deemed to be under such control)—

(*a*) the definition of " member " shall, for the purposes of this Chapter, be extended so as to include any loan creditor of the company; and

(*b*) for the purposes of subsection (1) of section two hundred and forty-eight of this Act (which relates to the apportionment of income of the company) a loan creditor shall be deemed to have an interest in any income of the company to be apportioned under that subsection to the extent that that income, or assets representing it, has or have been expended or applied or is or are available to be expended or applied in redemption or repayment or discharge of the loan capital or debt (including any premium thereon) in respect of which he is a loan creditor:

Provided that—

(i) where, by virtue or in consequence of any settlement, a loan creditor has been or could be required by some other person (hereinafter referred to as "the beneficiary") to pay to the beneficiary the whole of any sums which have been or might be paid to that loan creditor by the company in redemption, repayment or discharge of the loan capital or debt (including any premium thereon) in respect of which he is a loan creditor, or to pay or transfer to the beneficiary the whole of any sums or assets representing directly or indirectly any such sums as aforesaid, the beneficiary and not the loan creditor shall be deemed for the purposes of this Chapter to be a member of the company, and, for the purposes of the said subsection (1), to have the interest in the income of the company which the loan creditor would, but for this provision, be deemed to have by virtue of the preceding provisions of this section; and

(ii) where a loan creditor has been or could be required as aforesaid to pay or transfer to the beneficiary a part only of any such sums or assets as aforesaid, the beneficiary, as well as the loan creditor, shall be deemed to be a member of the company for the purposes of this Chapter, and, for the purposes of the said subsection (1), the interest which the loan creditor is deemed to have in the income of the company by virtue of the preceding provisions of this section shall be apportioned by the Special Commissioners between the beneficiary and the loan creditor.

(4) For the purposes of this section, "loan creditor" means a creditor in respect of any debt incurred by the company—

(*a*) for any money borrowed or capital assets acquired by the company; or

(*b*) for any right to receive income created in favour of the company; or

(*c*) for consideration the value of which to the company was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium thereon),

or in respect of any redeemable loan capital issued by the company:

Provided that a person carrying on the business of banking shall not be deemed to be a loan creditor in respect of any loan capital or debt issued or incurred by the company for money lent by him to the company in the ordinary course of that business.

(5) In this section, "settlement" includes any disposition, trust, covenant, agreement, arrangement or transfer of assets.

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Investment companies; apportionment by reference to interests in winding up.

259.—(1) Where a direction is given under section two hundred and forty-five of this Act with respect to an investment company, the Special Commissioners, in determining the respective interests of the members for the purpose of apportioning income in accordance therewith under section two hundred and forty-eight of this Act, may, if it seems proper to them so to do, attribute to each member an interest corresponding to his interest in the assets of the company available for distribution among the members in the event of a winding up.

(2) This section shall apply to sub-apportionments of income apportioned to investment companies as well as to original apportionments and shall so apply to sub-apportionments notwithstanding that no direction has been given under the said section two hundred and forty-five.

Investment companies; special powers with respect to persons able to secure benefit of income or assets of the company.

260.—(1) If, in the case of any investment company, the Special Commissioners are of opinion that any person who is not a member of the company for the purposes of this Chapter is, or is likely to be, able to secure that income or assets, whether present or future, of the company will be applied either directly or indirectly for his benefit, they may, if they think fit, treat him as a member of the company for the said purposes.

(2) In apportioning for the purposes of this Chapter the income of an investment company—

(*a*) to any person who is treated as a member of the company by virtue of subsection (1) of this section ; or

(*b*) to any person who is a member of the company but has no relevant interests in the company, and in their opinion is, or is likely to be, able to secure that income or assets, whether present or future, of the company will be applied either directly or indirectly for his benefit ; or

(*c*) to any person who is a member of the company and in their opinion is, or is likely to be, able to secure that income or assets, whether present or future, of the company will be applied either directly or indirectly for his benefit to a greater extent than is represented in the value for apportionment purposes of his relevant interests in the company, considered in relation to the value for those purposes of the relevant interests of other persons therein,

the Special Commissioners may apportion to him such part of the income of the company as appears to them to be appropriate and may adjust the apportionment of the remainder of the company's income as they may consider necessary.

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(3) For the purposes of this section, a person shall be deemed to be able to secure that income or assets will be applied for his benefit if he is in fact able so to do by any means whatsoever, whether he has any rights at law or in equity in that behalf or not, and the Special Commissioners may draw the inference that a person is likely to be able to secure that assets or income of a company will be applied for his benefit, or, as the case may be, will be so applied to a greater extent than is represented in the value for apportionment purposes of any relevant interests which he has in the company, if and only if they are satisfied—

(*a*) that he has, directly or indirectly, transferred assets to the company the value of which is not represented, or is not adequately represented, in the value for apportionment purposes of any relevant interests which he has in the company ; and

(*b*) that the persons who, whether as directors or shareholders or in any other capacity, have, or will at any material time have, powers or rights affecting the disposal or application of the income or assets of the company are likely to act in accordance with his wishes or that he is able to secure that persons who at the material times will have such powers or rights will be persons likely to act in accordance with his wishes.

(4) Where the Special Commissioners have, under the provisions of this section, apportioned income of a company for any year or period, and the amount apportioned to any member is less than the amount of income distributed to that member by the company in respect of the said year or period in such manner that the amount distributed would, apart from this subsection, fall to be included in the statement of total income to be made by that member for the purposes of surtax, the excess of the amount so distributed over the amount apportioned to that member shall be deemed not to form part of the member's total income for tax purposes:

Provided that where notice of appeal is given against the apportionment, the reference in this subsection to the amount apportioned to the member shall be construed as a reference to the amount apportioned to him on the final determination of the appeal.

(5) The provisions of section two hundred and forty-seven of this Act (which relate to appeals against directions under section two hundred and forty-five of this Act) shall apply in relation to an apportionment made by the Special Commissioners under the provisions of this section as they apply in relation to a direction given by those Commissioners under the said section two hundred and forty-five, and so much of section two hundred and forty-eight of this Act as relates to appeals against apportionments shall not apply.

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(6) For the purposes of this section—

(*a*) references to a person shall, in the case of an individual, be deemed to include the wife or husband of the individual;

(*b*) "assets" includes property or rights of any kind, and "transfer", in relation to rights, includes the creation of those rights;

(*c*) "relevant interests" means, in relation to a person connected in any way with a company, interests by reference to which income of the company could be apportioned to him for the purposes of this Chapter apart from the provisions of this section, and "value for apportionment purposes" means, in relation to any relevant interests in any company, the value falling to be put thereon in apportioning income of the company for the purposes of this Chapter;

(*d*) references to apportioning income shall be construed as including references both to apportioning by means of original apportionments and to apportioning by means of sub-apportionments.

Investment companies; power to give directions for years of assessment instead of accounting periods.

261.—(1) Subject to the provisions of the next following section, the following provisions shall have effect in the case of a company to which section two hundred and forty-five of this Act applies, being an investment company—

(*a*) the Special Commissioners may, if they think fit, give a direction under the said section two hundred and forty-five if it appears to them that the company has not within any year of assessment distributed to its members, in such manner as to render the amount distributed liable to be included in the statements to be made by the members of the company of their total income for the purposes of surtax, a reasonable part of its actual income from all sources for that year;

(*b*) in determining for the purposes of this subsection whether the company has or has not distributed as aforesaid a reasonable part of its actual income from all sources for any year of assessment, the Special Commissioners shall deem all the said income to have become available for distribution as soon as it became due and payable to the company;

(*c*) where an order has been made or a resolution passed for the winding up of the company, the Special Commissioners may, if they think fit, treat either of the following periods, that is to say—

(i) the period from the end of the last year or other period for which accounts of the company have been made up to the time of the commencement of the winding up; or

(ii) the period from the end of the last year of assessment to the time of the commencement of the winding up,

as if it were a year of assessment for the purposes of this subsection;

(*d*) for the purposes of this subsection, the provisions of this Chapter shall apply as if a year of assessment, or a period which by virtue of this subsection is treated as a year of assessment, were a year or period for which accounts of the company have been made up, but subject to the modifications set out in the following provisions of this section.

(2) Where by virtue of this section a direction is given under section two hundred and forty-five of this Act that the actual income of an investment company from all sources for a year of assessment shall be deemed to be the income of the members—

(*a*) the amount to be deducted in assessing and charging surtax under the provisions of this Chapter in respect of the sum apportioned to any member in consequence of the direction shall be any amount which has been distributed to him by the company in that year of assessment out of the income of the company for that year in such manner that the amount distributed falls to be included in the statement of total income to be made by him for the purposes of surtax;

(*b*) paragraph (*c*) of subsection (2) of section two hundred and forty-nine of this Act shall not apply, but the income apportioned to a member of the company, so far as assessable and chargeable to surtax under this Chapter, shall, for the purposes of that tax, be deemed to have been received by him on the last day of that year of assessment;

(*c*) subsection (1) of section two hundred and fifty-four of this Act (which contains special provisions as to interconnected companies) shall apply, in a case where the second company referred to therein is an investment company, as if the amount to be deemed to be the income of the members of that company and to be apportioned among them under that subsection were the excess of the amount apportioned to that company in consequence of the direction over the amount, if any, which has been received in that year of assessment by that company out of the income of the first company for that year in such manner as would, in the case of an individual, render the amount so received liable to be included in the statement of his income for the purposes of surtax.

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(3) Subsection (3) of section two hundred and fifty-two of this Act (which confers protection on companies which transmit accounts to the Special Commissioners) shall have effect as if there were inserted—

(*a*) in paragraph (*a*) thereof, after the words "year or other period", where they first occur, the words "or any year of assessment ending within that year or other period", and, where they secondly occur, the words "or any such year of assessment"; and

(*b*) in paragraph (*b*) thereof, after the words "year or period", the words "or any year of assessment ending within that year or period".

(4) In subsections (2) and (3) of this section, any reference to a year of assessment shall include a reference to a period which is treated by the Special Commissioners by virtue of this section as if it were a year of assessment.

Investment companies; directions to be given automatically for all years in certain cases.

262.—(1) Subject to the provisions of this section with respect to companies with estate or trading income, the whole of the actual income from all sources, for every year of assessment, of every investment company to which section two hundred and forty-five of this Act applies shall, however much or however little thereof has been distributed to its members, be deemed for the purposes of assessment to surtax to be the income of the members of the company, and accordingly the Special Commissioners shall give a direction under the said section two hundred and forty-five in respect of each year of assessment in relation to every such company without considering whether or not the company has distributed a reasonable part of its said income.

(2) The provisions of this Chapter shall apply, with the necessary modifications, in cases in which directions are given by virtue of subsection (1) of this section as they apply in cases in which directions are given by virtue of the last preceding section with respect to a year of assessment:

Provided that—

(*a*) no deduction shall be allowed in computing the actual income from all sources of the company which would not be allowable in computing the total income of an individual for the purposes of this Act, other than deductions for any profits tax payable by the company or for any such sums disbursed by the company as expenses of management as the Special Commissioners consider reasonable, having regard to the requirements of the company's business and, in the case of directors' fees or other payments for services, to the actual services rendered to the company;

(*b*) sections two hundred and fifty-one and two hundred and fifty-two of this Act (which contain provisions for protecting companies where statutory declarations or accounts are forwarded to the Special Commissioners) shall not apply in cases in which directions may be given by virtue of subsection (1) of this section.

(3) The preceding provisions of this section shall not apply to an investment company the whole of the actual income whereof from all sources is estate or trading income.

(4) Where part only of the actual income from all sources of an investment company to which section two hundred and forty-five of this Act applies is estate or trading income, the provisions of this Chapter shall have effect as follows:—

(*a*) in the first place, they shall have effect as if such part of the actual income from all sources of the company as is not estate or trading income were the whole of the income of the company, and directions shall be given by virtue of subsection (1) of this section accordingly as respects that part; and

(*b*) in the second place and separately (but without prejudice to the treatment of the company as an investment company for the purposes of the said provisions), they shall have effect as if such part of the actual income from all sources of the company as consists of estate or trading income were the whole of the income of the company, and, if the circumstances warrant that course, directions may be given accordingly as respects that part otherwise than by virtue of the said subsection (1):

Provided that—

(i) any income distributed by such a company to its members in such manner that the amount distributed falls to be included in the statements to be made by the members of their total income for the purposes of surtax shall, to the extent of the actual income from all sources of the company other than estate or trading income, be deemed for all purposes to have been distributed out of that other income and not out of the estate or trading income, and be left out of account accordingly in considering whether a reasonable part of the estate or trading income has been so distributed;

(ii) subject as aforesaid, any outgoings of the company of such a nature as to be capable of being taken into account in computing the amount of the actual estate or trading income of the company, in considering whether the company has so distributed a reasonable part of its estate or trading income, or in computing the amount of the actual income from all sources of

PART IX —*cont.*

the company other than estate or trading income, shall be treated as attributable to the estate or trading income or to the income other than estate or trading income, as the case may be, only to the extent that the Special Commissioners consider appropriate.

(5) If in the case of any company the cost of maintenance, repairs, insurance and management (being expenditure of such a nature as to be capable of being taken into account for the purposes of a claim by the company for relief under section one hundred and one of this Act) incurred by it in any year of assessment exceeds the amount of the gross estate or trading income of the company for that year, the company shall be entitled, on giving notice in writing to the Special Commissioners within six months of the end of that year and on proof to the satisfaction of those Commissioners of the amount of the excess, to require that the amount of the actual income from all sources of the company, other than estate or trading income, for that year shall be treated, for the purposes of this section, as if it were reduced by an amount equal to that excess:

Provided that, where a deduction is allowable in computing the estate or trading income of the company for any subsequent year by reference to the said section one hundred and one, no account shall be taken in computing the amount of that deduction of any such excess expenditure which has been taken into account for the purposes of any such reduction as aforesaid.

In this subsection, " maintenance " has the same meaning as in the said section one hundred and one, and " the amount of the gross estate or trading income " means, in the case of any company, an amount computed by adding to the amount of the estate or trading income of the company the total amount of any deductions made in computing that income in respect of the cost to the company of maintenance, repairs, insurance or management of the nature aforesaid (including any allowance made by reference to section ninety-nine or one hundred of this Act).

(6) The preceding provisions of this section shall not, in the case of any company, apply in relation to any period after the time of the commencement of the winding up thereof, and the period elapsing between the end of the last year of assessment and that time shall, for the purposes of subsection (1) of this section, be treated as if it were a year of assessment.

(7) The preceding provisions of this section shall not apply in the case of any company if the Special Commissioners are satisfied that the company exists wholly or mainly for the purpose of carrying on a trade or for the purpose of co-ordinating the administration of a group of two or more companies each of which is under its control and exists wholly or mainly for the purpose of carrying on a trade.

PART IX —*cont.*

(8) In this section, " estate or trading income " means income chargeable to income tax under Schedule A or Schedule B, income arising in respect of the ownership or occupation of land which is chargeable to income tax under Schedule D, and income which is not investment income.

For the purposes of this subsection, " land " means lands, tenements, hereditaments and heritages, and " income arising in respect of the ownership or occupation of land ", in relation to any building or part of a building, includes profits from the letting thereof furnished.

Investment companies; provisions applicable during liquidation.

263. Where, whether before or after the passing of this Act, an order has been made or a resolution passed for the winding up of an investment company to which section two hundred and forty-five of this Act applies—

(*a*) the actual income of the company from all sources since the time of the commencement of the winding up shall, for the purposes of assessment to surtax, be deemed to be the income of the members ;

(*b*) the Special Commissioners shall from time to time by notice in writing to the liquidator direct that the amount of that income for the year or period specified in the notice shall be deemed for those purposes to be the income of the members for that year or period, and the amount thereof shall be apportioned and surtax assessed and charged accordingly ;

(*c*) the provisions of this Chapter shall, with any necessary modifications, apply in relation to any such directions, apportionments and assessments as they apply in relation to directions under the said section two hundred and forty-five and apportionments and assessments resulting therefrom.

Investment companies; additional provisions as to information.

264.—(1) The Special Commissioners may by notice in writing require any investment company to which section two hundred and forty-five of this Act applies to furnish them within such time, not being less than twenty-eight days, as may be specified in the notice with such particulars as they think necessary for the purposes of this Chapter.

(2) If any company to whom a notice is issued under subsection (1) of this section fails, without reasonable excuse, to comply with the notice within the time specified therein, it shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

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(3) Subsection (4) of section two hundred and fifty of this Act (which confers on the Special Commissioners power to obtain information from the persons in whose names shares are registered) shall have effect in relation to an investment company as if references to shares included references to loan capital.

PART X

RELIEFS FOR CERTAIN CAPITAL EXPENDITURE

CHAPTER I

INDUSTRIAL BUILDINGS AND STRUCTURES, ETC.

Initial allowances.

265.—(1) Subject to the provisions of this Act and, in particular, subject to the provisions of subsection (7) of this section, where a person incurs capital expenditure on the construction of a building or structure which is to be an industrial building or structure occupied for the purposes of a trade carried on either by him or by such a lessee as is mentioned in subsection (2) of this section, there shall be made to the person who incurred the expenditure, for the year of assessment mentioned in subsection (3) of this section, an allowance (in this Chapter referred to as " an initial allowance ") equal to one-tenth thereof:

Provided that, subject to the provisions of subsections (4) and (6) of this section, this subsection shall not apply to any expenditure incurred before the appointed day.

(2) The lessees mentioned in subsection (1) of this section are lessees occupying the building or structure on the construction of which the expenditure was incurred under a lease to which the relevant interest, as defined in section two hundred and seventy-three of this Act, is reversionary.

(3) The year of assessment mentioned in subsection (1) of this section shall, in the case of a person incurring expenditure, be the year of assessment in his basis period for which the expenditure was incurred:

Provided that where the first use to which the building or structure is put is a use by a person occupying it by virtue of a tenancy to which the relevant interest is reversionary, and the tenancy begins after the incurring of the expenditure, the said year of assessment shall be the year of assessment in which the tenancy begins.

(4) The preceding provisions of this section shall apply in relation to expenditure incurred by a person on or after the sixth day of April, nineteen hundred and forty-four, but before the appointed day, as if it had been incurred by him on the appointed day:

Provided that—

(*a*) the amount by reference to which the initial allowance is to be calculated shall, instead of being the amount of the expenditure, be the amount thereof less the

total amount of the relevant mills, factories and exceptional depreciation allowances made for years of assessment before that in which the appointed day falls; and

(*b*) no initial allowance shall be allowed if—

(i) before the appointed day, the relevant interest in the building or structure is sold or, being a leasehold interest, comes to an end otherwise than on the person entitled thereto acquiring the interest which is reversionary thereon; or

(ii) before the appointed day, the building or structure is demolished or destroyed; or

(iii) at any time before the appointed day the building or structure is, but on the appointed day the building or structure is not, an industrial building or structure; and

(*c*) in applying the provisions of subsection (7) of this section, regard shall be had to the date on which the expenditure was incurred and not to the date on which the expenditure is to be treated as incurred for the purposes of the preceding provisions of this section.

(5) Notwithstanding anything in this section, no initial allowance shall be made in respect of any expenditure if, when the building or structure comes to be used, it is not an industrial building or structure, and where an initial allowance has been granted in respect of any expenditure otherwise than in accordance with the provisions of this section, all such additional assessments shall be made as are necessary to secure that effect is given to those provisions.

(6) Any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated for the purposes of the preceding provisions of this section (but not for the purposes of subsection (7) thereof) as if it had been incurred by that person on the first day on which he does carry it on:

Provided that this subsection shall not apply to any expenditure incurred before the sixth day of April, nineteen hundred and forty-four.

(7) Notwithstanding anything in the preceding provisions of this section, no initial allowance shall be given in respect of any expenditure incurred on or after the sixth day of April, nineteen hundred and fifty-two, and before such date as Parliament may hereafter determine.

Annual allowances.

266.—(1) Subject to the provisions of this Act, where—

(*a*) any person is, at the end of his basis period for any year of assessment (not being a year of assessment before that in which the appointed day falls), entitled to an interest in a building or structure; and

PART X —*cont.*

(*b*) at the end of the said basis period, the building or structure is an industrial building or structure; and

(*c*) that interest is the relevant interest in relation to the capital expenditure incurred on the construction of that building or structure,

an allowance (in this Chapter referred to as "an annual allowance") equal to one-fiftieth of that expenditure shall be made to him for that year of assessment.

(2) Where, at any time on or after the appointed day, the interest in a building or structure which is the relevant interest in relation to any expenditure is sold while the building or structure is an industrial building or structure, the annual allowance in respect of that expenditure shall, in the case of years of assessment the basis periods for which end after the time of that sale—

(*a*) be computed by reference to the residue (as defined in subsection (1) of section two hundred and sixty-eight of this Act) of that expenditure immediately after the sale; and

(*b*) be the fraction of the said residue the numerator of which is one and the denominator of which is the number of years of assessment comprised in the period which—

(i) begins with the first year of assessment for which the buyer is entitled to an annual allowance in respect of the expenditure or would be so entitled if the building or structure had at all material times continued to be an industrial building or structure; and

(ii) ends with the fiftieth year of assessment after that in which the building or structure was first used,

and so on for any subsequent sales.

(3) Notwithstanding anything in the preceding provisions of this section, in no case shall the amount of an annual allowance made to a person for any year of assessment in respect of any expenditure exceed what, apart from the writing off falling to be made by reason of the making of that allowance, would be the residue of that expenditure at the end of his basis period for that year of assessment.

Balancing allowances and balancing charges.

267.—(1) Where any capital expenditure has been incurred on the construction of a building or structure, and, not earlier than the appointed day, any of the following events occurs while the building or structure is an industrial building or structure, that is to say—

(*a*) the relevant interest in the building or structure is sold; or

(*b*) that interest, being an interest depending on the duration of a foreign concession, comes to an end on the coming to an end of that concession; or

(*c*) that interest, being a leasehold interest, comes to an end otherwise than on the person entitled thereto acquiring the interest which is reversionary thereon; or

(*d*) the building or structure is demolished or destroyed, or, without being demolished or destroyed, ceases altogether to be used,

an allowance or charge (in this Chapter referred to as " a balancing allowance " or " a balancing charge ") shall, in the circumstances mentioned in this section, be made to, or, as the case may be, on, the person entitled to the relevant interest immediately before that event occurs, for the year of assessment in his basis period for which that event occurs:

Provided that no balancing allowance or balancing charge shall be made to or on any person for any year of assessment by reason of any event occurring after the end of his basis period for the fiftieth year of assessment after that in which the building or structure was first used.

(2) Where there are no sale, insurance, salvage or compensation moneys, or where the residue of the expenditure immediately before the event exceeds those moneys, a balancing allowance shall be made and the amount thereof shall be the amount of the said residue or, as the case may be, of the excess thereof over the said moneys.

(3) If the sale, insurance, salvage or compensation moneys exceed the residue, if any, of the expenditure immediately before the event, a balancing charge shall be made and the amount on which it is made shall be an amount equal to the excess, or, where the residue is nil, to the said moneys.

(4) If, for any of the relevant years of assessment (as defined for the purposes of this subsection), neither an annual allowance nor a scientific research allowance has been made, subsection (3) of this section shall have effect subject to the modification that the amount on which the balancing charge is to be made shall be reduced by applying thereto the fraction, the numerator of which is the number of the relevant years of assessment for which an annual allowance or scientific research allowance has been made in respect of the expenditure, and the denominator of which is the total number of the relevant years of assessment.

In this subsection, " the relevant years of assessment " means all years of assessment after that in which the building or structure was first used for any purpose up to and including that in which the event takes place which gives rise to the charge:

PART X —*cont.*

Provided that where, before the said event (but not before the appointed day), the building or structure has been sold while an industrial building or structure, " the relevant years of assessment " means all years of assessment for which either—

(*a*) an annual allowance is made by reason of the building or structure being an industrial building or structure at any time between the sale and the event, or, where there has been more than one such sale, between the last such sale and the event; or

(*b*) an annual allowance would have fallen to be made if the building or structure had been an industrial building or structure at all times between the sale, or, as the case may be, the last such sale, and the event.

(5) Where any person by notice in writing to the surveyor so elects in relation to any such event as is mentioned in subsection (1) of this section, being an event which gives rise to a balancing allowance, he shall, in relation to that event, be treated for all the purposes of this Act—

(*a*) as if subsection (4) of this section applied to that balancing allowance; and

(*b*) as if, for the purposes of the application thereof—

(i) the reference to subsection (3) of this section were a reference to subsection (2) of this section;

(ii) the reference to the amount on which the balancing charge is to be made were a reference to the amount of the balancing allowance; and

(iii) the references to the event which gives rise to the balancing charge were references to the event which gives rise to the balancing allowance.

(6) Notwithstanding anything in the preceding provisions of this section, in no case shall the amount on which a balancing charge is made on a person in respect of any expenditure on the construction of a building or structure exceed the amount of the initial allowance, if any, made to him in respect of that expenditure together with the amount of any annual allowances or scientific research allowances in respect of that expenditure, and any relevant mills, factories or exceptional depreciation allowances in respect of that building or structure, made to him for years of assessment his basis periods for which end on or before the date of the event which gives rise to the charge.

Writing off of expenditure and meaning of " residue of expenditure ".

268.—(1) Any expenditure incurred on the construction of any building or structure shall be treated for the purposes of this Chapter as written off to the extent and as at the times hereafter specified in this section, and references in this Chapter to the residue of any such expenditure shall be construed accordingly.

(2) Where an initial allowance is made in respect of the expenditure, the amount of that allowance shall be treated as written off as at the time when the building or structure is first used.

(3) Where, by reason of the building or structure being at any time an industrial building or structure, an annual allowance is made for any year of assessment in respect of the expenditure, the amount of that allowance shall be treated as written off as at the said time:

Provided that where at the said time an event occurs which gives rise or may give rise to a balancing allowance or balancing charge, the amount directed to be treated as written off by this subsection as at the said time shall be taken into account in computing the residue of that expenditure immediately before that event for the purpose of determining whether any and if so what balancing allowance or balancing charge is to be made.

(4) Where a scientific research allowance is made for any year of assessment in respect of the expenditure, the amount of that allowance shall be treated as written off, in the case of an allowance under section three hundred and thirty-six of this Act, as at the end of the basis year (as defined in that section) for that year of assessment, and, in the case of an allowance under section three hundred and thirty-seven of this Act, as at the time when the asset ceases to be used by the person in question for scientific research connected with the trade:

Provided that where, at the time as at which an amount falls to be treated as written off under this subsection, an event occurs which gives rise or may give rise to a balancing allowance or balancing charge, the amount directed to be treated as written off by this subsection as at that time shall be taken into account in computing the residue of the expenditure immediately before that event for the purpose of determining whether any and if so what balancing allowance or balancing charge is to be made.

(5) Where, in the case of any year of assessment after that in which the building or structure is first used, no annual allowance or scientific research allowance falls to be made to any person in respect of the expenditure, then, subject to the provisions of this and the next following subsection, an amount equal to one-fiftieth of the expenditure shall be treated as written off as at the end of the previous year of assessment:

Provided that—

(*a*) in the case of the year of assessment in which the appointed day falls or any subsequent year of assessment, this subsection shall not apply for any purpose if the building or structure was an industrial building

PART X —*cont.*

or structure on the day preceding the beginning of the year of assessment; and

(*b*) where this subsection does apply in the case of the year of assessment in which the appointed day falls or any subsequent year of assessment, the amount to be treated as written off shall, if the building or structure has been sold on or after the appointed day while an industrial building or structure, be the amount which would have fallen to be treated as written off if—

(i) the building or structure had been an industrial building or structure in use on the said preceding day for the purposes of a trade carried on by a person entitled to the relevant interest in the building or structure; and

(ii) the basis period of that person for the year of assessment had ended on the said preceding day; and

(iii) an annual allowance had been made to him for the year of assessment accordingly.

(6) Where any relevant mills, factories or exceptional depreciation allowances are made in respect of the building or structure for any year of assessment before that in which the appointed day falls, and either—

(*a*) no amount falls to be treated as written off under the last preceding subsection as at any date before the beginning of the year of assessment in which the appointed day falls; or

(*b*) the total amounts falling to be treated as written off thereunder as at dates before the beginning of the year of assessment in which the appointed day falls are less than the total relevant mills, factories or exceptional depreciation allowances for years of assessment before that year,

an amount equal to the total relevant mills, factories or exceptional depreciation allowances or, as the case may be, to that total amount less the total amounts falling to be treated as written off as aforesaid, shall be treated as written off as at the end of the year of assessment immediately preceding that in which the appointed day falls.

(7) Where any exceptional depreciation allowance is made in respect of a building or structure for the year of assessment in which the appointed day falls, an amount equal to that allowance shall be treated as written off as at the end of the immediately preceding year of assessment.

(8) Where, on the occasion of a sale, a balancing allowance is made in respect of the expenditure, there shall be treated as

written off as at the time of the sale the amount by which the residue of the expenditure before the sale exceeds the net proceeds of the sale. PART X —*cont.*

(9) Where, on the occasion of a sale, a balancing charge is made in respect of the expenditure, the residue of the expenditure shall be deemed for the purposes of this Chapter to be increased as at the time of the sale by the amount on which the charge is made.

(10) Where the Crown is at any time entitled to the relevant interest in a building or structure, the preceding provisions of this section shall have effect as if all such annual allowances, balancing allowances, mills, factories or exceptional depreciation allowances and balancing charges had been made as could have been made if—

(*a*) a person other than the Crown had been entitled to the relevant interest; and

(*b*) all things which, while the Crown is entitled to the relevant interest, have been done in relation to the building or structure by or to the Crown or by or to any person using the building or structure under the authority of the Crown, had been done by or to that other person, for the purposes of and in the course of a trade carried on by him; and

(*c*) any sale or other disposition by or on behalf of the Crown of the relevant interest in the building or structure had been made in connection with the termination of that trade; and

(*d*) the basis periods of that other person in respect of that trade had, in the case of each year of assessment, ended immediately before the beginning of the year of assessment.

Buildings and structures bought unused.

269.—(1) Where expenditure is incurred on the construction of a building or structure and, before that building or structure is used, the relevant interest therein is sold—

(*a*) the expenditure actually incurred on the construction thereof shall be left out of account for the purposes of the preceding provisions of this Chapter; but

(*b*) the person who buys that interest shall be deemed for those purposes to have incurred, on the date when the purchase price becomes payable, expenditure on the construction thereof equal to the said expenditure or to the net price paid by him for the said interest, whichever is the less:

PART X —*cont.*

Provided that, where the relevant interest in the building or structure is sold more than once before the building or structure is used, the provisions of paragraph (*b*) of this subsection shall have effect only in relation to the last of those sales.

(2) Where the expenditure incurred on the construction of a building or structure was incurred by a person carrying on a trade which consists, as to the whole or any part thereof, in the construction of buildings or structures with a view to their sale, and, before the building or structure is used, he sells the relevant interest therein in the course of that trade, or, as the case may be, of that part of that trade, paragraph (*b*) of subsection (1) of this section shall have effect subject to the following modifications—

(*a*) if that sale is the only sale of the relevant interest before the building or structure is used, the said paragraph (*b*) shall have effect as if the words "the said expenditure or to" and the words "whichever is the less" were omitted; and

(*b*) in any other case, the said paragraph (*b*) shall have effect as if the reference to the expenditure actually incurred on the construction of the building or structure were a reference to the price paid on the said sale.

Manner of making allowances and charges.

270.—(1) Except in the cases mentioned in the following provisions of this section, any allowance or charge made to or on a person under the preceding provisions of this Chapter shall be made to or on him in charging the profits or gains of his trade.

(2) An initial allowance shall be made to a person by way of discharge or repayment of tax if his interest in the building or structure is subject to any lease when the expenditure is incurred or becomes subject to any lease before the building or structure is first used for any purpose.

(3) An annual allowance shall be made to a person for a year of assessment by way of discharge or repayment of tax if his interest is subject to any lease at the end of his basis period for that year of assessment.

(4) A balancing allowance shall be made to a person by way of discharge or repayment of tax if his interest is subject to any lease immediately before the event giving rise to the allowance.

(5) A balancing charge shall be made on a person under Case VI of Schedule D if his interest is subject to any lease immediately before the event giving rise to the charge.

PART X —*cont.*

(6) Any allowance which, under the preceding provisions of this section, is to be made by way of discharge or repayment of tax shall be available primarily against the following income, that is to say—

(*a*) income taxed under Schedule A in respect of any premises which at any time in the year consist of or include an industrial building or structure; or

(*b*) any rent of any such premises as aforesaid charged to tax by virtue of sections one hundred and seventy-five to one hundred and seventy-seven of this Act; or

(*c*) income which is the subject of a balancing charge under this Chapter.

Definition of "industrial building or structure".

271.—(1) Subject to the provisions of this section, in this Chapter, "industrial building or structure" means a building or structure in use—

(*a*) for the purposes of a trade carried on in a mill, factory or other similar premises; or

(*b*) for the purposes of a transport, dock, inland navigation, water, electricity or hydraulic power undertaking; or

(*c*) for the purposes of a trade which consists in the manufacture of goods or materials or the subjection of goods or materials to any process; or

(*d*) for the purposes of a trade which consists in the storage—

(i) of goods or materials which are to be used in the manufacture of other goods or materials; or

(ii) of goods or materials which are to be subjected, in the course of a trade, to any process; or

(iii) of goods or materials which, having been manufactured or produced or subjected, in the course of a trade, to any process, have not yet been delivered to any purchaser; or

(iv) of goods or materials on their arrival by sea or air into any part of the United Kingdom; or

(*e*) for the purposes of a trade which consists in the working of any mine, oil well or other source of mineral deposits, or of a foreign plantation; or

(*f*) for the purposes of a trade consisting in all or any of the following activities, that is to say, ploughing or cultivating land (other than land in the occupation of the person carrying on the trade) or doing any other

PART X —*cont.*

agricultural operation on such land, or threshing the crops of another person,

and, in particular, the said expression includes any building or structure provided by the person carrying on such a trade or undertaking for the welfare of workers employed in that trade or undertaking and in use for that purpose.

(2) The provisions of subsection (1) of this section shall apply in relation to a part of a trade or undertaking as they apply in relation to a trade or undertaking:

Provided that where part only of a trade or undertaking complies with the conditions set out in the said provisions, a building or structure shall not, by virtue of this subsection, be an industrial building or structure unless it is in use for the purposes of that part of that trade or undertaking.

(3) Notwithstanding anything in subsection (1) or subsection (2) of this section, but subject to the provisions of subsection (4) of this section, "industrial building or structure" does not include any building or structure in use as, or as part of, a dwelling-house, retail shop, showroom, hotel or office or for any purpose ancillary to the purposes of a dwelling-house, retail shop, showroom, hotel or office:

Provided that this subsection shall not apply to, or to part of, a building or structure which was constructed for occupation by, or for the welfare of, persons employed at, or in connection with the working of, a mine, oil well or other source of mineral deposits, or for occupation by, or for the welfare of, persons employed on, or in connection with the growing and harvesting of the crops on, a foreign plantation, if the building or structure is likely to have little or no value to the person carrying on the trade when the mine, oil well or other source or the plantation is no longer worked, or will cease to belong to such person on the coming to an end of a foreign concession under which the mine, oil well or other source, or the plantation, is worked.

(4) Where part of the whole of a building or structure is, and part thereof is not, an industrial building or structure, and the capital expenditure which has been incurred on the construction of the second mentioned part is not more than one-tenth of the total capital expenditure which has been incurred on the construction of the whole building or structure, the whole building or structure and every part thereof shall be treated as an industrial building or structure.

(5) In this section—

"retail shop" includes any premises of a similar character where retail trade or business (including repair work) is carried on;

" dock " includes any harbour, wharf, pier or jetty or other works in or at which vessels can ship or unship merchandise or passengers, not being a pier or jetty primarily used for recreation, and " dock undertaking " shall be construed accordingly;

" water undertaking " means an undertaking for the supply of water for public consumption;

" electricity undertaking " means an undertaking for the generation, transformation, conversion, transmission or distribution of electrical energy;

" hydraulic power undertaking " means an undertaking for the supply of hydraulic power;

" undertaking " does not include an undertaking not carried on by way of trade;

" foreign plantation " means any land outside the United Kingdom used for the growing and harvesting of crops;

" crops " includes any form of vegetable produce and " harvesting " includes the collection thereof, however effected.

Sports pavilions.

272. Where a building or structure which is not an industrial building or structure as defined in the last preceding section is occupied by the person carrying on a trade and used as a sports pavilion for the welfare of all or any of the workers employed in that trade, this Chapter shall apply in relation to that building or structure as if it were an industrial building or structure.

Meaning of " the relevant interest ".

273.—(1) Subject to the provisions of this section, in this Chapter, " the relevant interest " means, in relation to any expenditure incurred on the construction of a building or structure, the interest in that building or structure to which the person who incurred the expenditure was entitled when he incurred it.

(2) Where, when he incurs expenditure on the construction of a building or structure, a person is entitled to two or more interests in the building or structure, and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purposes of this Chapter.

(3) An interest shall not cease to be the relevant interest for the purposes of this Chapter by reason of the creation of any lease or other interest to which that interest is subject, and where the relevant interest is a leasehold interest and is extinguished by reason of the surrender thereof, or on the person entitled thereto acquiring the interest which is reversionary thereon, the interest into which that leasehold interest merges shall thereupon become the relevant interest.

PART X —*cont.*

(4) Where the relevant interest is a leasehold interest which comes to an end before the appointed day, and subsection (3) of this section does not apply, the interest which is immediately reversionary thereon shall be deemed, for the purposes of the provisions of this Chapter in so far as they relate to annual allowances, balancing allowances and balancing charges, to have thereupon become the relevant interest.

Temporary disuse of industrial buildings or structures.

274.—(1) For the purposes of this Chapter, a building or structure shall not be deemed to cease altogether to be used by reason that it falls temporarily out of use on or after the appointed day, and where, immediately before any period of temporary disuse beginning on or after that day, a building or structure is an industrial building or structure, it shall be deemed to continue to be an industrial building or structure during the period of temporary disuse.

(2) Notwithstanding any other provision of this Part of this Act as to the manner of making allowances and charges, where by reason of the provisions of subsection (1) of this section a building or structure is deemed to continue to be an industrial building or structure while temporarily out of use, then if—

(*a*) upon the last occasion upon which the building or structure was in use as an industrial building or structure, it was in use for the purposes of a trade which has since been permanently discontinued; or

(*b*) upon the last occasion upon which the building or structure was in use as an industrial building or structure, the relevant interest therein was subject to a lease which has since come to an end,

any annual allowance or balancing allowance falling to be made to any person in respect of the building or structure during any period for which the temporary disuse continues after the discontinuance of the trade or the coming to an end of the lease shall be made by way of discharge or repayment of tax, and any balancing charge falling to be made on any person in respect of the building or structure during that period shall be made under Case VI of Schedule D.

(3) The reference in this section to the permanent discontinuance of a trade does not include a reference to the happening of any event which, by virtue of any of the provisions of section one hundred and forty-five of this Act, is to be treated as equivalent to the discontinuance of the trade.

Requisitioned land, holding over of leased land, and other special cases.

275.—(1) The provisions of this Chapter shall have effect in relation to any period of requisition of any land as if the Crown has been in possession of that land for that period by virtue of a lease, and any reference in this Chapter to the surrender of

a lease or the extinguishment thereof on the person entitled thereto acquiring the interest which is reversionary thereon, or to the merger of a leasehold interest, shall be construed accordingly, and any sum paid to the Crown in respect of any building or structure constructed on any land during any period of requisition of that land, being a sum paid, whether by virtue of any enactment or otherwise, by the person who, subject to the rights of the Crown, is entitled to possession of the land, shall be deemed for the purposes of this Chapter to be a sum paid in consideration of the surrender of that lease:

Provided that where a person carrying on a trade is authorised by the Crown to occupy the land or any part thereof for the whole or any part of the period of requisition, the provisions of this Chapter shall have effect as if the Crown had granted a sub-lease to that person of that land or, as the case may be, that part thereof, for the period of requisition or, as the case may be, for that part of the period for which the said person occupies the land, and the preceding provisions of this subsection shall have effect in relation to that sub-lease as they have effect in relation to the lease therein mentioned, subject, however, to the modification that for the reference to any sum paid to the Crown there shall be substituted a reference to any sum paid to the said person.

In this subsection, "period of requisition" means a period in respect of which compensation is, or, but for any agreement to the contrary, would be, payable under paragraph (*a*) of subsection (1) of section two of the Compensation (Defence) Act, 1939, by reference to the rent which might reasonably be expected to be payable under a lease granted immediately before the beginning of that period.

(2) Where, with the consent of the lessor, a lessee of any building or structure remains in possession thereof after the termination of the lease without a new lease being granted to him, that lease shall be deemed for the purposes of this Chapter to continue so long as he remains in possession as aforesaid.

(3) Where, on the termination of a lease, a new lease is granted to the lessee in pursuance of an option available to him under the terms of the first lease, the provisions of this Chapter shall have effect as if the second lease were a continuation of the first lease.

(4) Where, on the termination of a lease, the lessor pays any sum to the lessee in respect of a building or structure comprised in the lease, the provisions of this Chapter shall have effect as if the lease had come to an end by reason of the surrender thereof in consideration of the payment.

PART X —*cont.*

(5) Where, on the termination of a lease, another lease is granted to a different lessee and, in connection with the transaction, that lessee pays a sum to the person who was the lessee under the first lease, the provisions of this Chapter shall have effect as if both leases were the same lease and there had been an assignment thereof by the lessee under the first lease to the lessee under the second lease in consideration of the payment.

Exclusion of double allowances, etc.

276.—(1) No allowance shall be made under or by virtue of any of the provisions of this Chapter in respect of, or of premises including, or of expenditure on, a building or structure if, for the same or any previous or subsequent year of assessment, an allowance is or can be made under any of the provisions of Chapter II, Chapter III or Chapter IV of this Part of this Act in respect of, or of expenditure on, that building or structure.

(2) Without prejudice to the provisions of subsection (1) of this section, any reference in this Chapter to the incurring of expenditure on the construction of a building or structure does not include expenditure on the provision of machinery or plant or on any asset which has been treated for any year of assessment as machinery or plant.

Temporary continuance of mills, factories allowances in certain cases, to the exclusion of allowances under this Chapter.

277.—(1) Whereas section fifteen of the Finance Act, 1937, provided for an allowance for depreciation of mills, factories and other similar premises:

And whereas provision was made by subsections (1) and (2) of section seven of the Income Tax Act, 1945, as amended by section twenty-eight of the Finance Act, 1950, for the cessation of such allowances as from the appointed day except in certain cases for a limited period:

Now, therefore, the said subsections (1) and (2) of the said section seven, as set out, as so amended, in Part I of the Eleventh Schedule to this Act, shall continue to have effect as well with respect to the year 1952-53 and subsequent years of assessment as with respect to previous years:

Provided that the references in the said subsections (1) and (2) to the said section fifteen shall, as respects the year 1952-53 and subsequent years of assessment, be construed as references to the said section fifteen as set out with certain adaptations in Part II of the said Eleventh Schedule, and the said section fifteen, as so set out, shall have effect accordingly, subject, however, to the provisions of sections four hundred and seventy-four and four hundred and seventy-five of this Act (which relate respectively to non-rateable machinery and to certain air raid protection works).

(2) Where, by virtue of subsection (2) of the said section seven, an allowance fell or falls to be made under the said section fifteen for the year of assessment in which the appointed day falls or

any subsequent year of assessment in the case of any trade, the provisions of this Chapter, other than this section, shall have effect in relation to the premises in question as if the appointed day were postponed until the first day of the first year of assessment for which no allowance fell or falls to be made under the said section fifteen in the case of that or any other trade. PART X —*cont.*

278.—(1) References in this Chapter to expenditure incurred on the construction of a building or structure do not include— Interpretation of Chapter I.

(*a*) any expenditure incurred on the acquisition of, or of rights in or over, any land; or

(*b*) any expenditure incurred on preparing, cutting, tunnelling or levelling any land:

Provided that paragraph (*b*) of this subsection shall not apply to expenditure on work done on the land to be covered by a building or structure for the purposes of preparing the land to receive the foundations of the building or structure, being work which may be expected to be valueless when the building or structure is demolished and not being work which consists of cutting or tunnelling.

(2) A person who has incurred expenditure on the construction of a building or structure shall be deemed, for the purposes of any provision of this Chapter referring to his interest therein at the time when the expenditure was incurred, to have had the same interest therein as he would have had if the construction thereof had been completed at that time.

(3) Without prejudice to any of the other provisions of this Part of this Act relating to the apportionment of sale, insurance, salvage or compensation moneys, the sum paid on the sale of the relevant interest in a building or structure, or any other sale, insurance, salvage or compensation moneys payable in respect of any building or structure, shall, for the purposes of this Chapter, be deemed to be reduced by an amount equal to so much thereof as, on a just apportionment, is attributable to assets representing expenditure other than expenditure in respect of which an allowance can be made under this Chapter.

CHAPTER II

MACHINERY AND PLANT

Initial Allowances

279.—(1) Subject to the provisions of this Act and, in particular, subject to the provisions of subsection (5) of this section, where a person carrying on a trade incurs capital expenditure on the provision of machinery or plant for the purposes of the trade, there shall be made to him, for the year of assessment in the basis period for which the expenditure is incurred, an allowance (in this Chapter referred to as "an initial allowance") equal to two-fifths of the expenditure. Initial allowances.

PART X —*cont.*

(2) Any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated for the purposes of subsection (1) of this section (but not for the purposes of subsection (5) thereof) as if it had been incurred by that person on the first day on which he does carry it on:

Provided that this subsection shall not apply to any expenditure incurred before the sixth day of April, nineteen hundred and forty-four.

(3) An initial allowance may be made to a person in respect of any machinery or plant in charging the profits or gains of a trade carried on by him notwithstanding that it appears that, during the period during which the machinery or plant will be used for the purposes of the trade, it will also be used for other purposes, but the allowance in any such case shall be so much only of the allowance that would be made if the machinery or plant were to be used only for the purposes of the trade as may be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent to which it appears that the machinery or plant is likely to be used for the said other purposes during that period.

(4) No initial allowance shall be made to a person in respect of any machinery or plant in charging the profits or gains of a trade if it appears that, during the period during which the machinery or plant will be used by him for the purposes of the trade, sums which are in respect of, or take account of, the wear and tear to that machinery or plant occasioned by its use for those purposes and do not fall to be taken into account as his income or in computing the profits or gains of any trade carried on by him are, or are to be, payable to him directly or indirectly by the Crown, or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the person carrying on the trade:

Provided that where the sums referred to in this subsection are in respect of, or take account of, part only of the wear and tear therein referred to—

(*a*) the preceding provisions of this subsection shall not apply; but

(*b*) the amount of the allowance shall be reduced to such extent as may be just and reasonable having regard to all the relevant circumstances of the case.

(5) Notwithstanding anything in the preceding provisions of this section, no initial allowance shall be given in respect of any expenditure incurred on or after the sixth day of April, nineteen hundred and fifty-two, and before such date as Parliament may hereafter determine:

PART X —*cont.*

Provided that this subsection shall not apply to expenditure on the provision of a ship for the purposes of a trade if it is shown to the satisfaction of the Commissioners of Inland Revenue—

(*a*) that on the tenth day of April, nineteen hundred and fifty-one, the ship was actually under construction for the persons who were carrying on the trade on the said tenth day of April or who were on that date about to carry it on; or

(*b*) that a contract for the construction of the ship, or of the engines for the ship, for those persons had been entered into by them not later than the said tenth day of April.

A trade shall not be deemed for the purposes of this subsection to be discontinued by reason only of the happening of any event which, by virtue of any of the provisions of section one hundred and forty-five of this Act, is to be treated as equivalent to the discontinuance of the trade.

Annual Allowances

Annual allowances.

280. Subject to the provisions of this Act, where the person carrying on a trade in any year of assessment has incurred capital expenditure on the provision of machinery or plant for the purposes of the trade, an allowance (in this Chapter referred to as "an annual allowance") shall be made to him for that year of assessment on account of the wear and tear of any of the machinery or plant which belongs to him and is in use for the purposes of the trade at the end of the basis period for that year of assessment.

Normal method of calculating annual allowances.

281.—(1) Subject to the provisions of this Chapter, the annual allowance in respect of any machinery or plant for any year of assessment shall, except in the cases in which an election under section two hundred and eighty-two or section two hundred and eighty-four of this Act has effect—

(*a*) be computed by reference to the amount by which the capital expenditure of the person to whom the allowance is to be made in providing the machinery or plant exceeds the total amount of any initial allowance, annual allowances, relevant exceptional depreciation allowances and scientific research allowances made to him in respect of that machinery or plant for previous years of assessment; and

(*b*) be five-fourths of the percentage of that amount specified in subsection (2) of this section.

PART X —*cont.*

(2) The said percentage is such percentage as may be determined by the Commissioners of Inland Revenue to be appropriate to be applied for the purposes of this section in relation to machinery or plant of the class in question for the year of assessment in question:

Provided that it shall not be necessary for the said Commissioners to redetermine every such percentage yearly, and any determination of a percentage under this subsection for any year of assessment shall apply also to subsequent years except so far as it is superseded by any subsequent determination.

(3) In determining the said percentage in relation to machinery or plant of any class, the Commissioners of Inland Revenue shall have regard to the anticipated normal working life of machinery or plant of that class and shall select the percentage which in their opinion may fairly be taken as that which, if applied year by year throughout that life as a writing down percentage applicable, in the first year to the cost of such machinery or plant, in the second year to that cost as written down in the first year, in the third year to that cost as written down in the first and second years, and so on, would, at the end of that life, have caused that cost to be written down to one-tenth thereof.

(4) If, in the case of machinery or plant of any class—

(*a*) annual allowances for the year 1948-49 were commonly arrived at by applying five-fourths of some percentage—

(i) in the case of the first year, to the cost of the machinery or plant; and

(ii) in the case of subsequent years, to a sum less than that cost; and

(*b*) a particular percentage was commonly in use for so arriving at those allowances,

that percentage shall, except where the Commissioners of Inland Revenue determined, in connection with the year 1949-50, that it was no longer an appropriate percentage, be deemed to be a percentage determined by them in relation to machinery or plant of that class under subsection (2) of this section for the year 1949-50, and the said subsection (2), including the proviso thereto, shall have effect accordingly; and if it is shown to the satisfaction of the said Commissioners that that percentage, if applied as a writing down percentage in the manner specified in subsection (3) of this section, would, at the end of the anticipated normal working life of the machinery or plant of that class (estimated as if during the year 1948-49), cause the cost to be written down to a fraction thereof which is smaller than one-tenth, the said subsection (3) shall have effect in relation to

machinery or plant of that class as if a reference to that smaller fraction were substituted therein for a reference to one-tenth. PART X —*cont.*

In this subsection, and in the following provisions of this Chapter, " the first year " means the year of the acquisition of the machinery or plant or other the first year for which an annual allowance could be made to the person in question in respect of the machinery or plant.

(5) If, in the case of any machinery or plant not falling within any class with respect to which a determination of the Commissioners of Inland Revenue has been or is deemed to have been made under subsection (2) of this section for the year of assessment in question—

(*a*) a percentage was in use for determining the annual allowance in respect thereof for the year 1948-49 ; and

(*b*) that percentage is one which, multiplied by five-fourths, was intended to be applied to an amount which, except in the case of the first year, is less than the cost of providing the machinery or plant,

that percentage, or, if the Commissioners of Inland Revenue determine, as respects any year of assessment, that that percentage is no longer an appropriate percentage, such other percentage as the said Commissioners may determine, shall be deemed, in relation to that machinery or plant, to be a percentage determined by the Commissioners of Inland Revenue under the said subsection (2) for the year 1949-50 or the year as respects which the determination is made, as the case may be, and the said subsection (2), including the proviso thereto, shall, in relation to that machinery or plant, have effect accordingly.

(6) In this section, " the anticipated normal working life " means, in relation to machinery or plant of any class, the period which might be expected, when machinery or plant of that class is first put into use, to be going to elapse before it is finally put out of use as being unfit for further use, it being assumed that it is going to be used in the normal manner and to the normal extent and is going to be so used throughout that period.

Alternative method of calculating annual allowances.

282.—(1) Subject to the provisions of this Chapter, the annual allowance in respect of any machinery or plant for any year of assessment—

(*a*) may, if the person to whom the allowance is to be made so elects when he makes his claim for the allowance, be computed by reference to the amount of his capital expenditure in providing the machinery or plant ; and

(*b*) shall in that event be five-fourths of the percentage of that amount specified in subsection (2) of this section.

PART X —*cont.*

(2) Subject to the provisions of subsection (3) of this section, the said percentage is such percentage as may be determined by the Commissioners of Inland Revenue in relation to machinery or plant of the class in question for the year of assessment in question, being a percentage which is in their opinion equal to nine-tenths of the fraction of which the numerator is one and the denominator is the number of years in the anticipated normal working life of machinery or plant of that class:

Provided that it shall not be necessary for the said Commissioners to redetermine every such percentage yearly, and every such determination of a percentage under this subsection for any year of assessment shall apply also to subsequent years except so far as it is superseded by any subsequent determination.

(3) If, in the case of machinery or plant of any class—

(*a*) annual allowances for the year 1948-49 were commonly arrived at by applying five-fourths of some percentage to the cost of the machinery or plant; and

(*b*) a particular percentage was commonly in use for so arriving at those allowances,

that percentage shall, except where the Commissioners of Inland Revenue determined, in connection with the year 1949-50, that it was no longer an appropriate percentage, be deemed to be a percentage determined by them in relation to machinery or plant of that class under subsection (2) of this section for the year 1949-50, and the said subsection (2), including the proviso thereto, shall have effect accordingly; and if it is shown to the satisfaction of the said Commissioners that that percentage bears to the fraction specified in the said subsection (2) (computed by reference to an anticipated normal working life estimated as if during the year 1948-49) a higher proportion than nine-tenths, the said subsection (2) shall have effect in relation to machinery or plant of that class as if for the reference therein to nine-tenths there were substituted a reference to the said higher proportion.

(4) Machinery or plant may be treated for the purposes of this section as being of a different class from other machinery or plant where the one is new when it is acquired and the other is not new when it is acquired, or, in the case of machinery or plant which is not new when it is acquired, where different periods have elapsed between the date when the machinery or plant was made or first put into use and the date of the acquisition thereof.

(5) An election under this section shall not be effective for any year of assessment in relation to any machinery or plant unless the Commissioners of Inland Revenue are satisfied that the person making the election is keeping, and will keep and make available for inspection, all such records as are necessary to secure that the Commissioners, surveyors and other officers

concerned can ensure that the total annual allowances made to him for all years of assessment in respect of that machinery or plant do not exceed the limit imposed by subsection (1) of section two hundred and eighty-eight of this Act, due regard being had to any initial allowance, relevant exceptional depreciation allowances and scientific research allowances made to him in respect thereof, and to any deductions allowed to him in respect thereof for the year 1945-46 or any previous year of assessment under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938.

(6) In this section, " the anticipated normal working life " has the meaning assigned to it by subsection (6) of the last preceding section, except that, in relation to a class consisting of machinery or plant which is not new when it is acquired, the reference in the said subsection (6) to the first putting into use of the machinery or plant shall be construed as a reference to the first putting into use thereof after the acquisition thereof.

Change from normal to alternative method.

283.—(1) Where an election under the last preceding section has effect with respect to any machinery or plant, and the annual allowance in respect of the same machinery or plant made to the same person for any previous year of assessment has been calculated in accordance with section two hundred and eighty-one of this Act, the annual allowance for that machinery or plant for the year of assessment with respect to which the election has effect shall be computed in accordance with the following provisions, that is to say—

(*a*) instead of being computed by reference to the amount of the person's expenditure in providing the machinery or plant, it shall be computed by reference to the amount by which that amount exceeds any initial allowance, annual allowances, relevant exceptional depreciation allowances and scientific research allowances made to that person in respect of that machinery or plant for the years of assessment up to and including the said previous year or, if the annual allowance was calculated in accordance with the said section two hundred and eighty-one in the case of more than one previous year, up to and including the last of those previous years; and

(*b*) it shall be computed as if for the percentage mentioned in subsection (2) of the last preceding section there were substituted such other percentage as the Commissioners of Inland Revenue may determine.

(2) The references in subsection (1) of this section to allowances calculated in accordance with section two hundred and eighty-one of this Act shall be deemed to include references to

PART X —*cont.*

allowances for the year 1948-49 or any previous year of assessment calculated by the application of, or of five-fourths of, a percentage intended for application, or for application when multiplied by five-fourths, to a sum which, except in the case of the first year, is less than the cost of the machinery or plant.

(3) Any reference in this section to section two hundred and eighty-one of this Act shall be deemed to include a reference to that section as modified by the following sections of this Chapter.

Special method for use in connection with mines, oil wells, etc.

284.—(1) Subject to the provisions of this Chapter, the annual allowance for any year of assessment in respect of any machinery or plant used for the purposes of a trade which consists of or includes the working of a mine, oil well or other source of mineral deposits of a wasting nature, being machinery or plant used in connection with the working of the source, shall, if the person to whom the allowance is to be made so elects when he makes his claim for the allowance—

(*a*) be computed by reference to the amount specified in paragraph (*a*) of subsection (1) of section two hundred and eighty-one of this Act or paragraph (*a*) of subsection (1) of section two hundred and eighty-two of this Act; but

(*b*) be the percentage of that amount specified in subsection (2) of this section.

(2) The said percentage is such percentage as the Commissioners of Inland Revenue may determine having regard to the date when the source is likely to cease to be worked and the probable value of the machinery or plant at that date to the person carrying on the trade.

(3) The references to section two hundred and eighty-one of this Act contained in subsections (1) and (3) of the last preceding section shall be deemed to include references to this section where the election thereunder is that the allowance shall be computed by reference to the amount specified in paragraph (*a*) of subsection (1) of the said section two hundred and eighty-one.

(4) The references to section two hundred and eighty-two of this Act contained in subsection (1) of the last preceding section shall be deemed to include references to this section where the election thereunder is that the allowance shall be computed by reference to the amount specified in paragraph (*a*) of subsection (1) of the said section two hundred and eighty-two.

Adjustments of annual allowances in special circumstances.

285. If the Commissioners of Inland Revenue are satisfied that the manner in which or the extent to which any machinery or plant is used in any year of assessment is such that the wear and tear thereof is greater or less than that which might be expected to be caused by the use thereof in the normal manner and to the

normal extent, they may direct that the annual allowance in respect of that machinery or plant for that year of assessment shall be ascertained as if, for the percentage specified in subsection (2) of section two hundred and eighty-one, subsection (2) of section two hundred and eighty-two or subsection (2) of section two hundred and eighty-four of this Act, as the case may be, there were substituted such other percentage as they may determine.

Annual allowances for part of a year of assessment.

286. If an annual allowance falls to be made to any person in respect of any machinery or plant in charging the profits or gains of any trade which is carried on by him for part only of the year of assessment, the said allowance, as computed in accordance with the preceding provisions of this Chapter, shall be proportionately reduced.

Determination and review of percentages for annual allowance purposes.

287.—(1) If, within such time and in such manner as may be prescribed by regulations made by the Commissioners of Inland Revenue under this section, an application is made to the said Commissioners by or on behalf of—

(*a*) a considerable number of the persons engaged in any class of trade; or

(*b*) a considerable number of the persons who use machinery or plant of any class for the purposes of any trade carried on by them; or

(*c*) any particular person concerned,

for the increase, as respects any year of assessment, of any percentage determined or deemed to be determined by the said Commissioners for any of the purposes of this Chapter in connection with any class of machinery or plant used in the class of trade in question, in connection with the class of machinery or plant in question, or in connection with any machinery or plant, or class of machinery or plant, used by the applicant, as the case may be, the said Commissioners shall consider the application and may, if they think fit, determine or redetermine the percentage in question.

(2) Where an application has been made under subsection (1) of this section, and the Commissioners do not determine or redetermine the percentage in question or the applicant or applicants are dissatisfied with the Commissioners' determination or redetermination thereof, the Commissioners, if required so to do by the applicant or applicants, shall refer the application to the Board of Referees and the Board shall consider the application:

Provided that where the application is made under paragraph (*c*) of the said subsection (1), the Board may, if they think fit, require the applicant to satisfy them, as respects the machinery or plant to which the application relates, that in all the circumstances it is reasonable that an application should be made otherwise than under paragraph (*a*) or paragraph (*b*) of that subsection

PART X —*cont.*

and, in that event, the Board shall consider the application only in so far as it relates to machinery or plant as respects which they are so satisfied.

(3) On the consideration of an application under subsection (1) of this section, either as respects all or as respects some only of the machinery or plant to which it relates, the Board of Referees may, if they think fit, direct that, as respects the year of assessment to which the application relates, such percentage as the Board may determine to be appropriate shall be substituted, either wholly or in such cases or classes of cases as the Board may direct, for the percentage determined or deemed to be determined by the Commissioners, and the liability of all persons concerned to income tax shall be determined accordingly and all such amendments of assessments, additional assessments and repayments of tax shall be made as may be necessary to give effect to the direction.

The preceding sections of this Chapter shall, in relation to the exercise by the Board of their powers under this subsection, have effect as if the references to the Commissioners of Inland Revenue included references to the Board.

(4) The Commissioners of Inland Revenue may make regulations with respect to the time within which and the manner in which applications under this section are to be made and the procedure to be followed in dealing with any such application.

The power conferred by this subsection to make regulations shall be exercisable by statutory instrument, and any statutory instrument made in the exercise of that power shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(5) No appeal shall lie to the General or Special Commissioners in respect of any matter which may be made or might have been made the subject of an application under this section.

(6) In this section, " Board of Referees " means a Board of Referees appointed for the purposes of this section by the Treasury.

Limit on annual allowances.

288.—(1) No annual allowance shall be made in respect of any machinery or plant for any year of assessment if the allowance, when added to any initial allowance, relevant exceptional depreciation allowances or scientific research allowances given in respect of the machinery or plant to the person by whom the trade is carried on, and to any annual allowances for previous years of assessment given in respect of the machinery or plant to that person (including any additional deduction allowed in respect thereof to him under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938), will make the aggregate amount

PART X —*cont.*

of the allowances exceed the actual cost to that person of the machinery or plant, including in that actual cost any expenditure in the nature of capital expenditure on the machinery or plant by way of renewal, improvement or reinstatement.

(2) In the case of machinery or plant provided on or after the appointed day, the annual allowance for any year of assessment shall not exceed what, apart from any annual allowance falling to be made for that year, would be the amount of the capital expenditure on the provision of the machinery or plant still unallowed as at the beginning of the year.

Effect on annual allowances of part-time use otherwise than for trade purposes.

289.—(1) An annual allowance may be made in respect of any machinery or plant in charging the profits or gains of a trade for any year of assessment notwithstanding that the machinery or plant is also used in that year for purposes other than those of the trade, but where, in the basis period for any year of assessment, machinery or plant is used for purposes other than those of the trade, the annual allowance to be made in respect thereof shall be so much only of the allowance that otherwise would be made as may be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent of the use for the said other purposes during the said basis period.

(2) Where an initial allowance has been made to a person in respect of any machinery or plant but the amount thereof has been reduced under subsection (3) of section two hundred and seventy-nine of this Act on the ground that the machinery or plant will be used for purposes other than those of the trade, any annual allowance falling to be made in respect of that machinery or plant to that person shall be calculated as if the reduction had not been made.

Effect on annual allowances of subsidies towards wear and tear.

290.—(1) No annual allowance shall be made to a person in respect of any machinery or plant in charging the profits or gains of a trade for any year of assessment if any sums which are in respect of, or take account of, the wear and tear to that machinery or plant occasioned by its use during the basis period for that year of assessment for the purposes of the trade and do not fall to be taken into account as his income or in computing the profits or gains of any trade carried on by him are, or are to be, payable to him directly or indirectly by the Crown, or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the person carrying on the trade:

Provided that where the sums referred to in this subsection are in respect of, or take account of, part only of the wear and tear therein referred to—

(*a*) the preceding provisions of this subsection shall not apply; but

PART X —*cont.*

(*b*) the amount of the allowance shall be reduced to such extent as may be just and reasonable having regard to all the relevant circumstances of the case.

(2) Where an initial allowance has been made to a person in respect of any machinery or plant, but the amount thereof has been reduced under the proviso to subsection (4) of section two hundred and seventy-nine of this Act on the ground that sums which are in respect of, or take account of, part only of the wear and tear of that machinery or plant are or are to be payable to him as therein mentioned, any annual allowance falling to be made to him in respect of that machinery or plant shall be calculated as if the reduction had not been made.

Effect on annual allowances of previous user which has not attracted an annual allowance.

291.—(1) In determining whether any, and if so what, annual allowance falls to be made to a person for any year of assessment in respect of any machinery or plant which has been used by him during any previous year of assessment, there shall be deemed to have been made to him for every previous year of assessment (including years during which the machinery or plant was not used for the purposes of the trade, and years during which the trade was not carried on by him) such annual allowance or greater annual allowance, if any, as would have fallen to be made to him if all the conditions specified in subsection (2) of this section had been fulfilled in relation to every such previous year.

The references in this subsection to previous years of assessment include references to any year of assessment before the year with respect to which the provisions re-enacted by this section were first in force.

(2) The said conditions are as follows, that is to say—

(*a*) that the trade had been carried on by the person in question ever since the date on which he acquired the machinery or plant and had been so carried on by him in such circumstances that the profits or gains thereof were liable to assessment to income tax; and

(*b*) that the machinery or plant had been used by him for the purposes of the trade ever since that date; and

(*c*) that a proper claim had been duly made by him for an annual allowance in respect of the machinery or plant for every relevant year of assessment; and

(*d*) that no question arose in connection with any year of assessment as to the machinery or plant having been wholly or partly used by him otherwise than for the purposes of the trade, or as to there being payable to him, directly or indirectly, any sums in respect of, or taking account of, the wear and tear of the machinery or plant.

(3) Notwithstanding anything in subsection (1) of this section, the years for which an annual allowance is to be deemed

thereunder to have been made shall not include years during which machinery or plant was used only for the purposes of activities carried on by the person in question before the commencement by him of the working of a mine, oil well or other source of mineral deposits of a wasting nature, being activities consisting of—

(*a*) searching for or discovering and testing deposits or winning access thereto ; or

(*b*) the construction of any works which are likely to be of little or no value when the source is no longer worked or, where the source is worked under a foreign concession, which are likely to become valueless when the concession comes to an end to the person working the source immediately before the concession comes to an end.

Balancing Allowances, Balancing Charges, etc.

Balancing allowances and balancing charges.

292.—(1) Subject to the provisions of this section, where any of the following events occurs in the case of any machinery or plant in respect of which an initial allowance or an annual allowance has been made for any year of assessment to a person carrying on a trade, that is to say, either—

(*a*) the machinery or plant is sold, whether while still in use or not ; or

(*b*) the machinery or plant, whether still in use or not, ceases to belong to the person carrying on the trade by reason of the coming to an end of a foreign concession ; or

(*c*) the machinery or plant is destroyed ; or

(*d*) the machinery or plant is put out of use as being worn out or obsolete or otherwise useless or no longer required,

and the event in question occurs before the trade is permanently discontinued, an allowance or charge (in this Chapter referred to as " a balancing allowance " or " a balancing charge ") shall, in the circumstances mentioned in this section, be made to, or, as the case may be, on, that person for the year of assessment in his basis period for which that event occurs :

Provided that where either—

(i) the trade consists of or includes the working of a mine, oil well or other source of mineral deposits of a wasting nature, and any deduction allowed for any year of assessment in respect of the machinery or plant has been calculated in accordance with the provisions of section two hundred and eighty-four of this Act ; or

(ii) the event in question is the machinery or plant ceasing to belong to the person carrying on the trade on the coming to an end of a foreign concession,

a balancing allowance or a balancing charge may, in the circumstances mentioned in this section, be made in respect of the

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machinery or plant notwithstanding that the event in question occurs at a time when the trade is permanently discontinued.

Any reference in this subsection to the permanent discontinuance of a trade does not include a reference to the happening of any event which, by virtue of any of the provisions of section one hundred and forty-five of this Act, is to be treated as equivalent to the discontinuance of the trade.

(2) Where there are no sale, insurance, salvage or compensation moneys or where the amount of the capital expenditure of the person in question on the provision of the machinery or plant still unallowed as at the time of the event exceeds those moneys, a balancing allowance shall be made, and the amount thereof shall be the amount of the expenditure still unallowed as aforesaid, or, as the case may be, of the excess thereof over the said moneys.

(3) If the sale, insurance, salvage or compensation moneys exceed the amount, if any, of the said expenditure still unallowed as at the time of the event, a balancing charge shall be made, and the amount on which it is made shall be an amount equal to the excess or, where the said amount still unallowed is nil, to the said moneys:

Provided that where the loss of a ship is due to a war risk connected with any war in which His Majesty was engaged on the fifteenth day of June, nineteen hundred and forty-five, or to the carriage, in connection with any such war, of explosives or other dangerous cargo in a manner which would be abnormal in time of peace, then, notwithstanding that the loss occurs after the conclusion of, or of hostilities in, that war, no balancing charge shall be made by reason of the loss in respect of expenditure on the ship.

In this subsection, " war risk " means any risk falling within the definition of " war risks " contained in the form of policy set out in the First Schedule to an agreement for re-insurance of British ships made by the Minister of War Transport on the sixteenth day of September, nineteen hundred and forty-three, a copy of which was laid before each House of Parliament on the fourth day of November, nineteen hundred and forty-three, in pursuance of subsection (2) of section one of the War Risks Insurance Act, 1939.

(4) Notwithstanding anything in subsection (3) of this section, in no case shall the amount on which a balancing charge is made on a person exceed the aggregate of the following amounts, that is to say —

(*a*) the amount of the initial allowance, if any, made to him in respect of the expenditure in question ; and

(*b*) the amount of any annual allowance made to him in respect of the machinery or plant in question ; and

(*c*) the amount of any additional deductions allowed to him under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938, in respect of the machinery or plant; and

(*d*) the amount of any relevant exceptional depreciation allowance made to him in respect of the machinery or plant; and

(*e*) the amount of any scientific research allowances made to him in respect of the expenditure; and

(*f*) the amount of any balancing allowance previously made to him in respect of the expenditure.

Effect on balancing allowances and balancing charges of part-time use otherwise than for trade purposes.

293. Where any machinery or plant which has been used by a person for the purposes of a trade carried on by him has also been used by him for other purposes, then, in determining whether a balancing allowance or balancing charge falls to be made to or on him in charging the profits or gains of the trade and in determining the amount of the allowance or, as the case may be, the amount on which the charge is to be made, regard shall be had to all the relevant circumstances of the case and, in particular, to the extent of the use for the said other purposes, and there shall be made to or on him an allowance of such an amount, or, as the case may be, a charge on such an amount, as may be just and reasonable.

Effect on balancing allowances and balancing charges of subsidies towards wear and tear.

294. No balancing allowance or balancing charge shall be made to or on any person in respect of any machinery or plant in charging the profits or gains of a trade if any sums which are in respect of, or take account of, the wear and tear to that machinery or plant occasioned by its use for the purposes of the trade, and do not fall to be taken into account as his income or in computing the profits or gains of any trade carried on by him, were paid, or are or are to be payable, to him directly or indirectly by the Crown, or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the person carrying on the trade:

Provided that where the sums referred to in this section are in respect of, or take account of, part only of the wear and tear therein referred to—

(*a*) the preceding provisions of this section shall not apply; but

(*b*) in determining whether it is an allowance or a charge which is to be made and the amount of the allowance or, as the case may be, the amount on which the charge is to be made, regard shall be had to all the relevant circumstances of the case and there shall be made an allowance of such an amount or, as the case may be, a charge on such an amount, as may be just and reasonable.

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Effect on balancing allowances and balancing charges of previous user which has not attracted an annual allowance.

295.—(1) Subject to the provisions of this section, the provisions of section two hundred and ninety-one of this Act shall apply for the purpose of determining whether any, and if so what, balancing allowance or balancing charge falls to be made to or on a person as they apply for the purpose of determining whether any, and if so what, annual allowance falls to be made to a person.

(2) The only years for which an annual allowance is to be deemed for the purposes of this section to have been made shall be years during which the machinery or plant was not used by the person in question for the purposes of the trade and years during which the trade was not carried on by him, or was not carried on by him in such circumstances that the profits or gains thereof were liable to assessment to income tax.

(3) Nothing in this section shall affect the provisions of subsection (4) of section two hundred and ninety-two of this Act.

Option in case of replacement of machinery or plant.

296.—(1) Where machinery or plant in the case of which any of the events mentioned in subsection (1) of section two hundred and ninety-two of this Act has occurred is replaced by the owner thereof and a balancing charge falls to be made on him by reason of that event, or, but for the provisions of this subsection, would have fallen to be made on him by reason thereof, then, if by notice in writing to the surveyor he so elects, the following provisions shall have effect, that is to say—

(*a*) if the amount on which the charge would have been made is greater than the capital expenditure on providing the new machinery or plant—

(i) the charge shall be made only on an amount equal to the difference; and

(ii) no initial allowance, no balancing allowance and no annual allowance shall be made in respect of the new machinery or plant or the expenditure on the provision thereof; and

(iii) in considering whether any, and if so what, balancing charge falls to be made in respect of the expenditure on the new machinery or plant, there shall be deemed to have been made in respect of that expenditure an initial allowance equal to the full amount of that expenditure;

(*b*) if the capital expenditure on providing the new machinery or plant is equal to or greater than the amount on which the charge would have been made—

(i) the charge shall not be made; and

(ii) the amount of any initial allowance in respect of the said expenditure and the amount of any annual allowance shall be calculated as if the expenditure had been reduced by the amount on which the charge would have been made; and

(iii) in considering whether any, and, if so, what, balancing allowance or balancing charge falls to be made in respect of the new machinery or plant, the initial allowance granted in respect thereof shall be deemed to have been increased by an amount equal to the amount on which the charge would have been made.

(2) Where a person carrying on a trade replaces any machinery or plant, provided before the appointed day, which has become obsolete and that person by notice in writing to the surveyor so elects—

(*a*) in estimating the profits or gains of the trade there shall be allowed to be deducted as expenses incurred in any year so much of any amount expended in that year in replacing the machinery or plant as is equivalent to the cost of the machinery or plant replaced after deducting from that cost—

(i) the total amount of any initial allowance, annual allowances, relevant exceptional depreciation allowances and scientific research allowances which have been made in respect of the machinery or plant replaced; and

(ii) any sum realised by the sale of the machinery or plant replaced; and

(*b*) no balancing allowance shall be made in respect of the sale, destruction or putting out of use of the machinery or plant replaced.

In this subsection, "annual allowance" includes any additional deduction under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938.

Supplemental

Meaning of "expenditure unallowed".

297. References in this Chapter to the amount still unallowed of any expenditure as at any time shall be construed as references to the amount of that expenditure less—

(*a*) the initial allowance, if any, made in respect thereof to the person who incurred it; and

(*b*) any annual allowances made to him in respect of the machinery or plant on the provision of which the expenditure was incurred, being allowances made for a year of assessment before that in which the appointed day falls or for a year of assessment the basis period for which ended before the time in question; and

(*c*) any additional deductions allowed to him under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938, in respect of that machinery or plant; and

(*d*) any relevant exceptional depreciation allowance made to him in respect of that machinery or plant; and

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(*e*) any scientific research allowance made to him in respect of that machinery or plant; and

(*f*) any balancing allowance made to him in respect of the expenditure.

Allowances to lessors of machinery and plant.

298.—(1) Where machinery or plant is let upon such terms that the burden of the wear and tear thereof falls directly upon the lessor, there shall be made to him, for each year of assessment, an allowance on account of the wear and tear of so much of the machinery or plant as is in use at the end of the year:

Provided that if the letting continues for part only of the year, the allowance, as computed in accordance with the preceding provisions of this Chapter, shall be proportionately reduced.

(2) The preceding provisions of this Chapter shall apply in relation to any such lessor of machinery or plant as is mentioned in subsection (1) of this section as if the machinery or plant were, during the period of the letting, in use for the purposes of a trade carried on by him, and as if any reference to annual allowances included a reference to any allowance made under this section.

Allowances to lessees of machinery and plant.

299. Where machinery or plant is let to the person by whom the trade is carried on, on the terms of his being bound to maintain the same and deliver it over in good condition at the end of the lease, the machinery or plant shall be deemed to belong to that person for the purposes of section two hundred and eighty of this Act and that person shall be deemed for those purposes to have incurred, at the time of the letting, capital expenditure equal to so much of the capital expenditure on the provision of the machinery or plant as may appear to the Commissioners having jurisdiction in the matter to be just and reasonable:

Provided that this section shall not apply to any machinery or plant unless the Commissioners having jurisdiction in the matter are satisfied, having regard to all the relevant circumstances of the case, that the burden of the wear and tear of the machinery or plant will in fact fall directly upon that person.

Building alterations connected with installation of machinery or plant.

300. Where a person carrying on a trade incurs capital expenditure on alterations to an existing building incidental to the installation of machinery or plant for the purposes of the trade, the provisions of this Chapter shall have effect as if the said expenditure were expenditure on the provision of that machinery or plant and as if the works representing that expenditure formed part of that machinery or plant.

Manner of making allowances and charges.

301.—(1) Any allowance or charge made to or on any person under the preceding provisions of this Chapter shall, unless it is made under or by virtue of subsection (2) of section two hundred and ninety-six of this Act, or under or by virtue of section two hundred and ninety-eight of this Act, be made to or on that person in charging the profits or gains of his trade.

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(2) Any allowance made under or by virtue of section two hundred and ninety-eight of this Act shall be made by way of discharge or repayment of tax and shall be available primarily against income from the letting of machinery or plant.

(3) Any charge made under or by virtue of section two hundred and ninety-eight of this Act shall be made under Case VI of Schedule D.

Application to professions, etc., and profits arising from occupation of land.

302.—(1) Subject to the provisions of this section, the preceding provisions of this Chapter shall, with any necessary adaptations, apply in relation to—

(*a*) professions, employments, vocations and offices; and

(*b*) the occupation of woodlands where the profits or gains thereof are assessable under Schedule D,

as they apply in relation to trades.

(2) Where the profits or gains arising to any person from the occupation of lands (including woodlands) have, for any year of assessment, been determined by reference to assessable value, the amount still unallowed, as at any time after the end of that year of assessment, of any expenditure incurred by that person on the provision of machinery or plant in connection with those lands shall be determined, and subsection (1) of section two hundred and eighty-eight of this Act (which imposes a limit on annual allowances) shall apply, as if there had fallen to be made to him for that year of assessment—

(*a*) the like annual allowances; and

(*b*) the like additional deductions under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938,

as would have fallen to be made if, for that year of assessment, the profits or gains arising from the occupation of the lands had been determined otherwise than by reference to assessable value.

(3) The operation of the provisions of subsection (2) of this section in relation to balancing allowances and balancing charges shall not be affected by anything in section two hundred and ninety-five of this Act, but where an allowance is deemed to have been made for any year of assessment by virtue of the said subsection (2) an allowance shall not also be deemed to have been made for the same year by virtue of the said section two hundred and ninety-five.

Meaning of "annual allowance".

303. Without prejudice to the generality of the transitional provisions contained in Part XXVI of this Act, any reference in this Chapter to an annual allowance shall, in relation to any year of assessment before the year 1952-53, include a reference to any deduction under Rule 6 of the Rules applicable to Cases I and II of Schedule D contained in the First Schedule to the Income Tax Act, 1918, as well as any allowance under section twenty of the Income Tax Act, 1945, but shall not include a

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reference to any additional deduction under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938.

Exclusion of double allowances.

304. No allowance shall be made under this Chapter in respect of, or of the expenditure on, any machinery or plant if, for the same or any previous or subsequent year of assessment, an allowance is or can be made in respect of that expenditure under the provisions of Chapter IV of this Part of this Act.

CHAPTER III

MINES, OIL WELLS, ETC.

Expenditure to which Chapter III applies.

305.—(1) In this Chapter, "expenditure to which this Chapter applies" means (subject to the special provisions as to overseas mineral rights contained in section three hundred and ten of this Act) capital expenditure incurred by any person in connection with the working of a mine, oil well or other source of mineral deposits of a wasting nature—

(*a*) on searching for or on discovering and testing deposits, or winning access thereto; or

(*b*) on the construction of any works which are likely to be of little or no value when the source is no longer worked or, where the source is worked under a foreign concession, which are likely to become valueless when the concession comes to an end to the person working the source immediately before the concession comes to an end:

Provided that (subject to the said special provisions) "expenditure to which this Chapter applies" does not include—

(i) any expenditure on the acquisition of the site of the source, or of the site of any such works as aforesaid, or of rights in or over any such site; or

(ii) any expenditure on the acquisition of, or of rights in or over, the deposits; or

(iii) any expenditure on machinery or plant, or on any asset which has been treated for any year of assessment as machinery or plant; or

(iv) any expenditure on works constructed wholly or mainly for subjecting the raw product of the source to any process, except a process designed for preparing the raw product for use as such; or

(v) any expenditure on buildings or structures provided for occupation by or for the welfare of workers; or

(vi) any expenditure on a building where the whole of the building was constructed for use as an office; or

(vii) any expenditure on so much of a building or structure as was constructed for use as an office, unless the capital expenditure on the construction of the part of the building or structure constructed for use as an

office was not more than one-tenth of the capital expenditure incurred on the construction of the whole of the building or structure.

(2) Any reference in this Chapter to assets representing any expenditure includes, in relation to expenditure on searching for, discovering and testing deposits, any results obtained from any search, exploration or inquiry upon which the expenditure was incurred.

Initial allowances.

306. Where a person carrying on a trade which consists of or includes the working of a mine, oil well or other source of mineral deposits of a wasting nature incurs for the purposes of the trade any expenditure to which this Chapter applies on the construction of works likely to have little or no value to him when the source is no longer worked, there shall be made to him for the year of assessment in the basis period for which the expenditure is incurred an allowance (in this Chapter referred to as "an initial allowance") equal to one-tenth of that expenditure:

Provided that no initial allowance shall be given in respect of any expenditure incurred on or after the sixth day of April, nineteen hundred and fifty-two, and before such date as Parliament may hereafter determine.

Annual allowances.

307.—(1) Where a person carrying on a trade which consists of or includes the working of any mine, oil well or other source of mineral deposits of a wasting nature has, at any time after the beginning of the appointed day and before the end of his basis period for any year of assessment, incurred for the purposes of that trade expenditure to which this Chapter applies, an allowance (in this Chapter referred to as "an annual allowance") shall be made to him for that year in respect of the whole of the expenditure to which this Chapter applies which he has incurred for the purposes of the trade and in connection with that source in the period which begins with the said day and ends with the end of the said basis period.

(2) The amount of the said allowance shall be the amount which results from applying to the residue of the expenditure the fraction of which—

(*a*) the numerator represents the output from the source in question in the basis period for the year in question; and

(*b*) the denominator represents the sum of that output and the total potential future output of the source, estimated as at the end of that period,

or the fraction one-twentieth, whichever is the greater.

(3) Where the source ceases to be worked or, in the case of a source worked under a foreign concession, the concession

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comes to an end, the person carrying on the trade may elect that the annual allowances, if any, for the year of assessment in which that event occurs and each of the five previous years of assessment shall be computed as if the reference in subsection (2) of this section to the total potential future output of the source estimated as at the end of the basis period were a reference to the actual output of the source between the end of the basis period and the happening of the said event, and the said allowances shall be computed accordingly, and, notwithstanding anything in this Act limiting the time for the making of assessments or the allowance of claims for repayment, all such repayments and additional assessments shall be made as are necessary to enable effect to be given to this subsection.

(4) Where, on the appointed day, a person was carrying on a trade which consisted of or included the working of a mine, oil well or other source of mineral deposits of a wasting nature, the preceding provisions of this section shall have effect as if he had on that day incurred for the purposes of the trade and in connection with the source expenditure to which this Chapter applies of the amount specified in the Twelfth Schedule to this Act:

Provided that if he considers that that amount is inadequate having regard to the dates on which expenditure to which this Chapter applies was actually incurred in connection with the source before the appointed day, he may apply to the General or Special Commissioners for relief, and those Commissioners may authorise such increase in that amount as may be appropriate.

(5) References in this section to the residue of any expenditure, in relation to the annual allowance to be made for any year of assessment, are references to the amount thereof which remains after deducting therefrom—

(*a*) any initial allowances made in respect of that expenditure or any part thereof for that or any previous year of assessment; and

(*b*) any annual allowances made in respect of that expenditure or any part thereof for any previous year of assessment; and

(*c*) where the expenditure consists of or includes expenditure on a building, any relevant exceptional depreciation allowances made in respect of the building for the year 1946-47; and

(*d*) subject to the provisions of the next following section, if, before the end of the basis period for the year of assessment for which the allowance is to be made, any asset representing the expenditure is sold or demolished or destroyed, the sale, insurance, salvage or compensation moneys.

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Sale of source or part of source as going concern.

308.—(1) The provisions of this section shall have effect where—

(*a*) a person who is, on or after the appointed day, carrying on a trade which consists of or includes the working of a mine, oil well or other source of mineral deposits of a wasting nature sells assets representing expenditure to which this Chapter applies; and

(*b*) the buyer of those assets buys them for the purposes of a trade carried on or to be carried on by him, being a trade which consists of or includes the working of the whole or any part of the source in connection with which the assets were provided.

(2) If the net proceeds of the sale are less than the residue of the expenditure on the assets immediately before the sale, an allowance (in this Chapter referred to as "a balancing allowance") shall be made to the seller, for the year of assessment in the basis period for which the sale took place, equal to the difference.

(3) If the net proceeds of the sale exceed the residue of the expenditure on the assets immediately before the sale, a charge (in this Chapter referred to as "a balancing charge") shall be made on the seller, for the year of assessment in the basis period for which the sale took place, on the amount of the excess.

(4) If the source in connection with which the expenditure was incurred has been worked before the appointed day, subsections (2) and (3) of this section shall have effect subject to the modification that the amount of the balancing allowance or the amount on which the balancing charge is made shall be reduced by applying thereto the fraction of which the numerator represents the total output from the source in the period which begins with the appointed day and ends with the time of the sale, and the denominator represents the total output from the source up to the time of the sale:

Provided that if the person to whom a balancing allowance is to be made in respect of any expenditure considers that the amount by which the allowance is to be reduced under this subsection is excessive having regard to the dates on which the expenditure was actually incurred, he may apply to the General or Special Commissioners for relief, and those Commissioners may authorise such smaller reduction as may be appropriate.

(5) In no case shall the amount on which a balancing charge is made upon a person in respect of any assets exceed the difference between—

(*a*) the expenditure to which this Chapter applies which he incurred upon the assets; and

(*b*) the residue of that expenditure immediately before the sale.

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(6) Whether a balancing allowance or balancing charge is made upon the seller or not, the deduction to be made in the case of the seller in respect of the assets under paragraph (*d*) of subsection (5) of the last preceding section shall, instead of being the sale, insurance, salvage or compensation moneys, be the residue of the expenditure attributable to the assets immediately before the sale.

(7) The buyer shall, for the purposes of the provisions of this Chapter relating to annual allowances, balancing allowances and balancing charges, be deemed to have incurred on the assets at the time of the sale expenditure to which this Chapter applies equal to whichever is the less of the following amounts, that is to say—

(*a*) so much of the price as is attributable to the assets; and

(*b*) the residue of the expenditure on the assets immediately after the sale.

Application to expenditure incurred by persons not engaged in the trade of mining, etc.

309.—(1) Any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated for the purposes of this Chapter (except for the purposes of the proviso to section three hundred and six of this Act) as if it had been incurred by that person on the first day on which he does carry it on:

Provided that nothing in this subsection shall authorise the making of an initial allowance in respect of any expenditure incurred before the sixth day of April, nineteen hundred and forty-four.

(2) Where a person incurs expenditure to which this Chapter applies on searching for, discovering and testing the mineral deposits of any mine, oil well or other source of a wasting nature and winning access to those deposits, and, without having carried on any trade which consists of or includes the working of the source, he sells any assets representing that expenditure, then, if the person who acquires the assets carries on such a trade as aforesaid in connection with the source, that person shall, for the purposes of this Chapter, be deemed to have incurred for the purposes of the trade and in connection with the source expenditure to which this Chapter applies equal to the amount of the expenditure to which this Chapter applies which is represented by the assets or the price paid by him for the assets, whichever is the smaller.

Annual allowances, etc., for overseas mineral rights.

310.—(1) Subject to the provisions of this section, capital expenditure incurred by any person in connection with the working of a mine, oil well or other source of mineral deposits of a wasting nature outside the United Kingdom, being expenditure on the acquisition of, or of rights in or over, the deposits, shall, notwithstanding anything in section three hundred and five of this Act, be expenditure to which this Chapter applies, and this Part of this Act shall have effect accordingly.

(2) In relation to expenditure to which subsection (1) of this section applies—

(*a*) any references in this Part of this Act to the appointed day shall be deemed to be references to the sixth day of April, nineteen hundred and forty-nine; and

(*b*) Part III of the Twelfth Schedule to this Act shall not apply; and

(*c*) references in Part II of the said Twelfth Schedule to the expenditure to which this Chapter applies shall not include references to expenditure to which this Chapter applies otherwise than by virtue of this section; and

(*d*) in applying sub-paragraph (*b*) of paragraph 5 of the said Part II, output before the trader acquired the source shall be left out of account.

(3) Where—

(*a*) on or after the appointed day, a person incurs expenditure to which subsection (1) of this section applies on acquiring any deposits or rights; and

(*b*) those deposits or rights had previously been acquired (whether before, on or after that day) by some other person, being, or being a body corporate or partnership under the control of, a person resident in the United Kingdom; and

(*c*) the case is not one to which subsection (7) of section three hundred and eight of this Act applies,

the said expenditure of the first-mentioned person shall be left out of account for the purposes of this Chapter so far as it exceeds the capital expenditure incurred by the said other person in acquiring the deposits or rights:

Provided that where the source in question, or the relevant part thereof, has been worked between the dates of the two acquisitions, the said capital expenditure of the said other person shall be treated for the purposes of this subsection as reduced so as to bear to the full amount thereof the same proportion as the total potential future output from the source or the part, estimated as at the later of those dates, bears to the said total potential future output plus the actual output from the source or part between those dates.

(4) Where—

(*a*) before the appointed day, a person incurred expenditure to which subsection (1) of this section applies on acquiring any deposits or rights; and

(*b*) those deposits or rights had previously been acquired by some other person, being, or being a body corporate or partnership under the control of, a person resident in the United Kingdom,

that expenditure shall, in arriving at the expenditure which, under subsection (4) of section three hundred and seven of this

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Act, the first-mentioned person is to be treated as having incurred on the appointed day, be left out of account so far as it exceeds the capital expenditure incurred by the said other person in acquiring the deposits or rights:

Provided that where the source in question or the relevant part thereof has been worked between the dates of the two acquisitions, the capital expenditure of the said other person on acquiring the deposits or rights shall be treated for the purposes of this subsection as reduced so as to bear to the full amount thereof the same proportion as the actual total output from the source or the part from the later of those dates to the appointed day, plus the total potential future output from the source or part, estimated as at the appointed day, bears to the actual total output from the source or part from the earlier of those dates up to the appointed day plus the said total potential future output.

(5) In the cases specified in this subsection, subsections (3) and (4) of this section shall have effect subject to the following provisions, that is to say—

(*a*) if there is more than one such other person as is therein mentioned (that is to say, more than one person who, being, or being a body corporate or partnership under the control of, a person resident in the United Kingdom, previously acquired the deposits or rights in question) regard shall be had only to that one of those other persons who first acquired the deposits or rights;

(*b*) where any such other person as aforesaid carried on a trade which consisted of or included the buying and selling of, or of rights in or over, mineral deposits, references to capital expenditure shall, in relation to him, be deemed to include expenditure which would have been capital expenditure if his trade had been the working of the deposits or rights in question and had not included such buying and selling as aforesaid;

(*c*) in computing the expenditure of any such other person, liabilities undertaken by him which, in connection with the disposal by him of the deposits or rights in question, have been taken over by some other person may, notwithstanding anything in subsection (2) of section three hundred and thirty of this Act, be taken into account.

(6) References in this section to expenditure on the acquisition of deposits or rights shall not in any event include—

(*a*) expenditure which, apart from this section, is, within the meaning of section three hundred and five of this Act, expenditure to which this Chapter applies; or

(*b*) expenditure on machinery or plant, or on any asset which has been treated for any year of assessment as machinery or plant; or

(*c*) expenditure on any building or structure.

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(7) References in this section to capital expenditure include references to any payments of minimum royalties or dead rents, or any other similar payments, being payments of royalties or rents or other payments which cannot be taken into account as deductions in computing profits or gains for income tax purposes by reason of the fact that no trade, or no relevant trade, was being carried on at the relevant time by the person making the payments.

(8) In no case shall the amount on which a balancing charge is made upon a person be increased by virtue of the provisions of this section by more than the total amount by which annual allowances made to that person are increased by virtue thereof.

Regulations.

311.—(1) The Commissioners of Inland Revenue may make regulations for carrying this Chapter into effect, and those regulations may in particular—

(*a*) lay down rules for determining the extent of the mineral deposits which are to be taken, for all or any of the purposes of this Chapter, as constituting a source and the amount of the output from a source in any year or over any period, and in estimating total potential future output for any of those purposes;

(*b*) lay down rules for determining the residue of the expenditure attributable to an asset immediately before, or immediately after, the sale thereof;

(*c*) in relation to cases in which, by virtue of the preceding provisions of this Chapter, a person is deemed to have incurred expenditure on the appointed day, lay down rules for determining what assets are to be treated as representing that expenditure and how much of that expenditure is to be treated as incurred on any particular asset;

(*d*) lay down rules for determining, for the purposes of any application under this Chapter, whether and by how much—

(i) the amount of the expenditure which, under this Chapter, a person is to be treated as having incurred on the appointed day is inadequate; or

(ii) the amount by which any allowance is to be reduced under this Chapter is excessive.

(2) The power conferred by this section to make regulations shall be exercisable by statutory instrument and all regulations under this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

Manner of making allowances and charges.

312. All allowances and charges falling to be made under this Chapter to or on any person shall be made to or on him in charging the profits or gains of his trade.

PART X —*cont.*

CHAPTER IV

AGRICULTURAL LAND AND BUILDINGS

Further relief for cost of maintenance, repairs, insurance and management of agricultural land.

313. Subject to the provisions of this section, where the owner of an estate which consists of or includes agricultural land—

(*a*) would, under section one hundred and one of this Act, have been entitled to repayment of the amount of the income tax upon any sum if the assessments on the units of assessment comprised in the estate, as reduced for the purposes of collection, had been sufficient for the purpose; but

(*b*) is unable under the said section one hundred and one to obtain repayment of that amount because the assessments on those units, as so reduced, are not sufficient for the purpose,

that sum shall be treated as if it were the amount of an allowance falling to be made under this Act by way of discharge or repayment of tax, available primarily against agricultural income:

Provided that the sum to be treated as aforesaid shall not exceed the sum which would have fallen to be so treated if—

(i) the estate had not included such of the units of assessment included therein as were used wholly for purposes other than purposes of husbandry; and

(ii) where units of assessment included in the estate were used partly for purposes of husbandry and partly for other purposes, the annual value of those units, and the assessments thereon as reduced for purposes of collection, were reduced to an extent corresponding to the extent to which those units were used for other purposes; and

(iii) so much only of the cost of maintenance, repairs, insurance and management actually incurred in connection with the estate or any part thereof were taken into account as is just having regard to the preceding provisions of this proviso.

Allowances for certain capital expenditure.

314.—(1) Subject to the provisions of this section, where, in the year preceding any year of assessment, the owner or tenant of any agricultural or forestry land incurs any capital expenditure on the construction of farmhouses, farm or forestry buildings, cottages, fences or other works (not being expenditure which could, or, in the case of expenditure by a tenant, could, if he had been the owner, be taken into account for the purposes of section one hundred and one of this Act), he shall be entitled to an allowance for that year of assessment and each of the succeeding nine years of assessment equal to one-tenth of that expenditure.

(2) No expenditure shall be taken into account for the purposes of this section unless it is incurred for the purposes of husbandry or forestry on the agricultural or forestry land in question, and—

(*a*) where the expenditure is on a farmhouse, one-third only of the expenditure shall be taken into account, or, if the accommodation and amenities of the farm house are out of due relation to the nature and extent of the farm, such proportion thereof not greater than one-third as may be just;

(*b*) where expenditure is incurred on any asset other than a farmhouse, being an asset which is to serve partly the purposes of husbandry or forestry and partly other purposes, such apportionment of the expenditure shall be made for the purposes of this subsection as may be just.

(3) No allowance shall be made under this section in respect of any expenditure incurred before the sixth day of April, nineteen hundred and forty-six, but any expenditure incurred in the years 1944-45 or 1945-46 shall be deemed for the purposes of this section to have been incurred on the said sixth day of April:

Provided that where any relevant exceptional depreciation allowance has been made for any year of assessment before the year 1946-47 in respect of any asset representing the whole or any part of that expenditure, that expenditure shall, for the purposes of subsections (1) and (2) of this section, be deemed to be reduced by the amount of that allowance.

(4) Where a person would, if he continued to be the owner, or, as the case may be, the tenant, of any land, be entitled under this section to an allowance in respect of any expenditure, and the whole of his interest in the land in question, or in any part of the land in question, is transferred, whether by operation of law or otherwise, to some other person, then—

(*a*) the amount of the allowance (if any) for the year of assessment in which the transfer takes place shall be apportioned between the person from whom the interest is transferred and the person to whom the interest is transferred; and

(*b*) the person to whom the interest is transferred shall, to the exclusion of the person from whom the interest is transferred, be entitled, where the interest transferred is in the whole of the land, to the whole of the allowance for any subsequent year of assessment, and, where the interest transferred is in part only of the land, to so much of the allowance as is properly referable to that part of the land.

PART X —*cont.*

For the purposes of this subsection, where an interest in land is a tenancy and that tenancy comes to an end, that interest shall be deemed to have been transferred—

(i) if an incoming tenant makes any payment to the outgoing tenant in respect of assets representing the expenditure in question, to the incoming tenant; and

(ii) in any other case, to the owner of the interest in immediate reversion on the tenancy.

(5) An allowance under this section shall be made by way of discharge or repayment of tax and shall be available primarily against agricultural income and forestry income.

(6) Where any expenditure in respect of any sea wall or other embankment is taken into account for the purposes of this section, no deduction or allowance shall be made in respect of that expenditure for any year of assessment under paragraph (*c*) of subsection (1) of section ninety-four of this Act.

(7) In this section, references to the year preceding the year of assessment shall be construed as references to the year ending with the thirty-first day of March next preceding that year, or with such other date as may be agreed by the owner or tenant in question and the surveyor.

Interpretation of Chapter IV.

315. In this Chapter—

"agricultural land" means land, houses, or other buildings in the United Kingdom occupied wholly or mainly for the purpose of husbandry;

"agricultural income" means income chargeable under Schedule A in respect of agricultural land, income chargeable under Schedule D in respect of farming or market gardening in the United Kingdom, and income chargeable under sections one hundred and seventy-five to one hundred and seventy-seven of this Act in respect of rent of agricultural land;

"estate" means any land or houses falling to be taken as the unit of comparison for the purposes of subsection (4) of section one hundred and one of this Act;

"forestry land" means woodlands in the United Kingdom in respect of which an election is in force for assessment and charge to tax under Schedule D by virtue of the provisions of section one hundred and twenty-five of this Act, and any houses or other buildings in the United Kingdom which are occupied together with, and wholly or mainly for the purposes of, such woodlands;

"forestry income" means income chargeable under Schedule A in respect of forestry land, income chargeable under Schedule D in respect of the occupation of woodlands in the United Kingdom, and income

chargeable under sections one hundred and seventy-five to one hundred and seventy-seven of this Act in respect of rent of forestry land;

"unit of assessment" means any land (including houses or other buildings) which forms a unit of assessment for the purposes of Schedule A.

CHAPTER V

PATENTS

Annual allowances for capital expenditure on purchase of patent rights.

316.—(1) Where, on or after the appointed day, a person incurs capital expenditure on the purchase of patent rights, there shall, subject to and in accordance with the following provisions of this Chapter, be made to him for each of the relevant years of assessment, as hereinafter defined, an allowance (in this Chapter referred to as "an annual allowance") equal to the appropriate fraction, as hereinafter defined, of the amount of that expenditure:

Provided that no annual allowance shall be made to a person in respect of any expenditure unless—

(*a*) the allowance falls to be made to him in charging the profits or gains of his trade; or

(*b*) any income receivable by him in respect of the rights would be liable to income tax.

(2) The relevant years of assessment are, in the case of any person, the seventeen years of assessment beginning with the year of assessment in his basis period for which the expenditure was incurred:

Provided that—

(*a*) where the rights are purchased for a specified period, the preceding provisions of this subsection shall have effect with the substitution for the reference to seventeen years of a reference to seventeen years or the number of years comprised within that period, whichever is the less; and

(*b*) where the rights purchased begin one complete year or more after the commencement of the patent and paragraph (*a*) of this proviso does not apply, the said provisions shall have effect with the substitution for the reference to seventeen years of a reference to seventeen years less the number of complete years which, when the rights begin, have elapsed since the commencement of the patent, or, if seventeen complete years have elapsed as aforesaid, of a reference to one year; and

PART X —*cont.*

(*c*) any expenditure incurred on or after the appointed day for the purposes of a trade by a person about to carry it on shall be treated for the purposes of this subsection as if it had been incurred by that person on the first day on which he does carry it on, unless, before the said first day, he has sold all the rights on the purchase of which the expenditure was incurred.

(3) The appropriate fraction is the fraction the numerator of which is one and the denominator of which is the number of the relevant years of assessment.

Effect of lapse of patent rights, sales, etc.

317.—(1) Where, on or after the appointed day, a person incurs capital expenditure on the purchase of patent rights and, before the end of the relevant years of assessment, any of the following events occurs, that is to say—

(*a*) the rights come to an end without being subsequently revived; or

(*b*) he sells all those rights or so much thereof as he still owns; or

(*c*) he sells part of those rights and the net proceeds of the sale (so far as they consist of capital sums) are not less than the amount of the capital expenditure remaining unallowed,

no annual allowance shall be made to that person for the year of assessment in his basis period for which the event takes place or any subsequent year of assessment.

(2) Where, on or after the appointed day, a person incurs capital expenditure on the purchase of patent rights and, before the end of the relevant years of assessment, either of the following events occurs, that is to say—

(*a*) the rights come to an end without being subsequently revived; or

(*b*) he sells all those rights, or so much thereof as he still owns, and the net proceeds of the sale (so far as they consist of capital sums) are less than the amount of the capital expenditure remaining unallowed,

there shall, subject to and in accordance with the following provisions of this Chapter, be made to him for the year of assessment in his basis period for which the event takes place an allowance (in this Chapter referred to as " a balancing allowance ") equal, if the event is the rights coming to an end, to the amount of the capital expenditure remaining unallowed, and, if the event is a sale, to the amount of the capital expenditure remaining unallowed less the net proceeds of the sale.

(3) Where a person who, on or after the appointed day, has incurred capital expenditure on the purchase of patent rights sells all or any part of those rights and the net proceeds of the sale (so far as they consist of capital sums) exceed the amount of the capital expenditure remaining unallowed, if any, there shall, subject to and in accordance with the following provisions of this Chapter, be made on him for the year of assessment in his basis period for which the sale takes place a charge (in this Chapter referred to as "a balancing charge") on an amount equal to the excess or, where the amount of the capital expenditure remaining unallowed is nil, to the said net proceeds.

(4) Where a person who, on or after the appointed day, has incurred capital expenditure on the purchase of patent rights sells a part of those rights and subsection (3) of this section does not apply, the amount of any annual allowance made in respect of that expenditure for the year of assessment in his basis period for which the sale takes place or any subsequent year of assessment shall be the amount arrived at by—

(*a*) subtracting the net proceeds of the sale (so far as they consist of capital sums) from the amount of the expenditure remaining unallowed at the time of the sale; and

(*b*) dividing the result by the number of the relevant years of assessment which remained at the beginning of the year of assessment in his basis period for which the sale takes place,

and so on for any subsequent sales.

(5) References in the preceding provisions of this section to the amount of any capital expenditure remaining unallowed shall, in relation to any event, be construed as references to the amount of that expenditure less any annual allowances made in respect thereof for years of assessment before the year of assessment in the basis period for which that event occurs, and less also the net proceeds of any previous sale by the person who incurred the expenditure of any part of the rights acquired by the expenditure, so far as those proceeds consist of capital sums.

(6) Notwithstanding anything in the preceding provisions of this section, no balancing allowance shall be made in respect of any expenditure unless an annual allowance has been, or, but for the happening of the event giving rise to the balancing allowance, could have been, made in respect of that expenditure, and the total amount on which a balancing charge is made in respect of any expenditure shall not exceed the total annual allowances actually made in respect of that expenditure, less, if a balancing charge has previously been made in respect of that expenditure, the amount on which that charge was made.

PART X —*cont.*

Charges on capital sums received for sale of patent rights.

318.—(1) Where, on or after the appointed day, a person resident in the United Kingdom sells any patent rights and the net proceeds of the sale consist wholly or partly of a capital sum, he shall, subject to the provisions of this Chapter, be charged to tax under Case VI of Schedule D, for the year of assessment in which the sum is received by him and each of the five succeeding years of assessment, on an amount equal to one-sixth of that sum:

Provided that if that person, by notice in writing served on the surveyor not later than twelve months after the end of the year of assessment in which the said amount was received, elects that the whole of the said sum shall be charged to tax for the said year of assessment, it shall be charged to tax accordingly.

(2) Where, on or after the appointed day, a person not resident in the United Kingdom sells any patent rights and the net proceeds of the sale consist wholly or partly of a capital sum, and the patent is a United Kingdom patent, then, subject to the provisions of this Chapter—

(*a*) he shall be chargeable to tax in respect of that sum under Case VI of Schedule D; and

(*b*) section one hundred and seventy of this Act shall apply to that sum as if it was an annual sum payable otherwise than out of profits or gains charged to tax; and

(*c*) all the other provisions of this Act shall, save as therein otherwise provided, have effect accordingly:

Provided that if, not later than twelve months after the end of the year of assessment in which the sum is paid, the person to whom it is paid, by notice in writing to the Commissioners of Inland Revenue, elects that the said sum shall be treated for the purpose of income tax for that year and each of the five succeeding years as if one-sixth thereof, and no more, were included in his income chargeable to tax for all those years respectively, it shall be so treated, and all such repayments and assessments of tax for each of those years shall be made as are necessary to give effect to the election, so, however, that—

(i) the election shall not affect the amount of tax which is to be deducted and assessed under the said section one hundred and seventy; and

(ii) where any sum is deducted under the said section one hundred and seventy, any adjustments necessary to give effect to the election shall be made by way of repayment of tax; and

(iii) the said adjustments shall be made year by year and as if one-sixth of the sum deducted had been deducted in respect of tax for each year, and no repayment of, or of any part of, that portion of the tax deducted which

is to be treated as deducted in respect of tax for any year shall be made unless and until it is ascertained that the tax (other than surtax) ultimately falling to be paid for that year is less than the amount of tax (other than surtax) paid for that year.

(3) Where the patent rights sold by a person or the rights out of which the patent rights sold by a person were granted were acquired by him by purchase and the price paid by him consisted wholly or partly of a capital sum, subsections (1) and (2) of this section shall apply as if any capital sum received by him when he sells the rights were reduced by the amount of that sum:

Provided that—

(*a*) where between the said purchase and the said sale he has sold part of the patent rights acquired by him and the net proceeds of that sale consist wholly or partly of a capital sum, the amount of the reduction falling to be made under this subsection in respect of the subsequent sale shall be itself reduced by the amount of that sum;

(*b*) nothing in this subsection shall affect the amount of tax which is to be deducted and assessed under section one hundred and seventy of this Act by virtue of subsection (2) of this section, and, where any sum is deducted under that section, any adjustment necessary to give effect to the provisions of this subsection shall be made by way of repayment of tax.

(4) The provisions of the Thirteenth Schedule to this Act (which relate to deaths, windings up and partnership changes) shall have effect in relation to the charges provided for by this section.

Patent rights sold before appointed day.

319. Nothing in the preceding provisions of this Chapter shall apply in relation to any patent rights if those rights, or any rights out of which they were granted, have been the subject of a sale before the appointed day, and the proceeds of the sale consisted wholly or partly of a capital sum.

Relief for expenses.

320.—(1) Where—

(*a*) a person, otherwise than for the purposes of a trade carried on by him, pays any fees or incurs any expenses in connection with the grant or maintenance of a patent or the obtaining of an extension of a term of a patent; and

(*b*) those fees or expenses would, if they had been paid or incurred for the purposes of a trade, have been allowable as a deduction in estimating the profits or gains thereof,

there shall be made to him, for the year of assessment in which those expenses were paid or incurred, an allowance equal to the amount thereof.

PART X —*cont.*

(2) Where a patent is granted in respect of any invention, an allowance equal to so much of the net amount of any expenses incurred by an individual who, whether alone or in conjunction with any other person, actually devised the invention as is properly ascribable to the devising thereof (not being expenses in respect of which, or of assets representing which, an allowance falls to be made under any other provision of this Act) shall be made to that individual for the year of assessment in which the expenses were incurred.

When a person is to be treated as a trader.

321.—(1) An allowance or charge under any of the provisions of this Chapter shall be made to or on a person in charging the profits or gains of his trade if—

(*a*) he is carrying on a trade the profits or gains of which are, or, if there were any, would be, chargeable to tax under Case I of Schedule D for the year of assessment for which the allowance or charge is made; and

(*b*) at any time in his basis period for that year of assessment, the patent rights in question, or other rights out of which they were granted, were or were to be used for the purposes of that trade:

Provided that nothing in this subsection shall affect any of the preceding provisions of this Chapter requiring a charge to be made under Case VI of Schedule D.

(2) Save as aforesaid, an allowance under this Chapter shall be made by way of discharge or repayment of tax and shall be available against income from patents, and a charge under this Chapter shall be made under Case VI of Schedule D.

Interpretation of Chapter V, etc.

322.—(1) In this Chapter—

"income from patents" means—

(*a*) any royalty or other sum paid in respect of the user of a patent; and

(*b*) any amount on which tax is payable for any year of assessment by virtue of any of the provisions of this Chapter;

"the commencement of the patent" means, in relation to a patent, the date as from which the patent rights become effective;

"patent rights" means the right to do or authorise the doing of anything which would, but for that right, be an infringement of a patent;

"United Kingdom patent" means a patent granted under the laws of the United Kingdom.

(2) In this Chapter, any reference to the sale of part of patent rights includes a reference to the grant of a licence in respect of the patent in question, and any reference to the purchase of patent rights includes a reference to the acquisition of a licence in respect of a patent:

PART X —*cont.*

Provided that if a licence granted by a person entitled to any patent rights is a licence to exercise those rights to the exclusion of the grantor and all other persons for the whole of the remainder of the term for which the rights subsist, the grantor shall be treated for the purposes of this Chapter as thereby selling the whole of the rights.

(3) Where, under section twenty-nine of the Patents and Designs Act, 1907, sections forty-six to forty-nine of the Patents Act, 1949, or any corresponding provisions of the law of any country outside the United Kingdom, an invention which is the subject of a patent is made, used, or exercised or vended by or for the service of the Crown or the government of the country concerned, the provisions of this Chapter shall have effect as if the making, user, exercise or vending of the invention had taken place in pursuance of a licence, and any sums paid in respect thereof shall be treated accordingly.

(4) Any reference in this Chapter to the number of years comprised in a period shall be construed as a reference to the number of consecutive periods of twelve months, beginning with the day with which the period begins, which are comprised in the period, any odd period of less than twelve months remaining at the end of the period being treated as a complete twelve months:

Provided that nothing in this subsection shall be construed as affecting any reference in this Chapter to the number of complete years comprised in any period or which have elapsed since any date.

CHAPTER VI

MISCELLANEOUS AND GENERAL

Manner of charging tax and granting allowances in case of traders, etc.

323.—(1) Any claim by a person for an allowance falling to be made to him under any of the provisions of this Part of this Act in charging the profits or gains of his trade shall be included in the annual statement required to be delivered under this Act of the profits or gains thereof, and the allowance shall be made as a deduction in charging those profits or gains.

(2) Where full effect cannot be given to any such allowance as aforesaid in any year owing to there being no profits or gains chargeable for that year, or owing to the profits or gains chargeable being less than the allowance, the allowance or part of the allowance to which effect has not been given, as the case may be, shall, for the purpose of making the assessment for the following year, be added to the amount of such allowances as aforesaid for that year, and be deemed to be part of those allowances, or, if there are no such allowances for that year, be deemed to be the allowances for that year, and so on for succeeding years.

PART X —*cont.*

(3) If, in the case of a trade which consists of or includes the working of a mine, oil well or other source of mineral deposits—

(*a*) a balancing allowance falls to be made under Chapter I of this Part of this Act for the last year of assessment during which the trade is carried on ; and

(*b*) the event giving rise to the allowance is the mine, oil well or other source ceasing to be worked or the coming to an end of a foreign concession ; and

(*c*) the allowance is in respect of expenditure on a building or structure which was constructed for occupation by, or for the welfare of, persons employed at, or in connection with the working of, the mine, oil well or other source ; and

(*d*) full effect cannot be given to the allowance because of an insufficiency of profits or gains for the said year of assessment,

the person entitled to the allowance may claim that the balance of the allowance may be given for the last preceding year of assessment, and so on for other preceding years, so, however, that no allowance shall be given by virtue of this subsection for any year earlier than the fifth year before the first mentioned year of assessment.

(4) Any charge falling to be made under any of the provisions of this Part of this Act on a person for any year of assessment in charging the profits or gains of his trade shall be made by means of an assessment on the profits or gains of that trade for that year of assessment in addition to any other assessment falling to be made thereon for that year.

(5) The preceding provisions of this section shall apply in relation to professions, employments, vocations and offices, and the occupation of woodlands the profits or gains whereof are assessable under Schedule D, as they apply in relation to trades.

(6) Nothing in this section applies to any deduction allowable under any provision of this Part of this Act in computing the profits or gains of a trade.

Manner of granting, and effect of, allowances made by way of discharge or repayment of tax.

324.—(1) Where, under any of the provisions of this Part of this Act, an allowance falls to be made to a person for any year of assessment which is to be given by way of discharge or repayment of tax, and is to be available, or available primarily, against a specified class of income, the amount of the allowance shall be deducted from or set off against income of his of that class for that year of assessment, and, if the amount to be allowed is greater than the amount of his income of that class for that year of assessment, the balance shall be deducted from or set off against his income of that class for the next year of assessment, and so on for subsequent years of assessment, and tax shall be discharged or repaid accordingly:

PART X —*cont.*

Provided that where the allowance is available primarily against income of the specified class and the amount of the allowance is greater than the amount of the person's income of that class for the first-mentioned year of assessment, he may, by notice in writing given to the surveyor not later than one year after the end of that year of assessment, elect that the excess shall be deducted from or set off against his other income for that year of assessment, and it shall be deducted from or set off against that income and tax discharged or repaid accordingly, and only the excess, if any, of the amount of the allowance over all his income for that year of assessment shall be deducted from or set off against his income of the specified class for succeeding years.

(2) The provisions of the Sixth Schedule to this Act shall apply to any claim for any such allowance as is mentioned in this section:

Provided that—

(*a*) a claim for any such allowance shall be made in such form as the Commissioners of Inland Revenue may direct, and shall be delivered to the surveyor; and

(*b*) where the surveyor objects to any such claim, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply; and

(*c*) any such claim to which objection is made (other than a claim for an allowance under Chapter IV of this Part of this Act) shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (*b*) of this proviso shall have effect accordingly.

Meaning of "basis period".

325.—(1) In this Part of this Act, "basis period" has the meaning assigned to it by the following provisions of this section.

(2) In the case of a person to or on whom an allowance or charge falls to be made in charging the profits or gains of his trade, his basis period for any year of assessment is the period on the profits or gains of which income tax for that year falls to be finally computed under Case I of Schedule D in respect of the trade in question or, where, by virtue of any provision of this Act, the profits or gains of any other period are to be taken to be the profits or gains of the said period, that other period:

Provided that, in the case of any trade—

(*a*) where two basis periods overlap, the period common to both shall be deemed for the purpose of this subsection to fall in the first basis period only;

PART X —*cont.*

(*b*) where there is an interval between the end of the basis period for one year of assessment and the basis period for the next year of assessment, then, unless the second-mentioned year of assessment is the year of the permanent discontinuance of the trade, the interval shall be deemed to be part of the second basis period; and

(*c*) where there is an interval between the end of the basis period for the year of assessment preceding that in which the trade is permanently discontinued and the basis period for the year in which it is permanently discontinued, the interval shall be deemed to form part of the first basis period.

(3) Where an allowance falls to be made under Chapter II of this Part of this Act to a person carrying on a profession or vocation, subsection (2) of this section shall apply as if the references to a trade included references to a profession or vocation and as if the reference to Case I of Schedule D included a reference to Case II of Schedule D.

(4) In the case of any other person to or on whom an allowance or charge falls to be made under this Part of this Act, his basis period for any year of assessment is the year of assessment itself.

Apportionment of consideration, and exchanges and surrenders of leasehold interests.

326.—(1) Any reference in this Part of this Act to the sale of any property includes a reference to the sale of that property together with any other property and, where property is sold together with other property, so much of the net proceeds of the sale of the whole property as, on a just apportionment, is properly attributable to the first-mentioned property shall, for the purposes of this Part of this Act, be deemed to be the net proceeds of the sale of the first-mentioned property, and references to expenditure incurred on the provision or the purchase of property shall be construed accordingly.

For the purposes of this subsection, all the property which is sold in pursuance of one bargain shall be deemed to be sold together, notwithstanding that separate prices are or purport to be agreed for separate items of that property or that there are or purport to be separate sales of separate items of that property.

(2) The provisions of subsection (1) of this section shall, with the necessary adaptations, apply in relation to other sale, insurance, salvage or compensation moneys as they apply in relation to the net proceeds of sales.

(3) This Part of this Act shall have effect as if any reference therein (including any reference in the preceding provisions of this section) to the sale of any property included a reference to the exchange of any property and, in the case of a leasehold interest, also included a reference to the surrender thereof for valuable consideration, and any provisions of this Part of this

Act referring to sales shall have effect accordingly with the necessary adaptations and, in particular, with the adaptations that references to the net proceeds of sale and to the price shall be taken to include references to the consideration for the exchange or surrender and references to capital sums included in the price shall be taken to include references to so much of the consideration as would have been a capital sum if it had taken the form of a money payment.

(4) The reference in subsection (1) of this section to expenditure incurred on the provision or the purchase of property shall, in relation to section three hundred and ten of this Act (which relates to allowances for overseas mineral rights), be deemed to include a reference to expenditure on the acquisition of, or of rights in or over, mineral deposits.

Special provisions as to certain sales.

327.—(1) The provisions of the Fourteenth Schedule to this Act shall have effect in relation to sales of any property where either—

(*a*) the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the buyer has control, or both the seller and the buyer are bodies of persons and some other person has control over both of them; or

(*b*) it appears with respect to the sale, or with respect to transactions of which the sale is one, that the sole or main benefit which, apart from the provisions of the said Schedule, might have been expected to accrue to the parties or any of them was the obtaining of an allowance or deduction under this Part of this Act or under Part XI thereof.

(2) References in this section to a body of persons include references to a partnership.

Effect, in certain cases, of succession to trades, etc.

328.—(1) Where, on or after the appointed day, a person succeeds to any trade, profession or vocation which until that time was carried on by another person and, by virtue of any of the provisions of section one hundred and forty-five of this Act, the trade, profession or vocation is to be treated as discontinued, any property which, immediately before the succession takes place, was in use for the purposes of the discontinued trade, profession or vocation and, without being sold, is, immediately after the succession takes place, in use for the purposes of the new trade, profession or vocation, shall, for the purposes of this Part of this Act (except so much of Chapter II thereof as relates to annual allowances and except also subsection (2) of section two hundred and ninety-six of this Act), be treated as if it had been sold to the successor when the succession takes place, and as if the net proceeds of the sale had been the price which that property would have fetched if sold in the open market:

PART X —*cont.*

Provided that no initial allowance shall be made under any of the provisions of this Part of this Act by virtue of the provisions of this subsection.

(2) Where, after the setting up and before the permanent discontinuance of a trade, profession or vocation which at any time is carried on in partnership, anything is done for the purposes thereof, any allowance or charge which, if the trade, profession or vocation had at all times been carried on by one and the same person, would have fallen to be made to or on him under any of the provisions of this Part of this Act shall be made to or on the person or persons from time to time carrying on that trade, profession or vocation, and the amount of any such allowance or charge shall be computed as if that person or those persons had at all times been carrying on the trade, profession or vocation and as if everything done to or by his or their predecessors in the carrying on thereof had been done to or by him or them:

Provided that this subsection shall not apply to any annual allowances under Chapter II of this Part of this Act or any deduction under subsection (2) of section two hundred and ninety-six of this Act.

(3) This section shall, with the necessary adaptations, apply in relation to the occupation of woodlands the profits or gains of which are assessable under Schedule D as it applies in relation to a trade.

Procedure on apportionments, etc.

329.—(1) Where, under or by virtue of any provisions of this Part of this Act, any sum falls to be apportioned and, at the time of the apportionment, it appears that it is material as respects the liability to income tax (for whatever year of assessment) of two or more persons, any question which arises as to the manner in which the sum is to be apportioned shall be determined, for the purposes of the income tax of all those persons—

(*a*) in a case where the same body of General Commissioners have jurisdiction with respect to all those persons, by those Commissioners, unless all those persons agree that it shall be determined by the Special Commissioners;

(*b*) in a case where different bodies of Commissioners have jurisdiction with respect to those persons, by such of those bodies as the Commissioners of Inland Revenue may direct, unless all those persons agree that it shall be determined by the Special Commissioners; and

(*c*) in any other case, by the Special Commissioners,

and any such Commissioners shall determine the question in like manner as if it were an appeal against an assessment under Schedule D, and the provisions of this Act relating to such

an appeal shall apply accordingly with any necessary modifications:

Provided that all the said persons shall be entitled to appear and be heard by the Commissioners who are to make the determination or to make representations to them in writing.

(2) This section applies in relation to any determination, under the last preceding section or the Fourteenth Schedule to this Act, of the price which property would have fetched if sold in the open market as it applies in relation to apportionments.

Interpretation of certain references to expenditure, etc.

330.—(1) References in this Part of this Act to capital expenditure and capital sums—

(*a*) in relation to the person incurring the expenditure or paying the sums, do not include any expenditure or sum which is allowed to be deducted in computing, for the purposes of income tax, the profits or gains of a trade, profession, office, employment or vocation carried on or held by him; and

(*b*) in relation to the person receiving the amounts expended or the sums in question, do not include references to any amounts or sums which fall to be taken into account as receipts in computing the profits or gains of any trade, profession, office, employment or vocation carried on or held by him,

and do not include, in relation to any such person as aforesaid, any expenditure or sum in the case of which a deduction of tax falls or may fall to be made, otherwise than by virtue of the provisions of Chapter V of this Part of this Act relating to charges on capital sums received for patent rights, under Chapter I of Part VII of this Act.

(2) Any reference in this Part of this Act to the date on which expenditure is incurred shall be construed as a reference to the date when the sums in question become payable:

Provided that, as respects section three hundred and ten of this Act, this subsection shall have effect subject to the provisions of paragraph (*c*) of subsection (5) of that section.

Interpretation of certain references to various allowances.

331.—(1) In this Part of this Act, "exceptional depreciation allowance" means an allowance made under section nineteen of the Finance Act, 1941, "mills, factories or exceptional depreciation allowances" means any allowance made under section fifteen of the Finance Act, 1937, or any exceptional depreciation allowances, and "scientific research allowance" means an allowance made under section three hundred and thirty-six or section three hundred and thirty-seven of this Act.

(2) Any reference in this Part of this Act to the relevant exceptional depreciation allowances shall be construed, in relation to any building, machinery or plant, as a reference to an

PART X —*cont.*

exceptional depreciation allowance in respect of that building, machinery or plant, or to so much of any exceptional depreciation allowance granted in respect of any building, machinery or plant of which it forms part as is properly attributable to it.

(3) Any reference in this Part of this Act to the relevant mills, factories or exceptional depreciation allowances shall be construed, in relation to any building or structure, as a reference to any allowances granted under section fifteen of the Finance Act, 1937, in respect of it or premises of which it forms part, and any relevant exceptional depreciation allowances:

Provided that where an allowance under the said section fifteen was in respect of premises which include several buildings or structures, the whole amount of the allowance under the said section fifteen shall be apportioned between all the buildings or structures, and only that part of the allowance which is apportioned to the building or structure in question shall be taken into account.

(4) Any reference in this Part of this Act to the allowance made under the said section fifteen for any year of assessment shall be construed as a reference to an amount which, under the said section fifteen, is to be allowed as a deduction in computing profits or gains for that year of assessment.

(5) Any reference in this Part of this Act to an allowance made or deduction allowed includes a reference to an allowance or deduction which would be made or allowed but for an insufficiency of profits or gains, or other income, against which to make it:

Provided that this subsection shall not apply to the references in subsection (2) of section two hundred and ninety-six of this Act to annual allowances, exceptional depreciation allowances and scientific research allowances.

Subsidies, etc.

332.—(1) Expenditure shall not be regarded for any of the purposes of this Part of this Act as having been incurred by any person in so far as it has been or is to be met directly or indirectly by the Crown or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the first-mentioned person:

Provided that—

(*a*) in considering whether any, and if so what, annual allowance or balancing charge is to be made to or on a person under Chapter II of this Part of this Act in respect of any machinery or plant provided before the appointed day; and

(*b*) in considering what deduction may be made under subsection (2) of section two hundred and ninety-six of this Act in respect of expenditure on the replacement of machinery or plant provided before that day,

this subsection shall not apply.

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(2) In considering, for the purposes of subsection (1) of this section, how far any expenditure has been or is to be met directly or indirectly by the Crown or by any authority or person other than the person incurring the expenditure, there shall be left out of account—

(*a*) any insurance moneys or other compensation moneys payable in respect of any asset which has been demolished, destroyed or put out of use; and

(*b*) any expenditure met or to be met by any person other than the Crown or a government or public or local authority, being expenditure in respect of which, apart from the provisions of this paragraph, no allowance could be made under the provisions of subsection (3) of this section.

(3) Where, on or after the appointed day, a person, for the purposes of a trade carried on or to be carried on by him or by a tenant of land in which he has an interest, contributes a capital sum to expenditure on the provision of an asset, being expenditure which, apart from the provisions of subsection (1) of this section, would have been regarded as wholly incurred by another person and in respect of which, apart from the said provisions, an allowance would have been made under Chapter I, Chapter III, or Chapter IV of this Part of this Act or an initial allowance would have been made under Chapter II thereof, then, subject to the provisions of the Fifteenth Schedule to this Act, such initial and annual allowances, if any, shall be made to the contributor as would have been made to him if his contribution had been expenditure on the provision, for the purposes of that trade, of a similar asset.

In this subsection and in the said Schedule, " trade " includes the occupation of woodlands in the United Kingdom in respect of which the assessment and charge to tax falls to be made under Schedule D by virtue of section one hundred and twenty-five of this Act, and " annual allowance " includes an allowance under section three hundred and fourteen of this Act.

Other provisions as to interpretation of Part X.

333.—(1) In this Part of this Act, except where the context otherwise requires—

" the appointed day " means, subject to the provisions of sections two hundred and seventy-seven and three hundred and ten of this Act and of paragraph 2 of Part III of the Twenty-second Schedule to this Act, the sixth day of April, nineteen hundred and forty-six;

" control ", in relation to a body corporate, means the power of a person to secure, by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate, or by virtue of any powers conferred by the articles of association or other document regulating that or any other body

PART X —*cont.*

corporate, that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person, and, in relation to a partnership, means the right to a share of more than one-half of the assets, or of more than one-half of the income, of the partnership;

"foreign concession" means a right or privilege granted by the government of, or any municipality or other authority in, any territory outside the United Kingdom;

"income" includes any amount on which a charge to tax is authorised to be made under any of the provisions of this Part of this Act;

"lease" includes an agreement for a lease where the term to be covered by the lease has begun, and any tenancy, but does not include a mortgage, and "lessee," "lessor" and "leasehold interest" shall be construed accordingly;

"mineral deposits" includes any natural deposits capable of being lifted or extracted from the earth;

"sale, insurance, salvage or compensation moneys" means, in relation to an event which gives rise or might give rise to a balancing allowance or a balancing charge to or on any person, or is material in determining whether any, and if so what, annual allowance is to be made to a person under Chapter III of this Part of this Act—

(*a*) where the event is a sale of any property, the net proceeds to that person of the sale;

(*b*) where the event is the coming to an end of an interest in property on or by reason of the coming to an end of a foreign concession, any compensation payable to that person in respect of that property;

(*c*) where the event is the demolition or destruction of any property, the net amount received by him for the remains of the property, together with any insurance moneys received by him in respect of the demolition or destruction and any other compensation of any description received by him in respect thereof, in so far as that compensation consists of capital sums; and

(*d*) where the event is that a building or structure ceases altogether to be used or that machinery or plant is put out of use, any compensation of any description received by him in respect of that event, in so far as that compensation consists of capital sums;

and any reference to this Part of this Act includes a reference to Part I of the Eleventh Schedule to this Act and to the Twelfth, Thirteenth, Fourteenth and Fifteenth Schedules to this Act.

(2) Any reference in this Part of this Act to any building, structure, machinery, plant, works, asset, farmhouse, farm or forestry building, cottage or fence shall be construed as including a reference to a part of any building, structure, machinery, plant, works, asset, farmhouse, farm or forestry building, cottage or fence:

Provided that where the reference is expressed to be to the whole of a building or structure, this subsection shall not apply.

(3) Any reference in this Part of this Act to the time of any sale shall be construed as a reference to the time of completion or the time when possession is given, whichever is the earlier.

(4) Any reference in this Part of this Act to the setting up or permanent discontinuance of a trade includes, except where the contrary is expressly provided, a reference to the occurring of any event which, under any of the provisions of this Act, is to be treated as equivalent to the setting up or permanent discontinuance of a trade.

(5) Any reference in this Part of this Act to the overlapping of two periods shall be construed as including a reference to the coincidence of two periods or to the inclusion of one period in another, and references to the period common to both of two periods shall be construed accordingly.

Application of Part X to Scotland.

334. In the application of this Part of this Act to Scotland, "leasehold interest" means the interest of a tenant in property subject to a lease, and any reference to an interest which is reversionary on a leasehold interest or on a lease shall be construed as a reference to the interest of the landlord in property subject to the leasehold interest or lease.

PART XI

RELIEF FOR EXPENDITURE ON SCIENTIFIC RESEARCH

Allowances for expenditure on scientific research not of a capital nature and on payments to research associations, universities, etc.

335. Notwithstanding anything in section one hundred and thirty-seven of this Act, where a person carrying on a trade—

(*a*) incurs expenditure not of a capital nature on scientific research related to that trade and directly undertaken by him or on his behalf; or

(*b*) pays any sum to any scientific research association for the time being approved for the purposes of this section by the appropriate Research Council or Committee, being an association which has as its object the undertaking of scientific research related to the class of trade to which the trade he is carrying on belongs; or

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(*c*) pays any sum to be used for such scientific research as is mentioned in paragraph (*b*) of this section to any such university, college, research institute or other similar institution as is for the time being approved for the purposes of this section by the appropriate Research Council or Committee,

the expenditure incurred or sum paid, as the case may be, may be deducted as an expense in computing the profits or gains of the trade for the purposes of income tax.

Allowances for capital expenditure on scientific research.

336.—(1) Subject to the provisions of the next following section, where, after the appointed day, a person—

(*a*) while carrying on a trade, incurs expenditure of a capital nature on scientific research related to that trade and directly undertaken by him or on his behalf; or

(*b*) incurs expenditure of a capital nature on scientific research directly undertaken by him or on his behalf and thereafter sets up and commences a trade connected with that research,

a deduction equal to one-fifth of the expenditure shall be allowed in charging the profits or gains of the trade for each of the five years of assessment mentioned in the following provisions of this section:

Provided that, in relation to any such expenditure incurred on or after the sixth day of April, nineteen hundred and forty-nine, the deduction shall be, in the first of the said five years of assessment, equal to three-fifths of the expenditure, and, in each of the remaining four of the said five years, equal to one-tenth of the expenditure.

(2) If the expenditure is incurred before the end of the year of assessment in which the trade was set up and commenced, the five years shall be that and the next four years of assessment.

(3) If the expenditure is incurred after the end of the year of assessment in which the trade was set up and commenced but not later than twelve months from the setting up and commencement of the trade, the five years shall be the year of assessment next following that in which the trade was set up and commenced and the next four years of assessment.

(4) If the expenditure is incurred after twelve months from the setting up and commencement of the trade, and during the basis year for any year of assessment, the five years shall be that and the next four years of assessment:

Provided that —

(*a*) where two basis years overlap, any expenditure incurred in the period common to both shall be deemed for the purposes of this subsection to have been incurred in the first basis year only; and

(*b*) where there is an interval between the end of the basis year for one year of assessment and the beginning of the basis year for the next year of assessment, any expenditure incurred during the interval shall be deemed for the purposes of this subsection to have been incurred in the second basis year; and

(*c*) any expenditure which is incurred before the end of, but after the end of the basis year for, the last complete year of assessment before the permanent discontinuance of the trade shall be deemed for the purposes of this subsection to have been incurred in the said basis year.

In this subsection—

" basis year " means, in relation to a year of assessment, the period the profits or gains of which are, under section one hundred and twenty-seven of this Act, to be taken to be the profits or gains of the year preceding that year of assessment; and

the reference to the overlapping of two basis years shall be construed as including a reference to the coincidence of two basis years or to the inclusion of one basis year in another, and the reference to the period common to both of two basis years shall be construed accordingly.

Termination of user, etc., of assets provided for scientific research purposes.

337.—(1) Where an asset representing scientific research expenditure of a capital nature incurred after the appointed day by the person carrying on a trade ceases to be used by that person for scientific research related to that trade—

(*a*) no allowance shall be made under the last preceding section for any year of assessment after that in which the cessation takes place; and

(*b*) if the amounts, if any, allowed under the last preceding section in respect of the expenditure, added to the value of the asset immediately before the cessation, are less than the said expenditure, there shall be allowed in charging the profits and gains of the trade for the year of assessment in which the cessation takes place an additional deduction equal to the difference.

(2) Where an asset representing scientific research expenditure of a capital nature in respect of which an allowance or allowances has or have been made under this or the last preceding section in charging the profits or gains of a trade ceases to be used by the person carrying on the trade for scientific research related to that trade and is then or thereafter sold by him without having been used in the meantime for other purposes, then—

(*a*) if an additional allowance, or a greater additional allowance, would have been made under subsection (1) of this section for the year of assessment in which the cessation occurred if the proceeds of sale of the asset

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had been taken to be the value of the asset, an amount equal to the additional allowance which would have been made or, as the case may be, to the difference between the additional allowance which would have been made and the additional allowance which was made for that year shall be allowed in charging the profits or gains of the trade for the year of assessment in which the sale occurs or, if the sale occurs on or after the date on which the trade is permanently discontinued, for the last year of assessment in which the trade is carried on before the discontinuance;

(*b*) in any other case, if the proceeds of sale plus the total amount of the allowances made under this and the last preceding section in respect of the expenditure exceed the amount of the expenditure, the excess or the amount of the allowances so made, whichever is the less, shall be treated as a trading receipt of the trade accruing at the time of the sale, or, if the sale occurs on or after the date on which the trade is permanently discontinued, accruing immediately before the discontinuance.

(3) Where an asset is destroyed, it shall for the purposes of subsection (2) of this section be treated as if it had been sold immediately before the destruction thereof and any insurance moneys or other compensation of any description received by the person carrying on the trade in respect of the destruction and any moneys received by him for the remains of the asset shall be treated as if they were proceeds of that sale.

(4) Any reference in this section to the time of any sale shall be construed as a reference to the time of completion or the time when possession is given, whichever is the earlier.

Application of two last preceding sections to certain capital expenditure incurred on or before appointed day.

338.—(1) Where, on or after the first day of January, nineteen hundred and thirty-seven, and on or before the appointed day, a person incurs expenditure of a capital nature on scientific research, he shall, unless the expenditure is represented by an asset which ceases, on or before the appointed day, to be used by him for scientific research related to the trade carried on by him, be treated for the purposes of the two last preceding sections as having incurred that expenditure immediately after the appointed day:

Provided that where that expenditure is represented by an asset, the expenditure shall be treated as reduced by the aggregate amount of all allowances or deductions made to him in respect of the asset for any year of assessment before that in which the appointed day falls, being either—

(*a*) allowances under section fifteen of the Finance Act, 1937 (which relates to the mills, factories allowance); or

(*b*) allowances under section nineteen of the Finance Act, 1941 (which relates to the exceptional depreciation allowance); or

(*c*) annual allowances within the meaning of Chapter II of Part X of this Act; or

(*d*) additional deductions under section eighteen of the Finance Act, 1932, or under that section as amended by section twenty-two of the Finance Act, 1938 (which provides for additional deductions for wear and tear).

(2) Any reference in this section to an allowance or deduction made includes a reference to an allowance or deduction which would have been made but for an insufficiency of profits or gains against which to make it.

Prevention of double allowances, and application of certain provisions of Part X of this Act.

339.—(1) No initial allowances under Chapter I or Chapter II of Part X of this Act shall be made in respect of expenditure on the provision of an asset if that expenditure is expenditure in respect of which a deduction may be allowed under section three hundred and thirty-six of this Act, and where a deduction is allowed for any year under section three hundred and thirty-six or section three hundred and thirty-seven of this Act in respect of expenditure represented wholly or partly by any assets, there shall not be made or allowed—

(*a*) any annual allowance under Chapter I of Part X of this Act; or

(*b*) except under this Part of this Act, any allowance or deduction in respect of wear and tear, obsolescence or depreciation of those assets,

for any year of assessment during any part of which they are used by the person carrying on a trade for scientific research related to that trade.

(2) Subsection (2) of section three hundred and twenty-three of this Act (which relates to the carrying forward of allowances under Part X of this Act) shall apply in relation to deductions allowable under section three hundred and thirty-six or section three hundred and thirty-seven of this Act as it applies in relation to the allowances therein mentioned, and section three hundred and twenty-six of this Act (which provides for apportionments for the purposes of the said Part X and for certain other matters) shall have effect in relation to the said section three hundred and thirty-seven as if that section were contained in Part X of this Act.

(3) The provisions of sections three hundred and thirty-six and three hundred and thirty-seven of this Act shall have effect subject to the provisions of section three hundred and twenty-seven of this Act and the Fourteenth Schedule to this Act.

Supplementary provisions as to Part XI.

340.—(1) In this Part of this Act—

"the appointed day" means, subject to the provisions of paragraph 2 of Part III of the Twenty-second Schedule to this Act, the sixth day of April, nineteen hundred and forty-six;

"scientific research" means any activities in the fields of natural or applied science for the extension of knowledge;

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"scientific research expenditure" means expenditure incurred on scientific research;

references to expenditure incurred on scientific research do not include any expenditure incurred in the acquisition of rights in, or arising out of, scientific research, but, save as aforesaid, include all expenditure incurred for the prosecution of, or the provision of facilities for the prosecution of, scientific research;

references to scientific research related to a trade or a class of trades include—

(*a*) any scientific research which may lead to or facilitate an extension of that trade or, as the case may be, of trades of that class;

(*b*) any scientific research of a medical nature which has a special relation to the welfare of workers employed in that trade or, as the case may be, trades of that class;

"the appropriate Research Council or Committee" means the Committee of the Privy Council for Scientific and Industrial Research, the Medical Research Council established under the Committee of the Privy Council for Medical Research, or the Agricultural Research Council established under the Committee of the Privy Council for Agricultural Research, according as may be appropriate in relation to the activities in question;

"asset" includes a part of an asset;

references to the setting up and commencement of a trade and to the permanent discontinuance of a trade include references to the occurring of any event which under any of the provisions of this Act is to be treated as equivalent to the setting up and commencement of a trade or, as the case may be, to the permanent discontinuance thereof.

(2) For the purposes of this Part of this Act, expenditure shall not be regarded as incurred by a person in so far as it is, or is to be, met directly or indirectly by the Crown or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the first-mentioned person.

(3) The same expenditure shall not be taken into account for any of the purposes of this Part of this Act in relation to more than one trade.

(4) If any question arises under this Part of this Act as to whether, and if so to what extent, any activities constitute or constituted, or any asset is or was being used for, scientific research, the Commissioners of Inland Revenue shall refer the question to the appropriate Research Council or Committee for decision, and the decision of the Council or Committee shall be final.

PART XII

RELIEF FOR LOSSES, ETC.

Right to have income for year of assessment adjusted by reference to losses.

341.—(1) Where any person sustains a loss in any trade, profession, employment or vocation, carried on by him either solely or in partnership, or in the occupation of woodlands in respect of which he has elected to be charged to tax under Schedule D, he may, upon giving notice in writing to the surveyor within one year after the year of assessment, apply to the General Commissioners or to the Special Commissioners for an adjustment of his liability by reference to the loss and to the aggregate amount of his income for that year estimated according to this Act.

(2) The Commissioners shall, upon proof to their satisfaction of the amount of the loss and of the payment of tax upon the aggregate amount of income, give a certificate authorising repayment of so much of the sum paid for tax as would represent the tax upon income equal to the amount of the loss, and the certificate may extend to give any exemption or relief depending upon total income authorised by this Act.

Upon the receipt of the certificate the Commissioners of Inland Revenue shall cause repayment to be made in conformity therewith.

(3) For the purposes of this section, the amount of a loss sustained in a trade shall be computed in like manner as the profits or gains arising or accruing from the trade are computed under the provisions of this Act applicable to Case I of Schedule D.

(4) If any person is guilty of any fraud or contrivance in making any application under this section, or in obtaining any such adjustment or certificate as aforesaid, he shall forfeit the sum of fifty pounds.

(5) Where repayment has been made to a person for any year under this section, he shall not be entitled, in computing the amount of the assessment for any subsequent year, to a deduction of any portion of the amount in respect of which such repayment has been obtained.

Right to carry forward losses to future years.

342.—(1) Where a person has in any trade, profession or vocation carried on by him, either solely or in partnership, sustained a loss (to be computed in like manner as profits or gains under the provisions of this Act applicable to Cases I and II of Schedule D) in respect of which relief has not been wholly given either under the last preceding section or under any other provision of this Act, he may claim that any portion of the loss for which relief has not been so given shall be carried forward and, as far as may be, deducted from or set off against the amount of profits

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or gains on which he is assessed under Schedule D in respect of that trade, profession or vocation for the six following years of assessment:

Provided that in so far as relief in respect of any loss has been given to any person under this section, that person shall not be entitled to claim relief in respect of that loss under any other provision of this Act.

(2) In the application of this section to a loss sustained by a partner in a partnership, "the amount of profits or gains on which he is assessed" shall, in respect of any year, be taken to mean such portion of the amount on which the partnership is assessed under Schedule D in respect of the trade, profession or vocation as he would be required under this Act to include in a return of his total income for that year.

(3) Any relief under this section shall be given as far as possible from the first subsequent assessment for any year within the said six following years, and so far as it cannot be so given, then from the next such assessment and so on.

(4) Where, in any year of assessment, relief cannot be given, or cannot be wholly given, in respect of a loss carried forward under this section because the amount of the profits or gains of the trade assessed under Case I of Schedule D for that year is insufficient, any interest or dividends on investments arising in that year, being interest or dividends which would fall to be taken into account as trading receipts in computing the profits or gains of the trade for the purpose of assessment under that Case but for the fact that they have been subjected to tax under other provisions of this Act, shall be treated for the purposes of the application of this section as if they were profits or gains on which the person carrying on the trade was assessed under the said Case I in respect of that trade for that year of assessment, and relief shall be given accordingly by repayment or otherwise.

Any dispute as to whether any, and if so what, relief may be given under this subsection for any year of assessment shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Case I of Schedule D in respect of the trade in question, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply.

(5) Where a loss is sustained by a person in the occupation of woodlands, who, if he had made a profit, would, by reason of his election under section one hundred and twenty-five of this Act, have been chargeable for the following year to tax under Schedule D computed on the amount of that profit, this section shall apply so as to give relief in respect of that loss in the same manner and to the same extent as if it were a loss sustained in a trade.

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Relief in respect of losses where business is transferred to a company.

343.—(1) If, where a business carried on by any individual or by any individuals in partnership has been transferred to a company in consideration solely or mainly of the allotment of shares of the company to that individual or those individuals, the total income of any individual to whom or to whose nominee or nominees shares have been so allotted for any year of assessment throughout which he is the beneficial owner of the shares, and throughout which the company carries on the business, includes any income derived by him from the company, whether by way of dividends on those shares or otherwise, the provisions of the last preceding section shall apply as if the income so derived were profits and gains on which that individual was assessed under Schedule D in respect of that business for that year:

Provided that—

(*a*) where under the said last preceding section, as applied by this section, a loss falls to be deducted from or set off against any such income for any year of assessment, the deduction or set-off shall be made in the first place against that part, if any, of the income in respect of which the individual has been or is liable to be assessed to tax for that year; and

(*b*) where any loss, or any part of a loss, falls to be deducted from or set off against any part of the income from which tax was deductible by the company, the individual shall, on giving notice in writing to the surveyor not later than twelve months after the end of the year of assessment to which the claim relates, be entitled to claim an appropriate repayment of tax, and the provisions of the Sixth Schedule to this Act, shall, subject to any necessary modification, apply to claims for repayment under this section.

(2) This section, in its application to the year of assessment in which a business is transferred as aforesaid, shall have effect as if for the reference to the year of assessment throughout which the individual is the beneficial owner of the shares and throughout which the company carries on business there were substituted a reference to the period from the date of transfer to the fifth day of April next following.

Extension of period for carrying forward losses in certain cases.

344.—(1) Where a loss sustained by a person has been carried forward under section three hundred and forty-two of this Act, and, as regards that loss or any part thereof, a deduction or set-off cannot be given under that section from or against the profits or gains on which the person is assessed under Schedule D for the six years following the year in which the loss was sustained owing to the making, in the assessments for those years, of allowances which fall to be made, in accordance with section three hundred and twenty-three of this Act, in

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charging the profits or gains of the trade, profession or vocation, then so much of the loss in respect of which relief has not been given as represents the amount in respect of which relief could have been given but for the allowances aforesaid shall be further carried forward and deducted or set off under and in accordance with the provisions of the said section three hundred and forty-two as if, in relation to the loss so carried forward, for references in the said section to the six years of assessment following the year in which the loss was sustained there were substituted references to all following years of assessment:

Provided that—

(*a*) this section shall not apply in relation to the carrying forward, deduction or set-off of a loss under the said section three hundred and forty-two as applied by the last preceding section; and

(*b*) an allowance to which effect is given under the said section three hundred and twenty-three in any year of assessment shall not be taken into account more than once for the purposes of this section.

(2) Any relief given under section three hundred and forty-two of this Act from an assessment shall be given in respect of a loss sustained in any year within the six years immediately preceding the year of assessment before it is given in respect of a loss sustained in any year not within those six years.

(3) The references in subsection (1) of this section to allowances which fall to be made in accordance with section three hundred and twenty-three of this Act in charging the profits or gains of the trade, profession or vocation shall be deemed to include references to deductions which fall to be made under sections three hundred and thirty-six and three hundred and thirty-seven of this Act in charging those profits or gains.

(4) The preceding provisions of this section shall apply in relation to the occupation of woodlands the profits or gains whereof are assessable under Schedule D as they apply in relation to trades.

Amount of assessment under s. 170 of this Act to be allowed as a loss for certain purposes.

345.—(1) Subject to the provisions of this section, where a person has been assessed to tax for any year of assessment under section one hundred and seventy of this Act in respect of a payment made wholly and exclusively for the purposes of a trade, profession or vocation, the amount on which tax has been paid under that assessment shall, for the purposes of the three last preceding sections, be treated as though it were a loss sustained in that trade, profession or vocation, and relief in respect thereof shall be allowed accordingly:

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Provided that no relief shall be allowed under this section in respect of any such payment or any part of any such payment which is not ultimately borne by the person assessed or which is charged to capital.

(2) This section shall not apply to—

(*a*) any payment of or on account of copyright royalties to which section four hundred and seventy of this Act applies; or

(*b*) any capital sum paid in respect of any patent rights assessed under the said section one hundred and seventy by virtue of the provisions of section three hundred and eighteen of this Act; or

(*c*) any sum assessed under the said section one hundred and seventy by virtue of the provisions of section three hundred and fifty of this Act (which requires assessments to be made in certain cases on annual payments payable out of dividends affected by double taxation relief).

Relief in respect of losses in transactions the profits of which would be chargeable under Case VI of Schedule D.

346.—(1) Where, in any year of assessment, a person sustains a loss in any transaction, whether he was engaged therein solely or in partnership, being a transaction of such a nature that, if any profits had arisen therefrom, he would have been liable to be assessed in respect thereof under Case VI of Schedule D, he may claim that the amount of the loss sustained by him shall, as far as may be, be deducted from or set off against the amount of any profits or gains arising from any transaction in respect of which he is assessed for that year under the said Case VI, and that any portion of the loss for which relief is not so given shall, as far as may be, be carried forward and deducted from or set off against the amount of any profits or gains arising from any transaction in respect of which he is assessed under the said Case VI for any of the six following years of assessment.

(2) In the application of this section to a loss sustained by a partner in a partnership, " the amount of any profits or gains arising from any transaction in respect of which he is assessed " shall be taken to mean in respect of any year such portion of the amount on which the partnership is assessed under Case VI in respect of any transaction as he would be required under this Act to include in a return of his total income for that year.

(3) Any relief under this section by way of the carrying forward of the loss shall be given as far as possible from the first subsequent assessment in respect of any such profits or gains as aforesaid for any year within the said six following years, and, so far as it cannot be so given, then from the next such assessment and so on.

PART XIII

RELIEF FROM DOUBLE TAXATION

Relief by agreement with other countries.

347.—(1) If Her Majesty by Order in Council declares that arrangements specified in the Order have been made with the Government of any territory outside the United Kingdom with a view to affording relief from double taxation in relation to income tax or the profits tax and any taxes of a similar character imposed by the laws of that territory, and that it is expedient that those arrangements should have effect, then, subject to the provisions of this Part of this Act, the arrangements shall, notwithstanding anything in any enactment, have effect in relation to income tax and the profits tax in so far as—

(*a*) they provide for relief from tax ; or

(*b*) they provide for—

(i) charging the income arising from sources in the United Kingdom to persons not resident in the United Kingdom ; or

(ii) determining the income to be attributed to such persons and their agencies, branches or establishments in the United Kingdom ; or

(iii) determining the income to be attributed to persons resident in the United Kingdom who have special relationships with persons not so resident.

(2) The provisions of the Sixteenth Schedule to this Act shall have effect where arrangements which have effect by virtue of this section provide that tax payable under the laws of the territory concerned shall be allowed as a credit against tax payable in the United Kingdom.

(3) Where, under any arrangements which have effect by virtue of this section, relief may be given, either in the United Kingdom or in the territory with the Government of which the arrangements are made, in respect of any income, and it appears that the assessment to income tax made in respect of the income is not made in respect of the full amount thereof or is incorrect having regard to the credit, if any, which falls to be given under the arrangements, any such additional assessments may be made as are necessary to ensure that the total amount of the income is assessed and the proper credit, if any, is given in respect thereof, and, where the income is entrusted to any person in the United Kingdom for payment, any such additional assessment may be made on the recipient of the income under Case VI of Schedule D.

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(4) Any arrangements to which effect is given under this section may include provision for relief from tax for periods before the passing of this Act or before the making of the arrangements and provisions as to income which is not itself subject to double taxation, and the preceding provisions of this section shall have effect accordingly.

(5) Any Order in Council made under this section may be revoked by a subsequent Order in Council, and any such revoking Order may contain such transitional provisions as appear to Her Majesty to be necessary or expedient.

(6) Before any Order proposed to be made under this section is submitted to Her Majesty in Council, a draft thereof shall be laid before the Commons House of Parliament, and the Order shall not be so submitted unless an Address is presented to Her Majesty by that House praying that the Order be made.

Unilateral relief.

348.—(1) To the extent appearing from the following provisions of this section and the Seventeenth Schedule to this Act, relief from income tax and the profits tax shall be given in respect of tax payable under the law of any territory outside the United Kingdom by allowing the last-mentioned tax as a credit against income tax or the profits tax, notwithstanding that there are not for the time being in force any arrangements under the last preceding section providing for such relief:

Provided that the said relief shall not be given in respect of tax payable under the law of the Republic of Ireland.

(2) The said relief (hereafter in this section, and in the Seventeenth Schedule to this Act, referred to as "unilateral relief") shall be such relief as would fall to be given under the Sixteenth Schedule to this Act if arrangements with the Government of the territory in question, containing such provision as appears in so much of Part I of the Seventeenth Schedule to this Act as applies to that territory, were in force by virtue of the last preceding section, and any expression occurring in the said Sixteenth Schedule which imports a reference to relief under arrangements for the time being in force by virtue of the last preceding section shall be deemed to import also a reference to unilateral relief:

Provided that—

(*a*) the total amount of the credit to be allowed by way of unilateral relief in the case of any income shall not exceed, if the territory is within the Commonwealth territories, three-quarters, and, in any other case, one-half, of the sum of the limits specified in paragraph 4 and sub-paragraph (1) of paragraph 5 of the said Sixteenth Schedule; and

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(*b*) the provisions of the said Sixteenth Schedule shall, as respects unilateral relief, have effect subject to the provisions set out in Part II of the said Seventeenth Schedule.

(3) Where unilateral relief may be given in respect of any income, and it appears that the assessment to income tax made in respect of the income is not made in respect of the full amount thereof or is incorrect having regard to the credit, if any, which falls to be given by way of unilateral relief, any such additional assessments may be made as are necessary to ensure that the total amount of the income is assessed and the proper credit, if any, is given in respect thereof, and, where the income is entrusted to any person in the United Kingdom for payment, any such additional assessment may be made on the recipient of the income under Case VI of Schedule D.

(4) References in this section, and in the Seventeenth Schedule to this Act, to tax payable or tax paid under the law of a territory outside the United Kingdom include only references to taxes which are charged on income or profits and correspond to income tax or the profits tax in the United Kingdom, and, without prejudice to the generality of the preceding words, a tax which is payable under the law of a province, state or other part of a country not being a country within the Commonwealth territories, or which is levied by or on behalf of a municipality or other local body, shall not be deemed for the purposes of this subsection to correspond to income tax or the profits tax.

(5) In this section, and in the Seventeenth Schedule to this Act, " the Commonwealth territories " means Her Majesty's dominions, India, the British protectorates and protected states and any trust territory administered by the Government of any part of Her Majesty's dominions.

(6) This section and the Seventeenth Schedule to this Act shall have effect in relation to the Anglo-Egyptian Sudan as they have effect in relation to a part of Her Majesty's dominions.

(7) In this section, and in the Seventeenth Schedule to this Act, " income ", in relation to the profits tax, means profits.

Agreements with the Republic of Ireland.

349.—(1) The confirmation, by section twenty-three of the Finance Act, 1926, section twenty-one of the Finance Act, 1928, and section thirty-seven of the Finance Act, 1948, of the agreements in force at the passing of this Act between the United Kingdom and the Republic of Ireland which are set out in Part I of the Eighteenth Schedule to this Act is not affected by the repeal, by this Act, of the said sections twenty-three, twenty-one and thirty-seven.

(2) Accordingly the first of the said agreements, as modified by the second and third of the said agreements, shall, for any year of assessment for which, under the law of the Republic of Ireland, it has effect with respect to exemption and relief

from Republic of Ireland tax, have effect with respect to exemption or relief to be granted from United Kingdom tax, and the references in the said agreements to enactments repealed by this Act shall be taken for that purpose to be references to the corresponding provisions of this Act:

Provided that, in paragraph (1) of Article 2 of the first of the said agreements, as amended by Article 2 of the second of the said agreements, the references to section twenty-seven of the Finance Act, 1920, shall be taken for the said purpose to be references to the said section twenty-seven as set out, with the amendments made therein by subsequent enactments and with certain omissions and adaptations of provisions and phrases which have become inapt or unnecessary or are unnecessary, inapplicable or unsuitable in the case of the Republic of Ireland, in Part II of the said Eighteenth Schedule.

(3) For the purpose of giving effect to the said agreements, this Act, in relation to—

(*a*) persons resident in the United Kingdom, whether or not also resident in the Republic of Ireland; and

(*b*) persons entrusted with payment to persons so resident; and

(*c*) claims by persons resident in the Republic of Ireland,

shall, for any year for which the said agreements are in force, have effect subject to the modifications set out in Part III of the said Eighteenth Schedule.

(4) The deduction to be given to an individual under section two hundred and twenty of this Act (which relates to the relief known as the reduced rate relief) shall not, where relief is given under section twenty-seven of the Finance Act, 1920, as set out in Part II of the said Eighteenth Schedule, be less than it would have been if that relief had not been given.

(5) The power conferred by subsection (7) of section twenty-seven of the Finance Act, 1920, as set out in Part II of the said Eighteenth Schedule, to make regulations shall be deemed for the purposes of section one of the Statutory Instruments Act, 1946, to be a power conferred by an Act passed after the commencement of that Act, and shall be exercisable by statutory instrument.

Effect on dividends of double taxation relief.

350.—(1) The amount of tax which is authorised by section one hundred and eighty-four of this Act to be deducted from any dividend shall be determined without taking into account any reduction, by reason of double taxation relief, of the United Kingdom income tax payable directly or by deduction by the company, but—

(*a*) notwithstanding anything in this Act, no relief or repayment in respect of tax deducted or authorised to be deducted from any dividend shall be allowed at a rate

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exceeding the rate (hereinafter referred to as "the net United Kingdom rate") of the United Kingdom income tax payable directly or by deduction by the company after taking double taxation relief into account; and

(*b*) where the United Kingdom income tax payable directly or by deduction by the company is affected by double taxation relief, the particulars to be given by the company in the statement required by section one hundred and ninety-nine of this Act shall include particulars of the net United Kingdom rate.

(2) Where the whole or any part of any annual payment is payable out of a dividend, and the rate of relief or repayment allowable in respect of the tax deducted or authorised to be deducted from the dividend is affected by double taxation relief, the annual payment, or that part thereof, as the case may be, shall be deemed to be paid out of profits or gains not brought into charge to tax and section one hundred and seventy of this Act shall apply accordingly, but the tax chargeable under the said section one hundred and seventy on the person making the payment shall be reduced by an amount equal to tax on the payment or part of the payment at the net United Kingdom rate applicable to the dividend.

(3) In this section—

"dividend" means a dividend from which deduction of tax is authorised by section one hundred and eighty-four of this Act;

"double taxation relief" means any credit for tax payable in any territory outside the United Kingdom which is allowable against United Kingdom income tax by virtue of arrangements having effect under section three hundred and forty-seven of this Act or by way of unilateral relief under section three hundred and forty-eight thereof, and any relief from United Kingdom income tax allowable under the provisions of section twenty-seven of the Finance Act, 1920, including any credit or relief which has been taken into account for the purposes of determining the net United Kingdom rate applicable to any dividends received by the company;

"the company" means the body of persons paying a dividend.

(4) Without prejudice to the general transitional provisions contained in Part XXVI of this Act, the following special transitional provisions shall have effect for the purposes of this section—

(*a*) the double taxation relief which may be taken into account for the purposes of this section includes relief

for years before the year 1952-53, and references in subsection (3) of this section to provisions of this Act shall be construed accordingly as including, in relation to relief for such years, references to the corresponding provisions of the enactments repealed by this Act; and

(*b*) the reference in the said subsection (3) to section twenty-seven of the Finance Act, 1920, shall be construed as including a reference to that section as in force (whether in relation to the Republic of Ireland or in relation to other countries) for any year before the year 1952-53, as well as a reference to that section as set out in Part II of the Eighteenth Schedule to this Act; and

(*c*) subsection (3) of section fifty-two of the Finance (No. 2) Act, 1945 (which directs double taxation relief connected with dividends paid before the twentieth day of February, nineteen hundred and forty-six, to be taken into account for the purposes of that section in the manner specified in that subsection) shall apply in relation to this section as it would have applied in relation to that section had that section applied to the year 1952-53 and subsequent years.

Power to make regulations for carrying out preceding provisions.

351.—(1) The Commissioners of Inland Revenue may from time to time make regulations generally for carrying out the provisions of section three hundred and forty-seven of this Act or any arrangements having effect thereunder and for carrying out the provisions of the last preceding section, and may, in particular, by those regulations provide—

(*a*) for securing that relief from taxation imposed by the laws of the territory to which any such arrangements relate does not enure to the benefit of persons not entitled thereto; and

(*b*) for prescribing the principles upon which the net United Kingdom rate is to be determined for the purposes of the last preceding section; and

(*c*) for authorising, in cases where tax deductible from any periodical payment has, in order to comply with any such arrangements, not been deducted and it is discovered that the arrangements do not apply to that payment, the recovery of the tax by assessment on the person entitled to the payment or by deduction from subsequent payments.

(2) The power conferred by this section to make regulations shall be exercisable by statutory instrument.

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Special power to make arrangements as to profits from shipping or air transport business and profits arising through agencies.

352.—(1) If Her Majesty in Council is pleased to declare—

(*a*) that any profits or gains arising from the business of shipping or from the business of air transport which are chargeable to United Kingdom income tax are also chargeable to income tax payable under the law in force in any country to which this section applies; and

(*b*) that arrangements, as specified in the declaration, have been made with the Government of that country with a view to the granting of relief in cases where such profits and gains are chargeable both to United Kingdom income tax and to the income tax payable in that country,

then, unless and until the declaration is revoked by Her Majesty in Council, the arrangements specified therein shall, so far as they relate to the relief to be granted from United Kingdom income tax, have effect as if enacted in this Act, but only if and so long as the arrangements, so far as they relate to the relief to be granted from the income tax payable in the said country, have the effect of law in that country.

In this subsection, "the business of shipping" means the business carried on by an owner of ships, and "the business of air transport" means the business carried on by an owner of aircraft, and for the purposes of these definitions "owner" includes any charterer.

(2) If Her Majesty in Council is pleased to declare—

(*a*) that any profits or gains arising directly or indirectly to a person resident in any country to which this section applies through an agency in the United Kingdom, or to a person resident in the United Kingdom through an agency in any such country, are chargeable both to United Kingdom income tax and to income tax payable under the law in force in that country; and

(*b*) that arrangements as specified in the declaration have been made with the Government concerned with a view to the granting of relief from such double taxation,

then, unless and until the declaration is revoked by Her Majesty in Council, the arrangements specified therein shall, so far as they relate to the relief to be granted from United Kingdom income tax, have effect as if enacted in this Act, but only if and so long as the arrangements, so far as they relate to the relief to be granted from the income tax payable in the said country, have the effect of law in that country:

Provided that no arrangements made under this subsection shall exempt from United Kingdom income tax any profits or gains which either—

(i) arise from the sale of goods from a stock in the United Kingdom; or

(ii) accrue to a person resident in the United Kingdom; or PART XIII —*cont.*

(iii) accrue to a person not resident in the United Kingdom directly or indirectly through any branch or management in the United Kingdom or through any agency in the United Kingdom where the agent has and habitually exercises a general authority to negotiate and conclude contracts.

(3) The countries to which this section applies are any part of Her Majesty's dominions outside the United Kingdom, India, the Republic of Ireland, any trust territory under the administration of the Government of the United Kingdom or of any of the countries aforesaid, any territory in respect of which a mandate on behalf of the League of Nations was accepted by His Majesty and is being exercised by the Government of any part of Her Majesty's dominions, any British protectorate or protected state, and any foreign state.

(4) Any declaration made by Her Majesty in Council under this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

Disclosure of information.

353.—(1) Where, under the law in force in any territory outside the United Kingdom, provision is made for the allowance, in respect of the payment of United Kingdom income tax, of relief from tax payable under that law, the obligation as to secrecy imposed by the enactments relating to income tax upon persons employed in relation to Inland Revenue shall not prevent the disclosure to the authorised officer of the Government of the territory in question of such facts as may be necessary to enable the proper relief to be given under the law thereof.

Subsections (4) to (6) of section three hundred and forty-eight of this Act shall apply to the interpretation of this subsection as they apply to the interpretation of that section.

(2) Where any arrangements have effect by virtue of section three hundred and forty-seven of this Act, the obligation as to secrecy imposed by any enactment shall not prevent the Commissioners of Inland Revenue or any authorised officer of the Commissioners of Inland Revenue from disclosing to any authorised officer of the Government with which the arrangements are made such information as is required to be disclosed under the arrangements.

(3) Where a person beneficially entitled to the income from any securities, as defined by section two hundred and thirty-four of this Act (which empowers the Special Commissioners to obtain information as to income from securities), is resident in a territory to which arrangements with respect to income tax which have effect under the said section three hundred and forty-seven relate, subsection (4) of the said section two hundred and

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thirty-four shall not exempt any bank from the duty of disclosing to the Special Commissioners particulars relating to the income of that person.

(4) The obligation as to secrecy imposed by any enactment with regard to income tax shall not prevent the disclosure, to any authorised officer of any country to which a declaration under the last preceding section relates, of such facts as may be necessary to enable relief to be duly given in accordance with the arrangements specified in the declaration.

PART XIV

SPECIAL PROVISIONS AS TO MARRIED PERSONS

General rule as to income tax on husbands and wives.

354.—(1) Subject to the provisions of this Part of this Act, a woman's income chargeable to income tax shall, so far as it is income for a year of assessment or part of a year of assessment during which she is a married woman living with her husband, be deemed for income tax purposes to be his income and not to be her income:

Provided that the question whether there is any income of hers chargeable to income tax for any year of assessment, and, if so, what is to be taken to be the amount thereof for income tax purposes, shall not be affected by the provisions of this subsection.

(2) Any tax falling to be assessed in respect of any income which, under subsection (1) of this section, is to be deemed to be the income of a woman's husband shall, instead of being assessed on her, or on her trustee, guardian, curator or committee, or on her executors or administrators, be assessable on him or, in the appropriate cases, on his trustee, guardian, curator or committee, or on his executors or administrators:

Provided that nothing in this subsection shall affect the operation of section one hundred and forty-four of this Act (which relates to the method by which partnership income is to be assessed).

(3) The personal reliefs allowed in the case of a man for any year of assessment shall be so allowed that an amount not less than the total of the following, that is to say—

(*a*) any deduction falling to be made under subsection (2) of section two hundred and ten of this Act (which grants a special relief where the income of a man includes earned income of his wife); and

(*b*) so much of any deduction falling to be made under subsection (1) of section two hundred and eleven of this Act (which relates to earned income relief) as could not have been made but for the existence of earned income of his wife; and

(*c*) any deduction falling to be made by virtue of subsections (2) to (7) of section two hundred and twenty of this Act (which increase the reduced rate relief in certain cases where a man's income includes earned income of his wife),

goes to reduce the tax chargeable on the earned income of his wife.

(4) References in this section to a woman's income include references to any sum which, apart from the provisions of this section, would fall to be included in computing her total income, and this subsection has effect in relation to any such sum notwithstanding that some enactment (including, except so far as the contrary is expressly provided, an enactment passed after the passing of this Act) requires that that sum should not be treated as income of any person other than her.

(5) In this section, "personal relief" means any relief under sections two hundred and nine to two hundred and twenty of this Act or under section two hundred and twenty-five of this Act.

Option for separate assessment.

355.—(1) If an application is made for the purpose in such manner and form as may be prescribed by the Commissioners of Inland Revenue, either by a husband or wife, within six months before the sixth day of July in any year of assessment, income tax for that year shall be assessed, charged and recovered on the income of the husband and on the income of the wife as if they were not married, and all the provisions of this Act with respect to the assessment, charge and recovery of tax and the penalties for failure to deliver a statement of profits or gains shall, save as otherwise provided by this Act, apply as if they were not married:

Provided that, in the case of persons married during the course of a year of assessment, an application under this subsection may be made as regards that year at any time before the sixth day of July in the following year.

(2) The Commissioners of Inland Revenue may require returns for the purposes of this section to be made at any time, and the provisions of this Act relating to penalties for neglect or refusal to deliver, or for delay in delivering, true and correct statements of profits or gains shall, with the necessary modifications, apply in the case of the neglect or refusal to make or wilful delay in making any such return.

Option for separate assessment to surtax.

356.—(1) If an application is made for the purpose in such manner and form as may be prescribed by the Commissioners of Inland Revenue, by either a husband or wife, before the sixth day of July in the year next following the year of assessment—

(*a*) surtax for that year shall be assessed, charged and recovered on the income of the husband and on the

PART XIV —*cont.*

income of the wife as if they were not married, and all the provisions of this Act with respect to the assessment, charge and recovery of surtax, and the penalties for failure to make a return, shall apply as if they were not married; and

(*b*) the income of the husband and wife shall be treated as one in estimating total income for the purposes of surtax, and the amount of surtax payable in respect of the total income shall be divided between the husband and wife in proportion to the amounts of their respective incomes and the total amount payable shall not be less than it would have been if an application had not been made under this section.

(2) The Special Commissioners may require returns to be made at any time for the purposes of this section.

Applications for separate assessment to have effect until revoked.

357.—(1) Subject to the provisions of this section, an application duly made by a husband or wife under either of the two last preceding sections shall have effect not only as respects the year of assessment for which it is made but also for any subsequent year of assessment.

(2) A person who has made any such application as is mentioned in subsection (1) of this section for any year of assessment may give, for any subsequent year of assessment, a notice to withdraw that application, and where such a notice is given the application shall not have effect with respect to the year for which the notice is given or any subsequent year.

(3) A notice of withdrawal under this section shall be in such form and shall be made in such manner as may be prescribed by the Commissioners of Inland Revenue, and shall not be valid unless it is given within the period allowed by law for making, for the year for which the notice is given, applications similar to that to which the notice relates.

Consequences, as respects personal allowances, of exercise of option for separate assessment.

358.—(1) The provisions of this section shall have effect as respects personal reliefs where, by virtue of an application under section three hundred and fifty-five of this Act, income tax for any year is to be assessable and chargeable on the incomes of a husband and a wife as if they were not married.

(2) The total relief given to the husband and the wife by way of personal reliefs shall be the same as if the application had not had effect with respect to the year and, subject to the provisions of this subsection and of the next following subsection, the reduction of tax flowing from the personal reliefs shall be allocated to the husband and the wife—

(*a*) so far as it flows from relief under subsection (1) of section two hundred and eleven of this Act in respect of earned income, in proportion to the amounts of their respective earned incomes;

(*b*) so far as it flows from relief under subsection (2) of the said section two hundred and eleven (which relates to persons who, or whose wives, have attained a certain age), in proportion to the amounts of their respective total incomes;

(*c*) so far as it flows from relief under section two hundred and nineteen or section two hundred and twenty-five of this Act (which relate to life insurance premiums and other payments), to the husband or the wife according as he or she made the payment giving rise to the relief;

(*d*) so far as it flows from relief in respect of a dependent relative under section two hundred and sixteen of this Act, or relief in respect of a daughter under section two hundred and seventeen of this Act, or relief in respect of a child under subsection (2) of section two hundred and twelve of this Act, to the husband or the wife according as he or she maintains the relative, daughter or child;

(*e*) as to the balance, in proportion to the amounts of tax which would have been payable by them respectively if the only personal reliefs allowable had been the reliefs referred to in paragraphs (*a*) and (*b*) of this subsection:

Provided that, subject to the provisions of the next following subsection, the amount of reduction of tax allocated to the wife by virtue of paragraphs (*a*) to (*e*) of this subsection shall not be less than the minimum amount which, if no application under section three hundred and fifty-five of this Act had had effect for that year, would, under subsection (3) of section three hundred and fifty-four of this Act, have had to go to reduce the tax chargeable in respect of her earned income, and the amount of reduction of tax allocated to the husband shall be correspondingly reduced.

(3) Where the amount of reduction of tax allocated to the husband under subsection (2) of this section exceeds the tax (other than surtax) chargeable on the income of the husband for the year of assessment, the balance shall be applied to reduce the tax chargeable on the income of the wife for that year, and where the amount of reduction of tax allocated to the wife under the said subsection (2) exceeds the tax (other than surtax) chargeable on her income for the year of assessment, the balance shall be applied to reduce the tax chargeable on the income of the husband for that year.

(4) Returns of the total incomes of the husband and the wife may be made for the purposes of this section either by the husband or by the wife, but, if the Commissioners of Inland Revenue are not satisfied with any such return, they may obtain a return from the wife or the husband, as the case may be.

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(5) The Commissioners of Inland Revenue may require returns for the purposes of this section to be made at any time, and the provisions of this Act relating to penalties for neglect or refusal to deliver, or for delay in delivering, true and correct statements of profits or gains shall, with the necessary modifications, apply in the case of the neglect or refusal to make, or wilful delay in making, any such return.

(6) In this section, " personal relief " means any relief under sections two hundred and nine to two hundred and twenty of this Act or under section two hundred and twenty-five of this Act.

Collection from wife of tax assessed on husband attributable to her income.

359.—(1) Where—

(*a*) an assessment to income tax (hereafter in this section referred to as " the original assessment ") is made on a man, or on a man's trustee, guardian, curator or committee, or on a man's executors or administrators; and

(*b*) the Commissioners of Inland Revenue, in the case of an assessment to income tax other than surtax, or the Special Commissioners, in the case of an assessment to surtax, are of opinion that, if an application for separate assessment under section three hundred and fifty-five or section three hundred and fifty-six of this Act had been in force with respect to that year of assessment, an assessment in respect of, or of part of, the same income would have fallen to be made on, or on the trustee, guardian, curator or committee of, or on the executors or administrators of, a woman who is the said man's wife or was his wife in that year of assessment; and

(*c*) the whole or part of the amount payable under the original assessment has remained unpaid at the expiration of twenty-eight days from the time when it became due,

the Commissioners of Inland Revenue, or, as the case may be, the Special Commissioners, may serve on her, or, if she is dead, on her executors or administrators, or, if such an assessment as is referred to in paragraph (*b*) of this subsection could, in the event therein referred to, have been made on her trustee, guardian, curator or committee, on her or on her trustee, guardian, curator or committee, a notice—

(i) giving particulars of the original assessment and of the amount remaining unpaid thereunder; and

(ii) giving particulars, to the best of their judgment, of the assessment which would have fallen to be made as aforesaid,

and requiring the person on whom the notice is served to pay the amount which would have been payable under the last

mentioned assessment if it conformed with those particulars, or the amount remaining unpaid under the original assessment, whichever is the less.

(2) The same consequences as respects—

(*a*) the imposition of a liability to pay, and the recovery of, the tax, with or without interest; and

(*b*) priority for the tax in bankruptcy or in the administration of the estate of a deceased person; and

(*c*) appeals to the General or Special Commissioners and the stating of cases for the opinion of the High Court; and

(*d*) the ultimate incidence of the liability imposed,

shall follow on the service of a notice under subsection (1) of this section on a woman, or on her trustee, guardian, curator or committee, or on her executors or administrators, as would have followed on the making on her, or on her trustee, guardian, curator or committee, or on her executors or administrators, as the case may be, of such an assessment as is referred to in paragraph (*b*) of subsection (1) of this section, being an assessment which—

(i) was made on the day of the service of the notice; and

(ii) charged the same amount of tax as is required to be paid by the notice; and

(iii) fell to be made and was made by the authority who made the original assessment; and

(iv) was made by that authority to the best of their judgment,

and the provisions of this Act relating to the matters specified in paragraphs (*a*) to (*d*) of this subsection shall, with the necessary adaptations, have effect accordingly:

Provided that, where an appeal against the original assessment has been heard in whole or in part by the Special Commissioners, any appeal from the notice shall be an appeal to the Special Commissioners, and where an appeal against the original assessment has been heard in whole or in part by the General Commissioners for any division, any appeal from the notice shall be an appeal to the General Commissioners for that division.

(3) Where a notice is given under subsection (1) of this section, tax up to the amount required to be paid by the notice shall cease to be recoverable under the original assessment and, where the tax charged by the original assessment carried interest under section four hundred and ninety-five of this Act, such adjustment shall be made of the amount payable under that section in relation to that assessment, and such repayments shall be made of any amounts previously paid under that section in relation thereto, as are necessary to secure that the total

PART XIV —*cont.*

sum, if any, paid or payable under that section in relation to that assessment is the same as it would have been if the amount which ceases to be recoverable had never been charged.

(4) Where the amount payable under a notice given under subsection (1) of this section is reduced as the result of an appeal or of the stating of a case for the opinion of the High Court—

(*a*) the Commissioners of Inland Revenue shall, if, in the light of that result, they are satisfied that the original assessment was excessive, cause such relief to be given by way of repayment or otherwise as appears to them to be just; but

(*b*) subject to any relief so given, a sum equal to the reduction in the amount payable under the notice shall again become recoverable under the original assessment.

(5) The Commissioners of Inland Revenue, the Special Commissioners, and the surveyor or other proper officer of the Crown shall have the like powers of obtaining information with a view to the giving of, and otherwise in connection with, a notice under subsection (1) of this section as they would have had with a view to the making of, and otherwise in connection with, such an assessment as is referred to in paragraph (*b*) of subsection (1) of this section if the necessary conditions had been fulfilled for the making of such an assessment.

(6) Any notice under subsection (1) of this section may be served by post.

Right of husband to disclaim liability for tax on deceased wife's income.

360.—(1) Where a woman dies who, at any time before her death, was a married woman living with her husband, he or, if he is dead, his executors or administrators may, not later than two months from the date of the grant of probate or letters of administration in respect of her estate or, with the consent of her executors or administrators, at any later date, serve on her executors or administrators and on the surveyor a notice in writing declaring that, to the extent permitted by this section, he or they disclaims or disclaim responsibility for unpaid income tax in respect of all income of hers for any year of assessment or part of a year of assessment during which he was her husband and she was living with him:

Provided that a notice under this section shall not be deemed to be validly served on the surveyor unless it specifies the names and addresses of the woman's executors or administrators.

(2) Where such a notice has been duly served on a woman's executors or administrators and on the surveyor—

(*a*) it shall be the duty of the Commissioners of Inland Revenue and the Special Commissioners to exercise such

powers as they may then or thereafter be entitled to exercise under the last preceding section in connection with any assessment made on or before the date when the service of the said notice is completed, being an assessment in respect of any of the income to which the said notice relates; and

(*b*) the assessments (if any), whether to income tax other than surtax or to surtax, which may be made after that date shall, in all respects and in particular as respects the persons assessable and the tax payable, be the assessments which would have fallen to be made if—

(i) an application for separate assessment under section three hundred and fifty-five or section three hundred and fifty-six of this Act, as the case may be, had been in force in respect of the year of assessment in question; and

(ii) all assessments previously made had been made accordingly.

(3) Any notice under this section may be served by post.

(4) In this section, "the surveyor" means, in relation to a notice, any surveyor who might reasonably be considered by the person serving the notice to be likely to be concerned with the subject-matter thereof or who declares himself ready to accept service of the notice.

(5) In the application of this section to Scotland, the reference to the date of the grant of probate or letters of administration shall be construed as a reference to the date of confirmation.

Construction of references to married women living with their husbands, and special provisions as to certain spouses geographically separated.

361.—(1) A married woman shall be treated for income tax purposes as living with her husband unless either—

(*a*) they are separated under an order of a court of competent jurisdiction or by deed of separation; or

(*b*) they are in fact separated in such circumstances that the separation is likely to be permanent.

(2) Where a married woman is living with her husband and either—

(*a*) one of them is, and one of them is not, resident in the United Kingdom for a year of assessment; or

(*b*) both of them are resident in the United Kingdom for a year of assessment but one of them is, and one of them is not, absent from the United Kingdom throughout that year,

the same consequences shall follow for income tax purposes as would have followed if, throughout that year of assessment, they had been in fact separated in such circumstances that the separation was likely to be permanent:

Provided that where this subsection applies and the net aggregate amount of income tax (including surtax) falling to be

PART XIV —*cont.*

borne by the husband and the wife for the year is greater than it would have been but for the provisions of this subsection, the Commissioners of Inland Revenue shall cause such relief to be given (by the reduction of such assessments on the husband or the wife or the repayment of such tax paid (by deduction or otherwise) by the husband or the wife as those Commissioners may direct) as will reduce the said net aggregate amount by the amount of the excess.

PART XV

SPECIAL PROVISIONS AS TO BODIES OF PERSONS, INCAPACITATED PERSONS, TRUSTEES AND AGENTS, PERSONAL REPRESENTATIVES AND RECEIVERS

Corporations, etc.

362.—(1) Every body of persons shall be chargeable to tax in like manner as any person is chargeable under the provisions of this Act.

(2) The chamberlain or other officer acting as treasurer, auditor or receiver for the time being of any body of persons chargeable to tax shall be answerable for doing all such acts as are required to be done under this Act for the purpose of the assessment of such body and for payment of the tax, and for the purpose of the assessment of the officers and persons in the employment of such body:

Provided that, in the case of a company, the person so answerable shall be the secretary of the company or other officer (by whatever name called) performing the duties of secretary.

(3) Every such officer as aforesaid may from time to time retain out of any money coming into his hands, on behalf of the body, so much thereof as is sufficient to pay the tax charged upon the body, and shall be indemnified for all such payments made in pursuance of this Act.

Trustees, guardians, etc. of incapacitated persons.

363.—(1) The trustee, guardian, tutor, curator or committee of any incapacitated person having the direction, control or management of the property or concern of any such person, whether such person resides in the United Kingdom or not, shall be assessable and chargeable to tax in like manner and to the like amount as that person would be assessed and charged if he were not an incapacitated person.

(2) The person who is chargeable in respect of an incapacitated person shall be answerable for all matters required to be done under this Act for the purpose of assessment and payment of tax.

(3) Any person who has been charged under this Act in respect of any incapacitated person as aforesaid may retain, out of money coming into his hands on behalf of any such person, so

much thereof from time to time as is sufficient to pay the tax charged, and shall be indemnified for all such payments made in pursuance of this Act. PART XV —*cont.*

364. If a person chargeable to tax is an infant, then his parent, guardian or tutor— Further provision as to infants.

(*a*) shall be liable for the tax in default of payment by the infant; and

(*b*) on neglect or refusal of payment, may be proceeded against in like manner as any other defaulter; and

(*c*) if he makes such payment, shall be allowed all sums so paid in his accounts.

365.—(1) If a person chargeable to tax dies, the executor or administrator of the person deceased shall be liable for the tax charged on such deceased person and may deduct any payments made under this subsection out of the assets and effects of the person deceased. Personal representatives of a deceased person.

(2) On neglect or refusal of payment, any person liable under subsection (1) of this section may be proceeded against in like manner as any other defaulter.

(3) If the owner of any lands, tenements, hereditaments or heritages occupied by him at the time an assessment for any year under Schedule A was made dies before payment of the tax, the heirs, executors, administrators or assigns or other persons who become entitled on his death to the rents and profits thereof shall be liable to pay all arrears of tax due at the time of the death or, if no arrears are due, the tax payable for the period up to the time of the death together with, in either case, the tax payable for the remainder of that year according to their respective interests, without any new assessment.

(4) Where any person dies without having delivered a return of all his profits or gains chargeable to tax with a view to an assessment thereon in due course, an assessment in respect of profits or gains which arose or accrued to him before his death may, subject to the provisions of section forty-seven of this Act (which relates to the time allowed for making assessments), be made upon his executors or administrators, and the amount of the tax thereon shall be a debt due from and payable out of his estate.

366.—(1) A receiver appointed by any court in the United Kingdom which has the direction and control of any property in respect of which tax is charged in accordance with the provisions of this Act shall be assessable and chargeable with tax in like manner and to the like amount as would be assessed and charged Receivers appointed by a court.

PART XV —*cont.*

if the property were not under the direction and control of the court.

(2) Every such receiver shall be answerable for doing all matters and things required to be done under this Act for the purpose of assessment and payment of tax.

Protection for certain trustees, agents and receivers.

367.—(1) A trustee who has authorised the receipt of profits arising from trust property by, or by the agent of, the person entitled thereto shall not, if—

(*a*) that person or agent actually received the profits under that authority; and

(*b*) the trustee returns a list, as required by section twenty-two of this Act, of the name, address and profits of that person,

be required to do any other act for the purpose of the assessment of that person, unless the Commissioners acting in the execution of this Act in respect of the assessment to be made on that person require the testimony of the trustee in pursuance of the provisions of this Act.

(2) An agent or receiver of any person resident in the United Kingdom, other than an incapacitated person, shall not, if he returns a list, as required by section twenty-two of this Act, of the name, address and profits of that person, be required to do any other act for the purpose of the assessment of that person, unless the Commissioners acting in the execution of this Act in respect of the assessment to be made on that person require the testimony of the agent or receiver in pursuance of the provisions of this Act.

PART XVI

SPECIAL PROVISIONS AS TO NON-RESIDENTS AND TEMPORARY RESIDENTS

British subjects, etc. temporarily abroad.

368. Every British subject or citizen of the Republic of Ireland shall, if his ordinary residence has been in the United Kingdom, be assessed and charged to tax notwithstanding that at the time the assessment or charge is made he may have left the United Kingdom, if he has so left the United Kingdom for the purpose only of occasional residence abroad, and shall be charged as a person actually residing in the United Kingdom upon the whole amount of his profits or gains, whether they arise from property in the United Kingdom or elsewhere, or from any allowance, annuity or stipend (save as herein is excepted), or from any trade, profession, employment or vocation in the United Kingdom or elsewhere.

PART XVI —*cont.*

Method of charging non-residents.

369. A person not resident in the United Kingdom, whether a British subject or not, shall be assessable and chargeable in the name of any such trustee, guardian, tutor, curator or committee as is mentioned in section three hundred and sixty-three of this Act, or of any factor, agent, receiver, branch or manager, whether such factor, agent, receiver, branch or manager has the receipt of the profits or gains or not, in like manner and to the like amount as such non-resident person would be assessed and charged if he were resident in the United Kingdom and in the actual receipt of such profits or gains.

Non-residents; profits from agencies, etc.

370. A non-resident person shall be assessable and chargeable in respect of any profits or gains arising, whether directly or indirectly, through or from any factorship, agency, receivership, branch or management, and shall be so assessable and chargeable in the name of the factor, agent, receiver, branch or manager.

Non-residents; charge on percentage of turnover.

371.—(1) Where it appears to the Commissioners by whom the assessment is made or, on appeal, to the General or Special Commissioners, that the true amount of the profits or gains of any non-resident person chargeable with tax in the name of a resident person cannot in any case be readily ascertained, the Commissioners may, if they think fit, assess and charge the non-resident person on a percentage of the turnover of the business done by the non-resident person through or with the resident person in whose name he is chargeable as aforesaid, and in such case the provisions of this Act relating to the delivery of statements by persons acting on behalf of others shall extend so as to require returns to be given by the resident person of the business so done by the non-resident person through or with the resident person, in the same manner as statements are to be delivered by persons acting for incapacitated or non-resident persons of profits or gains to be charged.

(2) The amount of percentage under subsection (1) of this section shall in each case be determined, having regard to the nature of the business, by the Commissioners by whom the assessment on the percentage basis is made, subject, in the case of an assessment made by the Additional Commissioners, to appeal to the General or Special Commissioners.

(3) If either the resident person or the non-resident person is dissatisfied with the percentage determined either in the first instance or by the General or Special Commissioners on appeal, he may, within four months of the determination, require the Commissioners to refer the question of the percentage to a referee or board of referees to be appointed for the purpose by the Treasury, and the decision of the referee or board shall be final and conclusive.

PART XVI —*cont.*

Non-residents; taxation on basis of merchanting profit.

372. Where a non-resident person is chargeable to income tax in the name of any branch, manager, agent, factor or receiver in respect of any profits or gains arising from the sale of goods or produce manufactured or produced out of the United Kingdom by the non-resident person, the person in whose name the non-resident person is so chargeable may, if he thinks fit, apply to the Commissioners by whom the assessment is made, or, in the case of an appeal, to the General or Special Commissioners, to have the assessment to income tax in respect of those profits or gains made or amended on the basis of the profits which might reasonably be expected to have been earned by a merchant or, where the goods are retailed by or on behalf of the manufacturer or producer, by a retailer of the goods sold, who had bought from the manufacturer or producer direct, and on proof to the satisfaction of the Commissioners concerned of the amount of the profits on the basis aforesaid, the assessment shall be made or amended accordingly.

Non-residents; savings.

373.—(1) Nothing in this Part of this Act shall render a non-resident person chargeable in the name of a broker or in the name of an agent not being—

(*a*) an authorised person carrying on the regular agency of the non-resident person ; or

(*b*) a person chargeable under this Part of this Act as if he were an agent,

in respect of profits or gains arising from sales or transactions carried out through such a broker or agent:

Provided that where sales or transactions are carried out on behalf of a non-resident person through a broker in the ordinary course of his business as such and the broker—

(i) is a person carrying on bona fide the business of a broker in the United Kingdom ; and

(ii) receives in respect of the business of the non-resident person which is transacted through him remuneration at a rate not less than that customary in the class of business in question,

then, notwithstanding that the broker is a person who acts regularly for the non-resident person as such broker, the non-resident person shall not be chargeable in the name of that broker in respect of profits or gains arising from those sales or transactions.

In this subsection, " broker " includes a general commission agent.

(2) The fact that a non-resident person executes sales or carries out transactions with other non-residents which would make him chargeable in pursuance of this Part of this Act in the name of a resident person shall not of itself make him chargeable in respect of profits arising from those sales or transactions.

PART XVI —*cont.*

374.—(1) A person in whose name a non-resident person is chargeable shall be answerable for all matters required to be done under this Act for the purpose of assessment and payment of tax. Responsibilities and indemnification of persons in whose name a non-resident person is chargeable.

(2) Any person who has been charged under this Act in respect of any non-resident person as aforesaid may retain, out of money coming into his hands on behalf of any such person, so much thereof from time to time as is sufficient to pay the tax charged, and shall be indemnified for all such payments made in pursuance of this Act.

375. A person shall not be charged to tax under Schedule D as a person residing in the United Kingdom, in respect of profits or gains received in respect of possessions or securities out of the United Kingdom, who is in the United Kingdom for some temporary purpose only and not with any view or intent of establishing his residence therein, and who has not actually resided in the United Kingdom at one time or several times for a period equal in the whole to six months in any year of assessment, but if any such person resides in the United Kingdom for the aforesaid period he shall be so chargeable for that year. Position under Schedule D of temporary residents.

PART XVII
SPECIAL PROVISIONS AS TO PENSIONS AND PENSIONS SCHEMES, ETC.

CHAPTER I
PENSIONS, ETC., GENERALLY

376.—(1) Where a person has ceased to hold any office or employment and any pension or annual payment is paid to him, or to his widow or child, or to any relative or dependant of his, by the person under whom he held the office or by whom he was employed, or by the successors of that person, then, notwithstanding that the pension or payment is paid voluntarily, or is capable of being discontinued, it shall be deemed to be income for the purposes of assessment to income tax and, in the case of a pension or annual payment which is paid by or on behalf of a person outside the United Kingdom, shall be assessed and charged under Case V of Schedule D as income from a pension, and in any other case shall be assessed and charged under Schedule E. Tax in respect of voluntary pensions.

(2) For the purpose of avoiding doubt, it is hereby declared that the expressions "annuity" and "pension" in Schedule E include respectively an annuity and a pension which is paid voluntarily or is capable of being discontinued.

377.—(1) Payments of benefit under the National Insurance Act, other than unemployment benefit, sickness benefit, maternity benefit and death grant, and payments on account of family National insurance and family allowances. [1946, s. 27.]

PART XVII —*cont.*

allowances, shall be charged to income tax under Schedule E and shall be deemed for all the purposes of this Act to be emoluments chargeable under that Schedule.

(2) The amount of any contribution paid by any person under the National Insurance Act, except, in the case of a contribution other than an employer's contribution, so much thereof as is referable to unemployment benefit, sickness benefit or maternity benefit, shall be deducted from or set off against any income of that person for the year of assessment in which the contribution is paid, and tax shall, where necessary, be discharged or repaid accordingly, and the total income of that person for that year of assessment shall be calculated accordingly for all the purposes of this Act; and no relief or deduction shall be given or allowed under any other provision of this Act in respect of any contribution in respect of which relief can be given under this subsection:

Provided that nothing in this subsection—

(*a*) shall be construed as allowing any amount to be deducted from or set off against any income of any person in respect of any contribution paid by him on behalf of any other person; or

(*b*) shall apply to any employer's contribution which, apart from this subsection—

(i) would be allowable as a deduction in computing the amount of any profits or gains; or

(ii) would be included in computing the expenses of management in respect of which relief may be claimed under section four hundred and twenty-five of this Act or under that section as applied by section four hundred and thirty-eight of this Act; or

(iii) would be included in computing the expenses of management or supervision in respect of which relief may be claimed under section one hundred and eighty-one of this Act.

(3) In this section, "contribution", "employer's contribution", "unemployment benefit", "sickness benefit", "maternity benefit" and "death grant" have the same meanings as in the National Insurance Act.

(4) A person who, by virtue of any provision of the National Insurance Act, suffers a deduction from his remuneration in respect of any contribution shall be deemed for the purposes of this section to have paid a contribution equal to the amount of the deduction.

PART XVII —*cont.*

Contributions under statutory pensions schemes.

378.—(1) Where, in pursuance of any public general Act of Parliament, superannuation allowances or gratuities are payable to individuals holding an office or employment on their retirement, or to their legal personal representatives on their death, and such individuals are by any such Act required to make contributions towards the expenses of providing the allowances and gratuities, the sums so contributed by any such individual for any year may be deducted from the amount of his emoluments to be assessed to income tax for that year.

(2) Where any such sums as are mentioned in subsection (1) of this section are to be repaid to any individual under the authority of any such Act as is therein mentioned, the person by or through whom the sums are to be repaid shall deduct from those sums an amount equal to the total amount of the income tax which would have been paid in respect of those sums if they had not been allowed as deductions under the authority of this section, and if those sums are repaid with any interest thereon, shall also deduct therefrom an amount equal to the total amount of the income tax which would have been paid in respect of that interest if it had actually been paid to the individual in the several years in respect of which it is paid, and the provisions of subsections (2) to (4) of section one hundred and seventy of this Act (which relates to the accounting for and recovery of tax deducted from payments not made out of profits or gains already taxed) shall apply in regard to the accounting for and recovery of the amounts so deducted.

(3) Any person having the custody of the books containing the assessments to income tax on any individual for the several years in respect of which sums are repayable to him as aforesaid shall, notwithstanding anything contained in any declaration made by that person in pursuance of section sixteen of this Act, on application by the person by or through whom the sums are repayable, furnish to him such particulars as may be necessary to enable him to compute the appropriate amount of income tax to be deducted and paid over by him as aforesaid.

Approved superannuation funds.

379.—(1) Subject to the provisions of this section and to any regulations made thereunder, exemption from income tax shall be allowed in respect of income derived from investments or deposits of a superannuation fund, and, subject as aforesaid, any sum paid by an employer or employed person by way of contribution towards a superannuation fund shall, in computing profits or gains for the purpose of an assessment to income tax under Case I or Case II of Schedule D or under Schedule E, be allowed to be deducted as an expense incurred in the year in which the sum is paid:

PART XVII —*cont.*

Provided that—

(*a*) no allowance shall be made under the preceding provision in respect of any contribution by an employed person which is not an ordinary annual contribution, and, where a contribution by an employer is not an ordinary annual contribution, it shall, for the purpose of the preceding provision, be treated, as the Commissioners of Inland Revenue may direct, either as an expense incurred in the year in which the sum is paid, or as an expense to be spread over such period of years as those Commissioners think proper; and

(*b*) no allowance shall be made under this section in respect of any payments in respect of which relief can be given under section two hundred and nineteen or section two hundred and twenty-five of this Act.

(2) Income tax chargeable in respect of an annuity paid out of a superannuation fund to a person residing in the United Kingdom shall, if the Commissioners of Inland Revenue so direct, be assessed and charged on the annuitant under Schedule E instead of being deducted and accounted for under section one hundred and seventy of this Act, and, where such a direction has been given, the annuity shall be deemed for all the purposes of this Act to be emoluments assessable under that Schedule.

(3) For the purposes of this section, "superannuation fund" means, unless the context otherwise requires, a fund which is approved for those purposes by the Commissioners of Inland Revenue, and, subject as hereinafter provided, the said Commissioners shall not approve any fund unless it is shown to their satisfaction that—

(*a*) the fund is a fund bona fide established under irrevocable trusts in connection with some trade or undertaking carried on in the United Kingdom by a person residing therein; and

(*b*) the fund has for its sole purpose the provision of annuities for all or any of the following persons in the events respectively specified, that is to say, for persons employed in the trade or undertaking, either on retirement at a specified age or on becoming incapacitated at some earlier age, or for the widows, children or dependants of persons who are or have been so employed, on the death of those persons; and

(*c*) the employer in the trade or undertaking is a contributor to the fund; and

(*d*) the fund is recognised by the employer and employed persons in the trade or undertaking:

Provided that the said Commissioners may, if they think fit, and subject to such conditions, if any, as they think proper to attach to the approval, approve a fund, or any part of a fund, as a superannuation fund for the purposes of this section—

(i) notwithstanding that the rules of the fund provide for the return in certain contingencies of contributions paid to the fund; or

(ii) if the main purpose of the fund is the provision of such annuities as aforesaid, notwithstanding that such provision is not its sole purpose; or

(iii) notwithstanding that the trade or undertaking in connection with which the fund is established is carried on only partly in the United Kingdom and by a person not residing therein.

(4) The Commissioners of Inland Revenue may make regulations generally for the purpose of carrying this section into effect and, in particular, and without prejudice to the generality of the preceding provision, may by such regulations—

(*a*) provide for the charging of and accounting for tax in respect of contributions (including interest) repaid to a contributor to a superannuation fund and on lump sums paid in commutation of or in lieu of annuities payable out of a superannuation fund as if any sums so repaid or paid were income of the year in which they are repaid or paid;

(*b*) require the trustees or other persons having the management of a superannuation fund, or an employer whose employees contribute to a superannuation fund, to deliver to the said Commissioners such information and particulars as the said Commissioners may reasonably require for the purposes of this section;

(*c*) prescribe the manner in which claims for relief under this section are to be made and approved and in which applications for the approval of a superannuation fund are to be made;

(*d*) provide for the withdrawal of approval in the case of a fund which ceases to satisfy the requirements of this section;

(*e*) provide for determining what contributions to a superannuation fund are to be treated as ordinary annual contributions for the purposes of this section.

PART XVII —*cont.*

(5) The power conferred by subsection (4) of this section to make regulations shall be exercisable by statutory instrument.

Exemption in respect of wounds and disability pensions.

380.—(1) Income from wounds and disability pensions to which this subsection applies shall be exempt from income tax and shall not be reckoned in computing income for any of the purposes of this Act.

(2) Subsection (1) of this section applies to—

(*a*) wounds pensions granted to members of the naval, military or air forces of the Crown;

(*b*) retired pay of disabled officers granted on account of medical unfitness attributable to or aggravated by naval, military or air-force service;

(*c*) disablement or disability pensions granted to members, other than commissioned officers, of the naval, military or air forces of the Crown on account of medical unfitness attributable to or aggravated by naval, military or air-force service;

(*d*) disablement pensions granted to persons who have been employed in the nursing services of any of the naval, military or air forces of the Crown on account of medical unfitness attributable to or aggravated by naval, military or air-force service;

(*e*) injury and disablement pensions payable under any scheme made under the Injuries in War (Compensation) Act, 1914, the Injuries in War Compensation Act, 1914 (Session 2), and the Injuries in War (Compensation) Act, 1915, or under any War Risks Compensation Scheme for the Mercantile Marine:

Provided that, where the amount of any retired pay or pension to which subsection (1) of this section applies is not solely attributable to disablement or disability, the relief conferred by the said subsection (1) shall extend only to such part as is certified by the Minister of Pensions, after consultation with the appropriate Government Department, to be attributable to disablement or disability.

(3) Allowances granted by the Minister of Pensions under a Royal Warrant, Order in Council or order administered by him to widows of members of the naval, military or air forces of the Crown in respect of their children shall not be reckoned in computing the income of such widows for any of the purposes of this Act.

PART XVII —*cont.*

Income from funds of national insurance, etc. supplementary schemes.

381.—(1) All income receivable from any source whatsoever for the purposes of any supplementary scheme under section twenty-seven of the National Insurance Act, 1946, under section twenty-six of the National Insurance Act (Northern Ireland), 1946, under section eighty-three of the National Insurance (Industrial Injuries) Act, 1946, or under section eighty-two of the National Insurance (Industrial Injuries) Act (Northern Ireland), 1946, by the body charged with the administration of the scheme shall be exempt from income tax.

(2) The body incorporated by Royal Charter under the name of the Royal Seamen's Pension Fund or other the persons in whom the seamen's special fund is for the time being vested shall, in respect of the income derived from that fund, be entitled to exemption from income tax.

In this subsection, "the seamen's special fund" means the fund referred to as such in paragraph (*e*) of subsection (1) of section sixty-nine of the National Insurance Act, 1946.

(3) Any claim for exemption under this section shall be made to the Special Commissioners in writing, in such form as may be prescribed by the Commissioners of Inland Revenue, and the Special Commissioners, on proof of the facts to their satisfaction, shall allow the claim accordingly and issue an order for repayment:

Provided that the Special Commissioners shall require every such claim to be verified by affidavit, and proof of the claim may be given by the treasurer, trustee or any duly authorised agent, on affidavit made before a General or Additional Commissioner for the division in which that person resides.

Income of certain Indian family pension funds.

382. Any interest or dividends received by the Commissioners in whom is vested any of the Family Pension Funds mentioned in section two hundred and seventy-three of the Government of India Act, 1935, on sums forming part of that fund shall be exempt from income tax.

Income of the Colonial Superannuation Scheme Fund.

383.—(1) The Managers of the Colonial Superannuation Scheme Fund shall not be assessable to income tax in respect of any income derived from investments or deposits of that fund and any income tax deducted from any such income shall be repaid to them by the Commissioners of Inland Revenue.

(2) In this section, "the Colonial Superannuation Scheme Fund" means the fund of that name formed under the Colonial Superannuation Scheme set up by the Secretary of State with effect as from the first day of January, nineteen hundred and fifty-one.

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Contributions by civil servants, holders of judicial offices, etc. towards widows' and other pensions not to qualify for relief.

384. Relief from income tax shall not be allowed to any person under section two hundred and twenty-five of this Act, or under any other provision of this Act providing for relief for income tax purposes, in respect of—

(*a*) any contributions made by him under Part I or Part II of the Superannuation Act, 1949; or

(*b*) any contributions made by him under any enactments of the Parliament of Northern Ireland corresponding to the said Parts I and II, and, in particular, under Parts I and II of the Superannuation Act (Northern Ireland), 1949; or

(*c*) any contribution under section eight or section nine of the Administration of Justice (Pensions) Act, 1950.

Contributions to House of Commons Members' Fund and exemption from tax for income of fund.

385.—(1) The salary of a Member of Parliament shall not be treated for any of the purposes of this Act as reduced by reason of, or of deductions made pursuant to, the provisions of section one of the House of Commons Members' Fund Act, 1939 (which establishes that fund and provides for contributions thereto), and a Member of Parliament shall not be entitled to any allowance, deduction or relief under any provision of this Act by reason of such deductions, nor shall his income be regarded as thereby diminished.

(2) The trustees of the said fund shall be entitled to exemption from income tax in respect of all income derived from the said fund or any investment thereof.

(3) Any claim for exemption under subsection (2) of this section shall be made to the Special Commissioners in writing, in such form as may be prescribed by the Commissioners of Inland Revenue, and the Special Commissioners, on proof of the facts to their satisfaction, shall allow the claim accordingly and issue an order for repayment:

Provided that the Special Commissioners shall require every such claim to be verified by affidavit, and proof of the claim may be given by the treasurer, trustee or any duly authorised agent, on affidavit made before a General or Additional Commissioner for the division in which that person resides.

CHAPTER II

PENSION RIGHTS OF DIRECTORS AND EMPLOYEES

Charge to tax in respect of provision for retirement or other benefits to

386.—(1) Subject to the exemptions and provisions contained in the next following section, where, pursuant to a scheme for the provision of future retirement or other benefits for persons consisting of or including directors or employees of a body corporate (hereafter in this Chapter referred to as "a retirement

benefits scheme "), the body corporate in any year of assessment pays a sum with a view to the provision of any such benefits for any director or employee thereof, then (whether or not the accrual of the benefits is dependent on any contingency)—

(*a*) the sum paid, if not otherwise chargeable to income tax as income of the director or employee, shall be deemed for all the purposes of this Act to be income of that director or employee for that year of assessment and assessable to tax under Schedule E; and

(*b*) where the payment is made under such an insurance or contract as is mentioned in section two hundred and nineteen or section two hundred and twenty-five of this Act (which relate to relief for life insurance premiums and certain other payments), relief, if not otherwise allowable, shall be given to him under the said section two hundred and nineteen or the said section two hundred and twenty-five, as the case may be, in respect of the payment to the extent, if any, to which such relief would have been allowable to him if the payment had been made by him and the insurance or contract under which the payment is made had been made with him.

(2) Subject to the exemptions and provisions contained in the next following section, where—

(*a*) an agreement is in force between a body corporate and a director or employee thereof for the provision for him of any future retirement or other benefits afforded by a retirement benefits scheme, or a person is serving as a director or employee of a body corporate in connection wherewith there is a retirement benefits scheme relating to persons of the class within which he falls under which any such benefits will be provided for him; and

(*b*) the body corporate does not, or does not fully, secure the provision of the benefits by the payment of such sums as are mentioned in subsection (1) of this section; and

(*c*) the circumstances in which the benefits are to accrue are not such as will render the benefits assessable to income tax under Schedule E as emoluments of his office as a director or of his employment,

then (whether or not the accrual of the benefits is dependent on any contingency), in each year of assessment in which the agreement is in force or the director or employee is serving as aforesaid, up to and including the year of assessment in which the benefits accrue or there ceases to be any possibility of the accrual thereof, a sum equal to the annual sum which the body

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corporate would have had to pay in that year under a contract with a third person which secured the provision by that third person of those benefits or, as the case may be, of those benefits so far as not already secured by the payment of such sums as are mentioned in subsection (1) of this section, shall be deemed for all the purposes of this Act to be income of the director or employee for that year and assessable to income tax under Schedule E.

(3) Where the body corporate pays any sum as mentioned in subsection (1) of this section in relation to several directors or employees, the sum so paid shall, for the purpose of that subsection, be apportioned among them by reference to the separate sums which would have had to be paid to secure the separate benefits to be provided for them respectively, and the part of the sum apportioned to each of them shall be deemed for that purpose to have been paid separately in relation to that one of them.

Exemptions from charge to tax under last preceding section.

387.—(1) The following payments shall be exempted from the operation of subsection (1) of the last preceding section, that is to say—

(*a*) payments made pursuant to a statutory superannuation scheme, or made to a superannuation fund approved (whether in whole or in part) by the Commissioners of Inland Revenue for the purposes of section three hundred and seventy-nine of this Act;

(*b*) payments made pursuant to an excepted provident fund or staff assurance scheme or other similar scheme (as defined in section three hundred and ninety of this Act); and

(*c*) payments made by way of premium pursuant to a scheme the benefits whereunder are secured by premiums payable by the body corporate, with or without contributions by the directors or employees affected, under life or endowment assurance or life annuity contracts, being a scheme which was in operation before the sixth day of April, nineteen hundred and forty-seven, and which is not confined, or substantially confined, to directors and persons who, not being directors, are remunerated at a rate exceeding two thousand pounds a year, or to directors or to such persons.

(2) Neither subsection (1) nor subsection (2) of the last preceding section shall apply so as to cause any sum to be deemed to be income as therein mentioned where the retirement benefits scheme in question is one under which the main benefit afforded to each of the persons to whom the scheme relates is

the provision for him of a pension or annuity for his life, and either—

(*a*) that scheme was in operation before the sixth day of April, nineteen hundred and forty-four; or

(*b*) that scheme is for the time being approved by the said Commissioners under the next following section.

(3) Where, in respect of the provision for a director or employee of any future retirement or other benefits, a sum has been deemed to be income of his by virtue either of subsection (1) or of subsection (2) of the last preceding section, and subsequently the director or employee proves to the satisfaction of the said Commissioners that no payment in respect of, or in substitution for, the benefits has been made and that some event has occurred by reason whereof no such payment will be made, and claims relief under this subsection within three years from the time when that event occurred, they shall give relief in respect of tax on that sum by repayment or otherwise as may be appropriate; and if the director or employee satisfies the said Commissioners as aforesaid in relation to some particular part of the benefits but not the whole thereof, they may give such relief as may seem to them just and reasonable.

(4) Where, apart from this subsection, any sum would be deemed, by virtue either of subsection (1) or of subsection (2) of the last preceding section, to be income of an employee for any year of assessment, but, by reason of his exercising his employment outside the United Kingdom, he is not assessable to income tax under Schedule E in respect of the emoluments of his employment for that year, that subsection shall not apply so as to cause that sum to be deemed to be income of his for that year.

Approval of retirement benefits schemes.

388.—(1) Subject to the provisions of the next following section, the Commissioners of Inland Revenue shall approve a retirement benefits scheme for the purpose of subsection (2) of the last preceding section unless it appears to them that the scheme does not fall within the said subsection (2) by reason of the fact that the main benefit afforded thereby is not such as is therein mentioned, or that, although the main benefit is such as aforesaid, the scheme fails to satisfy some one or more of the following conditions, that is to say—

(*a*) that that benefit will accrue only on retirement at a specified age or on earlier retirement through incapacity or on death;

(*b*) that the nature of the benefits afforded by the scheme is the same in relation to all the persons to whom the scheme relates;

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(*c*) that the proportion between the value of the pensions or annuities provided for by the scheme, in so far as they are not commutable, and the value of all other benefits afforded thereby, including the value of so much, if any, of the said pensions or annuities as is commutable, is reasonably comparable to the proportion between the values of such benefits respectively as are usually afforded by statutory superannuation schemes;

(*d*) that the aggregate value of the benefits, of whatever nature, afforded by the scheme is reasonably comparable to the aggregate value of the benefits usually afforded by statutory superannuation schemes in like circumstances;

(*e*) that the pensions or annuities provided for by the scheme are not assignable, either in whole or in part; and

(*f*) that no service of a person, in whatever capacity, rendered by him while he is a controlling director of the body corporate is taken into account for any of the purposes of the scheme:

Provided that the said Commissioners may, if they think fit, having regard to the facts of the particular case, approve a scheme the main benefit afforded whereby is such as is mentioned in subsection (2) of the last preceding section notwithstanding that it may not, in one or more respects, satisfy the whole of the aforesaid conditions.

(2) Where the said Commissioners have given their approval to a scheme, they may at any time, by notice in writing to the body corporate in question, withdraw their approval on such grounds, and as from such date, as may be specified in the notice.

Aggregation and severance of schemes.

389.—(1) References in this Chapter to a retirement benefits scheme shall be construed in accordance with the following provisions, that is to say—

(*a*) references to such a scheme shall, in relation to a deed, agreement, series of agreements, or other arrangements providing for retirement or other benefits for persons of two or more classes, be construed as references to so much thereof as relates to persons of a single class, and accordingly a deed, agreement, series of agreements, or other arrangements so providing shall be treated for the purposes of this Chapter as constituting two or more retirement benefits schemes relating respectively to the different classes;

(*b*) references to such a scheme include references to a deed, agreement, series of agreements, or other arrangements providing for retirement or other benefits for persons

consisting of or including a director or employee, or directors or employees, of a body corporate (or, in a case falling within paragraph (*a*) of this subsection, to so much thereof as relates to a person or persons of any one class), notwithstanding that it or they relates or relate only to a small number of directors or employees, or to a single director or employee.

(2) For the purpose—

(*a*) of determining, in the case of a retirement benefits scheme which was in operation before the sixth day of April, nineteen hundred and forty-four, whether the scheme falls within subsection (2) of section three hundred and eighty-seven of this Act as respects the nature of the main benefit afforded thereby; and

(*b*) of determining, in the case of a retirement benefits scheme submitted for the approval of the Commissioners of Inland Revenue, whether the scheme so falls, and whether the conditions specified in subsection (1) of the last preceding section are satisfied,

the scheme shall be considered in conjunction with any other retirement benefits scheme or schemes subsisting in connection with the body corporate and relating to persons of the class to which the scheme in question relates, and—

(i) if the main benefit afforded by all those schemes taken together is such as is mentioned in subsection (2) of the said section three hundred and eighty-seven, each of them shall be taken to fall within that subsection as respects the nature of the main benefit afforded thereby, and, if it is not, none of them shall be taken so to fall; and

(ii) if the said conditions are satisfied in the case of all of them taken together, those conditions shall be taken to be satisfied in the case of each of them, and, if not, those conditions shall be taken to be satisfied in the case of none of them.

(3) The said Commissioners may, if they think fit—

(*a*) approve a part of a retirement benefits scheme; or

(*b*) approve such a scheme notwithstanding that, having regard to another such scheme subsisting in connection with the body corporate, the scheme in question is to be treated by virtue of the last preceding subsection as not falling within subsection (2) of the said section three hundred and eighty-seven or as not satisfying the conditions aforesaid,

and where, under this subsection, the said Commissioners approve a part of a scheme, neither subsection (1) nor subsection (2) of

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section three hundred and eighty-six of this Act shall apply so as to cause any sum to be deemed to be income of a director or employee by reference to the provision for him of benefits afforded by that part of the scheme or of any part of such benefits.

Supplementary provisions.

390.—(1) In this Chapter, except where the context otherwise requires—

"controlling director" means a director of a company, the directors whereof have a controlling interest therein, who is the beneficial owner of, or able, either directly or through the medium of other companies or by any other indirect means, to control, more than five per cent. of the ordinary share capital of the company, and for the purposes of this definition—

(*a*) "company" means a company within the meaning of the Companies Act, 1948, or the Companies Act (Northern Ireland), 1932; and

(*b*) "ordinary share capital" means all the issued share capital (by whatever name called) of the company, other than capital the holders whereof have a right to a dividend at a fixed rate or a rate fluctuating in accordance with the standard rate of income tax, but have no other right to share in the profits of the company;

"director" means—

(*a*) in relation to a body corporate the affairs whereof are managed by a board of directors or similar body, a member of that board or similar body;

(*b*) in relation to a body corporate the affairs whereof are managed by a single director or similar person, that director or person;

(*c*) in relation to a body corporate the affairs whereof are managed by the members themselves, a member of the body corporate;

and includes any person who is to be or has been a director;

"employee", in relation to a body corporate, includes any person taking part in the management of the affairs of the body corporate who is not a director, and includes a person who is to be or has been an employee;

"excepted provident fund or staff assurance scheme or other similar scheme" means so much as relates to persons remunerated at a rate of two thousand pounds

a year, or at a less rate, of any retirement benefits scheme as to which the following conditions are satisfied, that is to say—

(*a*) that the sums paid by the body corporate pursuant to the scheme in question in respect of any person for any period do not exceed ten per cent. of his remuneration for that period, and do not exceed one hundred pounds in the case of a period of a year or a correspondingly less or greater amount in the case of a shorter or longer period; and

(*b*) that no other retirement benefits scheme which relates to employees of the body corporate who are of the class to which the scheme in question relates, and who are remunerated as aforesaid, is subsisting for the time being, or, if there is any such other scheme subsisting, that it (so far as it relates to persons remunerated as aforesaid) and the scheme in question taken together satisfy the requirement specified in paragraph (*a*) of this definition;

"retirement or other benefit" means any pension, annuity, lump sum, gratuity or other like benefit to be given on retirement, or in anticipation of retirement, or, in connection with past service, after retirement, or to be given on or in anticipation of or in connection with any change in the nature of the service of the person in question, except that it does not include any pension, annuity, lump sum, gratuity or other like benefit which is to be afforded solely by reason of the death or disability of a person occurring during his service, and for no other reason;

"service" means service as an employee or director of the body corporate in question, and "retirement" shall be construed accordingly;

"statutory superannuation scheme" means a scheme set up by or approved under any enactment relating to superannuation or set up by or approved under any regulations relating to superannuation made under any enactment by any Minister or Government Department (including a Northern Ireland Minister and a Northern Ireland Government Department).

(2) Where an alteration has been made in a retirement benefits scheme at any time after the fifth day of April, nineteen hundred and forty-seven, the scheme shall, for the purposes of this Chapter, be deemed to have become a new scheme coming into being on the date of the alteration:

Provided that this subsection shall not apply to an alteration approved by the Commissioners of Inland Revenue.

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(3) Any reference in this Chapter to the provision for a person of retirement or other benefits includes a reference to the provision of benefits payable to that person's spouse, children, dependants or personal representatives, and any reference therein to the provision for a person of a pension or annuity for his life includes a reference to the provision (either in addition or as an alternative to the pension or annuity payable for his life) of a pension or annuity payable to that person's spouse or to any child or dependant of that person, for the life of the spouse, child or dependant.

(4) Any reference in this Chapter to the provision of retirement or other benefits, or of a pension or annuity, by a body corporate includes a reference to the provision thereof by means of a contract with a third person.

(5) It shall be the duty of a body corporate—

(*a*) to deliver to the surveyor, within the three months beginning with the date on which the scheme comes into being, particulars of any retirement benefits scheme coming into being on or after the sixth day of January, nineteen hundred and fifty-two, other than a scheme referred to in subsection (1) of section three hundred and eighty-seven of this Act; and

(*b*) when required to do so by notice given by the surveyor, to furnish within the time limited by the notice such further particulars as he may require with regard to any retirement benefits scheme subsisting in connection with the body corporate or to the persons to whom it relates,

and the provisions of subsections (3) to (5) of section twenty-five of this Act (which relate to failure to deliver lists, declarations and statements) shall apply in relation to the particulars required to be delivered by or under this subsection as they apply in relation to any list, declaration or statement required to be delivered by any such notice as is referred to in those subsections.

Application to unincorporated societies, etc.

391. This Chapter shall apply in relation to unincorporated societies or other bodies as it applies in relation to bodies corporate:

Provided that the reference in this section to unincorporated societies or other bodies shall be deemed not to include a reference to individuals in partnership.

PART XVIII

SPECIAL PROVISIONS FOR TAXATION OF SETTLORS, ETC. IN RESPECT OF SETTLED OR TRANSFERRED INCOME

CHAPTER I

DISPOSITIONS OF INCOME FOR SHORT PERIODS AND IRREVOCABLE DISPOSITIONS IN FAVOUR OF CHILDREN EFFECTED BEFORE APRIL 22ND, 1936

Dispositions for short periods.

392. Any income which, by virtue or in consequence of any disposition made, directly or indirectly, by any person after the first day of May, nineteen hundred and twenty-two (other than a disposition made for valuable and sufficient consideration), is payable to or applicable for the benefit of any other person for a period which cannot exceed six years shall be deemed for all the purposes of this Act to be the income of the person, if living, by whom the disposition was made, and not to be the income of any other person.

Irrevocable dispositions in favour of children made before April 22nd, 1936.

393.—(1) Subject to the provisions of this section, any income which, by virtue or in consequence of any disposition made, directly or indirectly, by any person after the fifth day of April, nineteen hundred and fourteen, is payable to or applicable for the benefit of a child of that person for some period less than the life of the child shall, if and so long as the child is an infant and unmarried, be deemed for all the purposes of this Act to be the income of the person, if living, by whom the disposition was made and not to be the income of any other person.

(2) This section shall not apply in relation to any settlement, as defined for the purpose of Chapter II of this Part of this Act, except a settlement made or entered into before the twenty-second day of April, nineteen hundred and thirty-six, which, immediately before that date, was an irrevocable settlement within the meaning of the said Chapter II.

(3) This section shall not apply as regards any income which is derived from capital which, at the end of the period during which that income is payable to or applicable for the benefit of the child, is required by the disposition to be held on trust absolutely for, or to be transferred to, the child, or any income which is payable to or applicable for the benefit of a child during the whole period of the life of the person by whom the disposition was made.

(4) Income shall not be deemed, for the purposes of this section, to be payable to or applicable for the benefit of a child

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for some period less than its life by reason only that the disposition contains a provision for the payment to some other person of the income in the event of the bankruptcy of the child, or of an assignment thereof, or a charge thereon, being executed by the child.

Adjustments between disponor and trustees.

394.—(1) Where, by virtue of this Chapter, any income tax becomes chargeable on and is paid by the person by whom a disposition was made, that person shall be entitled—

(*a*) to recover from any trustee or other person to whom the income is payable by virtue or in consequence of the disposition the amount of the tax so paid; and

(*b*) for that purpose to require the Commissioners concerned to furnish to him a certificate specifying the amount of the income in respect of which he has so paid tax and the amount of the tax so paid.

and any certificate so furnished shall be conclusive evidence of the facts appearing thereby.

(2) Where any person obtains in respect of any allowance or relief a repayment of income tax in excess of the amount of the repayment to which he would but for the provisions of this Chapter have been entitled, an amount equal to the excess shall be paid by him to the trustee or other person to whom the income is payable by virtue or in consequence of the disposition, or, where there are two or more such persons, shall be apportioned among those persons as the case may require.

If any question arises as to the amount of any payment or as to any apportionment to be made under this subsection, that question shall be decided by the General Commissioners whose decision thereon shall be final.

(3) Any income which is deemed by virtue of this Chapter to be the income of any person shall be deemed to be the highest part of his income.

Application of Chapter I to dispositions where there is more than one disponor.

395.—(1) In the case of any disposition where there is more than one person who made the disposition, this Chapter shall, subject to the provisions of this section, have effect in relation to each person who made the disposition as if he were the only person who had made it.

(2) In the case of any such disposition, references in this Chapter to income payable or applicable by virtue or in consequence of the disposition include, in relation to any person making the disposition, only—

(*a*) income from property which that person has provided directly or indirectly for the purposes of the disposition; and

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(*b*) income from property representing that property; and

(*c*) income from so much of any property which represents both property provided as aforesaid and other property as, on a just apportionment, represents the property so provided; and

(*d*) income provided directly or indirectly by that person.

(3) In this section, references to property which represents other property include references to property which represents accumulated income from that other property.

Interpretation of Chapter I.

396. In this Chapter, unless the context otherwise requires—

"child" includes a stepchild or illegitimate child; and

"disposition" includes any trust, covenant, agreement or arrangement.

CHAPTER II

SETTLEMENTS ON CHILDREN GENERALLY

General rule as to settlements on children.

397.—(1) Where, by virtue or in consequence of any settlement to which this Chapter applies and during the life of the settlor, any income is paid to or for the benefit of a child of the settlor in any year of assessment, the income shall, if at the commencement of that year the child was an infant and unmarried, be treated for all the purposes of this Act as the income of the settlor for that year and not as the income of any other person.

(2) This Chapter applies to every settlement, wheresoever it was made or entered into, and whether it was made or entered into before or after the passing of this Act, except a settlement made or entered into before the twenty-second day of April, nineteen hundred and thirty-six, which immediately before that date was irrevocable.

(3) Income paid to or for the benefit of a child of a settlor shall not be treated as provided in subsection (1) of this section for any year of assessment in which the aggregate amount of the income paid to or for the benefit of that child, which, but for this subsection, would be so treated by virtue of this Chapter, does not exceed five pounds.

(4) This Chapter shall not apply in relation to any income arising under a settlement in any year of assessment for which the settlor is not chargeable to income tax as a resident in the United Kingdom, and references in this Chapter to income shall be construed accordingly.

Application of Chapter II where income is accumulated, invested, etc., for child's benefit.

398.—(1) Subject to the provisions of this section, for the purposes of this Chapter—

(*a*) income which, by virtue or in consequence of a settlement to which this Chapter applies, is so dealt with that it, or assets representing it, will or may become payable or applicable to or for the benefit of a child of the

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settlor in the future (whether on the fulfilment of a condition, or the happening of a contingency, or as the result of the exercise of a power or discretion conferred on any person, or otherwise) shall be deemed to be paid to or for the benefit of that child; and

(*b*) any income dealt with as aforesaid which is not required by the settlement to be allocated, at the time when it is so dealt with, to any particular child or children of the settlor shall be deemed to be paid in equal shares to or for the benefit of each of the children to or for the benefit of whom or any of whom the income or assets representing it will or may become payable or applicable.

(2) Where any income is dealt with as mentioned in subsection (1) of this section by virtue or in consequence of a settlement to which this Chapter applies, being a settlement which, at the time when the income is so dealt with, is an irrevocable settlement—

(*a*) the provisions of subsection (1) of this section shall not apply to that income unless and except to the extent that that income consists of, or represents directly or indirectly, sums paid by the settlor which are allowable as deductions in computing his total income; and

(*b*) any sum whatsoever paid thereafter by virtue or in consequence of the settlement, or any enactment relating thereto, to or for the benefit of a child of the settlor, being a child who, at the commencement of the year of assessment in which the sum is paid is an infant and unmarried, shall be deemed for the purposes of the last preceding section to be paid as income, unless and except to the extent that the sum so paid together with any other sums previously so paid (whether to that child or to any other child who, at the commencement of the year of assessment in which that other sum was so paid, was an infant and unmarried) exceeds the aggregate amount of the income which, by virtue or in consequence of the settlement, has been paid to or for the benefit of a child of the settlor, or dealt with as mentioned in subsection (1) of this section, since the date when the settlement took effect or the date when it became irrevocable, whichever is the later.

Meaning of "irrevocable".

399. For the purposes of this Chapter, a settlement shall not be deemed to be irrevocable if the terms thereof provide—

(*a*) for the payment to the settlor or, during the life of the settlor, to the wife or husband of the settlor for his or her benefit, or for the application for the benefit of the settlor or, during the life of the settlor, of the wife or husband of the settlor, of any income or assets in any

circumstances whatsoever during the life of any child of the settlor to or for the benefit of whom any income, or assets representing it, is or are or may be payable or applicable by virtue or in consequence of the settlement; or

(*b*) for the determination of the settlement by the act or on the default of any person; or

(*c*) for the payment of any penalty by the settlor in the event of his failing to comply with the provisions of the settlement:

Provided that a settlement shall not be deemed to be revocable by reason only—

(i) that it contains a provision under which any income or assets will or may become payable to or applicable for the benefit of the settlor, or the wife or husband of the settlor, on the bankruptcy of any such child as is mentioned in paragraph (*a*) of this section or in the event of an assignment of or charge on that income or those assets being executed by such a child; or

(ii) that it provides for the determination of the settlement as aforesaid in such a manner that the determination will not, during the lifetime of any such child as aforesaid, benefit any person other than such a child, or the wife, husband or issue of such a child; or

(iii) in the case of a settlement to which section thirty-three of the Trustee Act, 1925, applies, that it directs income to be held for the benefit of such a child as aforesaid on protective trusts, unless the trust period is a period less than the life of the child or the settlement specifies some event on the happening of which the child would, if the income were payable during the trust period to him absolutely during that period, be deprived of the right to receive the income or part thereof.

Supplemental provisions as to Chapter II.

400.—(1) Where, by virtue of this Chapter, any income tax becomes chargeable on and is paid by the person by whom a settlement was made or entered into, that person shall be entitled—

(*a*) to recover from any trustee or other person to whom the income is payable by virtue or in consequence of the settlement the amount of the tax so paid; and

(*b*) for that purpose to require the Commissioners concerned to furnish to him a certificate specifying the amount of income in respect of which he has so paid tax and the amount of the tax so paid,

and any certificate so furnished shall be conclusive evidence of the facts appearing thereby.

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(2) Where any person obtains in respect of any allowance or relief a repayment of income tax in excess of the amount of the repayment to which he would but for the provisions of this Chapter have been entitled, an amount equal to the excess shall be paid by him to the trustee or other person to whom the income is payable by virtue or in consequence of the settlement, or, where there are two or more such persons, shall be apportioned among those persons as the case may require.

If any question arises as to the amount of any payment or as to any apportionment to be made under this subsection, that question shall be decided by the General Commissioners whose decision thereon shall be final.

(3) Any income which is deemed by virtue of this Chapter to be the income of any person shall be deemed to be the highest part of his income.

(4) No repayment shall be made under section two hundred and twenty-eight of this Act (which provides for relief where income is accumulated for the benefit of a person contingently on his attaining some specified age or marrying) on account of tax paid in respect of any income which by virtue of this Chapter has been treated as income of a settlor.

Application of Chapter II to settlements with more than one settlor.

401.—(1) In the case of any settlement where there is more than one settlor, this Chapter shall, subject to the provisions of this section, have effect in relation to each settlor as if he were the only settlor.

(2) In the case of any such settlement as aforesaid, only the following can, for the purposes of this Chapter, be taken into account, in relation to any settlor, as income paid by virtue or in consequence of the settlement to or for the benefit of a child of the settlor, that is to say—

(*a*) income originating from that settlor ; and

(*b*) in a case in which paragraph (*b*) of subsection (2) of section three hundred and ninety-eight of this Act applies, any sums which are under that paragraph to be deemed to be paid as income:

Provided that in applying the said paragraph (*b*) to any settlor—

(i) the references to sums paid by virtue or in consequence of the settlement or any enactment relating thereto include only sums paid out of property originating from that settlor or income originating from that settlor ; and

(ii) the reference to income which by virtue or in consequence of the settlement has been paid to or for the benefit of a child of the settlor or dealt with as mentioned in subsection (1) of that section includes only income originating from that settlor.

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(3) References in this section to property originating from a settlor are references to—

(*a*) property which that settlor has provided directly or indirectly for the purposes of the settlement; and

(*b*) property representing that property; and

(*c*) so much of any property which represents both property provided as aforesaid and other property as, on a just apportionment, represents the property so provided.

(4) References in this section to income originating from a settlor are references to—

(*a*) income from property originating from that settlor; and

(*b*) income provided directly or indirectly by that settlor.

(5) In subsections (3) and (4) of this section—

(*a*) references to property or income which a settlor has provided directly or indirectly include references to property or income which has been provided directly or indirectly by another person in pursuance of reciprocal arrangements with that settlor but do not include references to property or income which that settlor has provided directly or indirectly in pursuance of reciprocal arrangements with another person; and

(*b*) references to property which represents other property include references to property which represents accumulated income from that other property.

Power to obtain information under Chapter II.

402. The General or Special Commissioners may by notice in writing require any party to a settlement to furnish them within such time as they may direct (not being less than twenty-eight days) with such particulars as they think necessary for the purposes of this Chapter, and if that person without reasonable excuse fails to comply with the notice he shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

Interpretation of Chapter II.

403. In this Chapter—

"child" includes a stepchild, an adopted child and an illegitimate child;

"settlement" includes any disposition, trust, covenant, agreement, arrangement or transfer of assets;

"settlor", in relation to a settlement, includes any person by whom the settlement was made or entered into directly or indirectly, and in particular (but without prejudice to the generality of the preceding words of this definition) includes any person who has provided

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or undertaken to provide funds directly or indirectly for the purpose of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement;

"income", except in the phrase (occurring in subsection (1) of section three hundred and ninety-seven of this Act) "be treated for all the purposes of this Act as the income of the settlor for that year and not as the income of any other person", includes any income chargeable to income tax by deduction or otherwise and any income which would have been so chargeable if it had been received in the United Kingdom by a person resident and ordinarily resident in the United Kingdom.

CHAPTER III

REVOCABLE SETTLEMENTS, SETTLEMENTS WHERE SETTLOR RETAINS AN INTEREST, ETC.

Revocable settlements.

404.—(1) If and so long as the terms of any settlement are such that—

(*a*) any person has or may have power, whether immediately or in the future, and whether with or without the consent of any other person, to revoke or otherwise determine the settlement or any provision thereof and, in the event of the exercise of the power, the settlor or the wife or husband of the settlor will or may cease to be liable to make any annual payments payable by virtue or in consequence of any provision of the settlement; or

(*b*) the settlor or the wife or husband of the settlor may, whether immediately or in the future, cease, on the payment of a penalty, to be liable to make any annual payments payable by virtue or in consequence of any provision of the settlement,

any sums payable by the settlor or the wife or husband of the settlor by virtue or in consequence of that provision of the settlement in any year of assessment shall be treated for all the purposes of this Act as the income of the settlor for that year and not as the income of any other person:

Provided that, where any such power as is referred to in paragraph (*a*) of this subsection cannot be exercised within the period of six years from the time when the first of the annual payments so referred to becomes payable, and the like annual payments are payable in each year throughout that period, the said paragraph (*a*) shall not apply so long as the said power cannot be exercised.

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(2) If and so long as the terms of any settlement are such that—

(*a*) any person has or may have power, whether immediately or in the future, and whether with or without the consent of any other person, to revoke or otherwise determine the settlement or any provision thereof; and

(*b*) in the event of the exercise of the power, the settlor or the wife or husband of the settlor will or may become beneficially entitled to the whole or any part of the property then comprised in the settlement or of the income arising from the whole or any part of the property so comprised,

any income arising under the settlement from the property comprised in the settlement in any year of assessment or from a corresponding part of that property, or a corresponding part of any such income, as the case may be, shall be treated for all the purposes of this Act as the income of the settlor for that year and not as the income of any other person:

Provided that, where any such power as aforesaid cannot be exercised within six years from the time when any particular property first becomes comprised in the settlement, this subsection shall not apply to income arising under the settlement from that property, or from property representing that property, so long as the power cannot be exercised.

Settlements where settlor retains an interest.

405.—(1) If and so long as the settlor has an interest in any income arising under or property comprised in a settlement, any income so arising during the life of the settlor in any year of assessment shall, to the extent to which it is not distributed, be treated for all the purposes of this Act as the income of the settlor for that year and not as the income of any other person:

Provided that—

(*a*) if and so long as that interest is an interest neither in the whole of the income arising under the settlement nor in the whole of the property comprised in the settlement, the amount of income to be treated as the income of the settlor by virtue of this subsection shall be such part of the income which, but for this proviso, would be so treated as is proportionate to the extent of that interest; and

(*b*) where it is shown that any amount of the income which is not distributed in any year of assessment consists of income which falls to be treated as the income of the settlor for that year by virtue of the last preceding section, that amount shall be deducted from the amount of income which, but for this proviso, would be treated as his for that year by virtue of this subsection.

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(2) For the purpose of subsection (1) of this section, the settlor shall be deemed to have an interest in income arising under or property comprised in a settlement if any income or property which may at any time arise under or be comprised in that settlement is, or will or may become, payable to or applicable for the benefit of the settlor or the wife or husband of the settlor in any circumstances whatsoever:

Provided that the settlor shall not be deemed to have an interest in any income arising under or property comprised in a settlement—

(*a*) if and so long as that income or property cannot become payable or applicable as aforesaid except in the event of—

(i) the bankruptcy of some person who is or may become beneficially entitled to that income or property; or

(ii) any assignment of or charge on that income or property being made or given by some such person; or

(iii) in the case of a marriage settlement, the death of both the parties to the marriage and of all or any of the children of the marriage; or

(iv) the death under the age of twenty-five or some lower age of some person who would be beneficially entitled to that income or property on attaining that age; or

(*b*) if and so long as some person is alive and under the age of twenty-five during whose life that income or property cannot become payable or applicable as aforesaid except in the event of that person becoming bankrupt or assigning or charging his interest in that income or property.

Provisions supplemental to sections 404 and 405.

406.—(1) Tax chargeable at the standard rate by virtue of the preceding provisions of this Chapter shall be charged under Case VI of Schedule D.

(2) In computing the liability to income tax of a settlor chargeable by virtue of any of the said preceding provisions, the same deductions and reliefs shall be allowed as would have been allowed if the income treated as his by virtue of that provision had been received by him.

(3) Where, by virtue of any of the said preceding provisions, any income tax becomes chargeable on and is paid by a settlor, he shall be entitled—

(*a*) to recover from any trustee, or other person to whom income arises under the settlement, the amount of the tax so paid; and

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(*b*) for that purpose to require the Commissioners concerned to furnish to him a certificate specifying the amount of income in respect of which he has so paid tax and the amount of tax so paid.

Any certificate so furnished shall be conclusive evidence of the facts stated therein.

(4) Where any person obtains, in respect of any allowance or relief, a repayment of income tax in excess of the amount of the repayment to which he would, but for any of the said preceding provisions, have been entitled, an amount equal to the excess shall be paid by him to the trustee or other person to whom income arises under the settlement, or, where there are two or more such persons, shall be apportioned among those persons as the case may require.

If any question arises as to the amount of any payment or as to any apportionment to be made under this subsection, that question shall be decided by the General Commissioners whose decision thereon shall be final.

(5) Any income which is treated by virtue of any of the said preceding provisions as income of a settlor shall be deemed for the purpose of this section to be the highest part of his income.

(6) No repayment shall be made under section two hundred and twenty-eight of this Act (which provides for relief where income is accumulated for the benefit of a person contingently on his attaining some specified age or marrying) on account of tax paid in respect of any income which by virtue of any of the said preceding provisions has been treated as income of a settlor.

Disallowance of deduction from total income of certain sums paid by settlor.

407.—(1) Where, by virtue or in consequence of any settlement to which this section applies, the settlor pays directly or indirectly in any year of assessment to the trustees of the settlement any sums which would, but for this subsection, be allowable as deductions in computing his total income for that year for the purposes of surtax, those sums shall not be so allowable to the extent to which the aggregate amount thereof falls within the amount of income arising under the settlement in that year which has not been distributed, less—

(*a*) so much of any income arising under the settlement in that year which has not been distributed as is shown to consist of income which has been treated as the income of the settlor by virtue of section four hundred and four of this Act; and

(*b*) the amount of income so arising in that year which is treated as the income of the settlor by virtue of section four hundred and five of this Act.

(2) For the purposes of subsection (1) of this section, any sum paid in any year of assessment by the settlor to any body cor-

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porate connected with the settlement in that year shall be treated as if it had been paid to the trustees of the settlement in that year by virtue or in consequence of the settlement.

(3) No relief shall be given under any of the provisions of this Act on account of tax paid in respect of so much of any income arising under a settlement in any year of assessment as is equal to the aggregate amount of any sums paid by the settlor in that year which are not allowable as deductions by virtue of this section.

(4) This section shall apply to any settlement (wherever made) made after the twenty-sixth day of April, nineteen hundred and thirty-eight, and where income arising under any settlement (wherever made) made on or before that date is treated as the income of the settlor by virtue of section four hundred and four of this Act but ceases to be so treated by reason of any variation of the terms of the settlement made after that date, or would have been so treated but for such a variation, this section shall apply to that settlement as from the date when the variation takes effect.

(5) In this section, references to sums paid by a settlor include references to sums paid by the wife or husband of the settlor.

Sums paid to settlor otherwise than as income.

408.—(1) Any capital sum paid directly or indirectly in any relevant year of assessment by the trustees of a settlement to which this section applies to the settlor shall—

(*a*) to the extent to which the amount of that sum falls within the amount of income available up to the end of that year, be treated for all the purposes of this Act as the income of the settlor for that year;

(*b*) to the extent to which the amount of that sum exceeds the amount of income available up to the end of that year but falls within the amount of the income available up to the end of the next following year, be treated for the purposes aforesaid as the income of the settlor for the next following year,

and so on.

(2) For the purposes of subsection (1) of this section, the amount of income available up to the end of any year shall, in relation to any capital sum paid as aforesaid, be taken to be the aggregate amount of income arising under the settlement in that year and any previous relevant year which has not been distributed, less—

(*a*) the amount of any other capital sums paid to the settlor in any relevant year before that sum was paid; and

(*b*) so much of any income arising under the settlement in that year and any previous relevant year which has not been distributed as is shown to consist of income

which has been treated as income of the settlor by virtue of section four hundred and four of this Act; and

(*c*) any income arising under the settlement in that year and any previous relevant year which has been treated as the income of the settlor by virtue of section four hundred and five of this Act; and

(*d*) any sums paid by virtue or in consequence of the settlement, to the extent that they are not allowable, by virtue of the last preceding section, as deductions in computing the settlor's income for that year or any previous relevant year; and

(*e*) an amount equal to tax at the standard rate on—

(i) the aggregate amount of income arising under the settlement in that year and any previous relevant year which has not been distributed, less

(ii) the aggregate amount of the income and sums referred to in paragraphs (*b*), (*c*) and (*d*) of this subsection.

(3) For the purpose of this section, any capital sum paid to the settlor in any year of assessment by any body corporate connected with the settlement in that year shall be treated as having been paid by the trustees of the settlement in that year.

(4) Where the whole or any part of any sum is treated by virtue of this section as income of the settlor for any year, it shall be treated as income of such an amount as, after deduction of tax at the standard rate for that year, would be equal to that sum or that part thereof.

(5) Tax chargeable at the standard rate by virtue of this section shall be charged under Case VI of Schedule D.

(6) In computing the liability to income tax of a settlor chargeable by virtue of this section, the same deductions and reliefs shall be allowed as would have been allowed if the amount treated as his income by virtue of this section had been received by him as income.

(7) This section applies to any settlement wherever made, and whether made before or after the passing of this Act, and in this section—

"capital sum" means—

(i) any sum paid by way of loan or repayment of a loan; and

(ii) any other sum paid otherwise than as income, being a sum which is not paid for full consideration in money or money's worth,

but does not include any sum which could not have become payable to the settlor except in one of the events specified in the proviso to subsection (2) of section four hundred and five of this Act; and

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"relevant year" means any year of assessment after the year 1937-38; and

references to sums paid to the settlor include references to sums paid to the wife or husband of the settlor.

Application of Chapter III to settlements where there is more than one settlor.

409.—(1) In the case of any settlement where there is more than one settlor, this Chapter shall, subject to the provisions of this section, have effect in relation to each settlor as if he were the only settlor.

(2) References in this Chapter to the property comprised in a settlement include, in relation to any settlor, only property originating from that settlor and references in this Chapter to income arising under the settlement include, in relation to any settlor, only income originating from that settlor.

(3) In considering for the purposes of this Chapter, in relation to any settlor, whether any, and if so, how much, of the income arising under the settlement has been distributed, any sums paid partly out of income originating from that settlor and partly out of other income must (so far as not apportioned by the terms of the settlement) be apportioned evenly over all that income.

(4) References in subsection (1) of section four hundred and four of this Act and in section four hundred and seven of this Act to sums payable by virtue or in consequence of any provision of the settlement or sums paid by virtue or in consequence of the settlement include, in relation to any settlor, only sums payable or paid by that settlor.

(5) References in this section to property originating from a settlor are references to—

(*a*) property which that settlor has provided directly or indirectly for the purposes of the settlement; and

(*b*) property representing that property; and

(*c*) so much of any property which represents both property provided as aforesaid and other property as, on a just apportionment, represents the property so provided.

(6) References in this section to income originating from a settlor are references to—

(*a*) income from property originating from that settlor; and

(*b*) so much of any such income of a body corporate as is mentioned in paragraph (*b*) of subsection (1) of section four hundred and eleven of this Act as corresponds to property originating from the settlor which is comprised in the settlement; and

(*c*) income provided directly or indirectly by that settlor.

(7) In subsections (5) and (6) of this section—

(*a*) references to property or income which a settlor has provided directly or indirectly include references to property or income which has been provided directly

or indirectly by another person in pursuance of reciprocal arrangements with that settlor, but do not include references to property or income which that settlor has provided directly or indirectly in pursuance of reciprocal arrangements with another person; and

(*b*) references to property which represents other property include references to property which represents accumulated income from that other property.

Power to obtain information for purposes of Chapter III.

410.—(1) The General or Special Commissioners may by notice in writing require any person, being a party to a settlement, to furnish them within such time as they may direct (not being less than twenty-eight days) with such particulars as they think necessary for the purposes of any of the provisions of this Chapter, and if that person without reasonable excuse fails to comply with the notice, he shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

(2) Without prejudice to the provisions of subsection (1) of this section, if any party to a settlement fails to furnish any particulars required under that subsection, or if the General or Special Commissioners are not satisfied with any particulars furnished under that subsection, they may make an estimate of the amount of income which, by virtue of any of the provisions of sections four hundred and four, four hundred and five and four hundred and eight of this Act, is to be treated as the income of the settlor.

Interpretation of Chapter III.

411.—(1) In this Chapter, "income arising under a settlement" includes—

(*a*) any income chargeable to income tax by deduction or otherwise, and any income which would have been so chargeable if it had been received in the United Kingdom by a person domiciled, resident and ordinarily resident in the United Kingdom; and

(*b*) where the amount of the income of any body corporate has been apportioned under Chapter III of Part IX of this Act for any year or period, or could have been so apportioned if the body corporate were incorporated in any part of the United Kingdom, so much of the income of the body corporate for that year or period as is equal to the amount which has been or could have been so apportioned to the trustees of or a beneficiary under the settlement,

but, where the settlor is not domiciled, or not resident, or not ordinarily resident, in the United Kingdom in any year of assessment, does not include income arising under the settlement in that year in respect of which the settlor, if he were actually

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entitled thereto, would not be chargeable to income tax by deduction or otherwise by reason of his not being so domiciled, resident or ordinarily resident.

(2) In this Chapter, "settlement" includes any disposition, trust, covenant, agreement or arrangement, and "settlor", in relation to a settlement, means any person by whom the settlement was made; and a person shall be deemed for the purposes of this Chapter to have made a settlement if he has made or entered into the settlement directly or indirectly, and in particular (but without prejudice to the generality of the preceding words) if he has provided or undertaken to provide funds directly or indirectly for the purpose of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement.

(3) For the purposes of this Chapter, income arising under a settlement in any year of assessment shall be deemed not to have been distributed if and to the extent that it exceeds the aggregate amount of—

(*a*) the sums paid in that year by the trustees of the settlement to any persons (not being a body corporate connected with the settlement and not being the trustees of another settlement made by the settlor or the trustees of the settlement) in such manner that they fall to be treated in that year, otherwise than by virtue of section four hundred and eight of this Act, as the income of those persons for the purposes of income tax, or would fall to be so treated if those persons were domiciled, resident and ordinarily resident in the United Kingdom and the sums had been paid to them therein; and

(*b*) any expenses of the trustees of the settlement paid in that year which, in the absence of any express provision of the settlement, would be properly chargeable to income, in so far as such expenses are not included in the sums mentioned in paragraph (*a*) of this subsection; and

(*c*) in a case where the trustees of the settlement are trustees for charitable purposes, the amount by which any income arising under the settlement in that year in respect of which exemption from tax may be granted under sections four hundred and forty-seven and four hundred and forty-eight of this Act exceeds the aggregate amount of any such sums or expenses as aforesaid paid in that year which are properly chargeable to that income.

(4) For the purposes of this Chapter, a body corporate shall be deemed to be connected with a settlement in any year of

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assessment if any of the income thereof for any year or period ending in that year of assessment—

(*a*) has been apportioned to the trustees of or a beneficiary under the settlement under Chapter III of Part IX of this Act, or could have been so apportioned if the body corporate had been incorporated in the United Kingdom; or

(*b*) could have been so apportioned if the income of the body corporate for that year or period had not been distributed to the members thereof and, in the case of a body corporate incorporated outside the United Kingdom, if the body corporate had been incorporated in the United Kingdom.

(5) The provisions of this Chapter shall be in addition to and not in derogation of any other provisions of this Act.

CHAPTER IV

TRANSACTIONS RESULTING IN TRANSFER OF INCOME TO PERSONS ABROAD

Provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons abroad.

412. For the purpose of preventing the avoiding by individuals ordinarily resident in the United Kingdom of liability to income tax by means of transfers of assets by virtue or in consequence whereof, either alone or in conjunction with associated operations, income becomes payable to persons resident or domiciled out of the United Kingdom, it is hereby enacted as follows:—

(1) Where such an individual has by means of any such transfer, either alone or in conjunction with associated operations, acquired any rights by virtue of which he has, within the meaning of this section, power to enjoy, whether forthwith or in the future, any income of a person resident or domiciled out of the United Kingdom which, if it were income of that individual received by him in the United Kingdom, would be chargeable to income tax by deduction or otherwise, that income shall, whether it would or would not have been chargeable to income tax apart from the provisions of this section, be deemed to be income of that individual for all the purposes of this Act.

(2) Where, whether before or after any such transfer, such an individual receives or is entitled to receive any capital sum the payment whereof is in any way connected with the transfer or any associated operation, any income which, by virtue or in consequence of the transfer, either alone or in conjunction with associated operations, has become the income of a person resident or domiciled out of the United Kingdom shall, whether it would or would not have been chargeable to income tax apart from the provisions of this section, be deemed to be the income of that individual for all the purposes of this Act.

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In this subsection, " capital sum " means—

(*a*) any sum paid or payable by way of loan or repayment of a loan ; and

(*b*) any other sum paid or payable otherwise than as income, being a sum which is not paid or payable for full consideration in money or money's worth.

(3) Subsections (1) and (2) of this section shall not apply if the individual shows in writing or otherwise to the satisfaction of the Special Commissioners either—

(*a*) that the purpose of avoiding liability to taxation was not the purpose or one of the purposes for which the transfer or associated operations or any of them were effected ; or

(*b*) that the transfer and any associated operations were bona fide commercial transactions and were not designed for the purpose of avoiding liability to taxation.

(4) For the purposes of this section, " an associated operation " means, in relation to any transfer, an operation of any kind effected by any person in relation to any of the assets transferred or any assets representing, whether directly or indirectly, any of the assets transferred, or to the income arising from any such assets, or to any assets representing, whether directly or indirectly, the accumulations of income arising from any such assets.

(5) An individual shall, for the purposes of this section, be deemed to have power to enjoy income of a person resident or domiciled out of the United Kingdom if—

(*a*) the income is in fact so dealt with by any person as to be calculated, at some point of time, and whether in the form of income or not, to enure for the benefit of the individual ; or

(*b*) the receipt or accrual of the income operates to increase the value to the individual of any assets held by him or for his benefit ; or

(*c*) the individual receives or is entitled to receive, at any time, any benefit provided or to be provided out of that income or out of moneys which are or will be available for the purpose by reason of the effect or successive effects of the associated operations on that income and on any assets which directly or indirectly represent that income ; or

(*d*) the individual has power, by means of the exercise of any power of appointment or power of revocation or otherwise, to obtain for himself, whether with or without the consent of any other person, the beneficial enjoyment of the income, or may, in the event of the exercise of any power vested in any other person, become entitled to the beneficial enjoyment of the income ; or

(*e*) the individual is able in any manner whatsoever, and whether directly or indirectly, to control the application of the income.

(6) In determining whether an individual has power to enjoy income within the meaning of this section, regard shall be had to the substantial result and effect of the transfer and any associated operations, and all benefits which may at any time accrue to the individual as a result of the transfer and any associated operations shall be taken into account irrespective of the nature or form of the benefits.

(7) For the purposes of this section, any body corporate incorporated outside the United Kingdom shall be treated as if it were resident out of the United Kingdom whether it is so resident or not.

(8) For the purposes of this section—

(*a*) a reference to an individual shall be deemed to include the wife or husband of the individual;

(*b*) "assets" includes property or rights of any kind, and "transfer", in relation to rights, includes the creation of those rights;

(*c*) "benefit" includes a payment of any kind;

(*d*) references to income of a person resident or domiciled out of the United Kingdom shall, where the amount of the income of a company for any year or period has been apportioned under Chapter III of Part IX of this Act, include references to so much of the income of the company for that year or period as is equal to the amount so apportioned to that person;

(*e*) references to assets representing any assets, income or accumulations of income include references to shares in or obligations of any company to which, or obligations of any other person to whom, those assets, that income or those accumulations are or have been transferred.

Provisions supplemental to s. 412.

413.—(1) Tax at the standard rate shall not be charged by virtue of the last preceding section in respect of income which has borne tax at the standard rate by deduction or otherwise but, save as aforesaid, tax chargeable at the standard rate by virtue of that section shall be charged under Case VI of Schedule D and all assessments in respect thereof shall be made by the Special Commissioners.

(2) In computing the liability to income tax of an individual chargeable by virtue of the provisions of the last preceding section, the same deductions and reliefs shall be allowed as would have been allowed if the income deemed to be his by virtue of that section had actually been received by him.

(3) Where an individual has been charged to income tax on any income deemed to be his by virtue of the last preceding

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section and that income is subsequently received by him, it shall be deemed not to form part of his income again for the purposes of this Act.

(4) All the provisions of this Act relating to the charge, assessment, collection and recovery of income tax, to appeals against assessments made by the Special Commissioners and to cases to be stated for the opinion of the High Court shall apply to any income tax chargeable by virtue of the last preceding section, so far as they are applicable and subject to any necessary modifications.

(5) For the purposes of an assessment under the last preceding section, the Special Commissioners shall have any of the powers of a surveyor, and for the purpose of the representation of the Crown before the Special Commissioners on any appeal under this section, any person nominated in that behalf by the Commissioners of Inland Revenue shall have all such powers as a surveyor has at and upon the determination of an appeal.

Power to require information for purposes of Chapter IV.

414.—(1) The Special Commissioners may by notice in writing require any person to furnish them within such time as they may direct (not being less than twenty-eight days) with such particulars as they think necessary for the purposes of this Chapter, and if that person without reasonable excuse fails to comply with the notice, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

(2) Without prejudice to the provisions of subsection (1) of this section, if any individual fails to furnish any particulars required under this section or if the Special Commissioners are not satisfied with any particulars furnished under this section, they may make an estimate of the amount of the income which, by virtue of the provisions of this Chapter, is to be deemed to be income of the individual for the purposes of this Act.

(3) The particulars which a person must furnish under this section, if he is required by a notice from the Special Commissioners so to do, include particulars—

(*a*) as to transactions with respect to which he is or was acting on behalf of others; and

(*b*) as to transactions which in the opinion of the Commissioners it is proper that they should investigate for the purposes of this Chapter notwithstanding that, in the opinion of the person to whom the notice is given, no liability to tax arises under this Chapter; and

(*c*) as to whether the person to whom the notice is given has taken or is taking any, and if so what, part in any, and if so what, transactions of a description specified in the notice.

(4) Notwithstanding anything in subsection (3) of this section, a solicitor shall not be deemed for the purposes of paragraph (*c*)

thereof to have taken part in a transaction by reason only that he has given professional advice to a client in connection with that transaction, and shall not, in relation to anything done by him on behalf of a client, be compellable under this section, except with the consent of his client, to do more than state that he is or was acting on behalf of a client, and give the name and address of his client and also—

(*a*) in the case of anything done by the solicitor in connection with the transfer of any asset by or to an individual ordinarily resident in the United Kingdom to or by any such body corporate as is hereinafter mentioned, or in connection with any associated operation in relation to any such transfer, the names and addresses of the transferor and the transferee or of the persons concerned in the associated operations, as the case may be;

(*b*) in the case of anything done by the solicitor in connection with the formation or management of any such body corporate as is hereinafter mentioned, the name and address of the body corporate;

(*c*) in the case of anything done by the solicitor in connection with the creation, or with the execution of the trusts, of any settlement by virtue or in consequence whereof income becomes payable to a person resident or domiciled out of the United Kingdom, the names and addresses of the settlor and of that person.

The bodies corporate mentioned in the preceding provisions of this subsection are bodies corporate resident or incorporated outside the United Kingdom which are, or, if they were incorporated in the United Kingdom, would be, investment companies to which section two hundred and forty-five of this Act applies.

(5) Nothing in this section shall impose on any bank the obligation to furnish any particulars of any ordinary banking transactions between the bank and a customer carried out in the ordinary course of banking business, unless the bank has acted or is acting on behalf of the customer in connection with the formation or management of any such body corporate as is mentioned in paragraph (*b*) of subsection (4) of this section or in connection with the creation, or with the execution of the trusts, of any such settlement as is mentioned in paragraph (*c*) thereof.

(6) In this section—

"settlement" and "settlor" have the meanings assigned thereto by section four hundred and eleven of this Act; and

"investment company" has the meaning assigned thereto by section two hundred and fifty-seven of this Act.

PART XVIII —*cont.*

CHAPTER V

SURTAX LIABILITY OF SETTLORS IN CERTAIN CASES NOT OTHERWISE DEALT WITH IN PART XVIII

Surtax on income under certain settlements not otherwise dealt with.

415.—(1) Where, during the life of the settlor, income arising under a settlement made on or after the tenth day of April, nineteen hundred and forty-six, is, under the settlement and in the events that occur, payable to or applicable for the benefit of any person other than the settlor, then, unless, under the settlement and in the said events, the income either—

(*a*) is payable to an individual for his own use; or

(*b*) is applicable for the benefit of an individual named in that behalf in the settlement, or of two or more individuals named in that behalf therein; or

(*c*) is applicable for the benefit of a child or children of an individual named in that behalf in the settlement; or

(*d*) is income from property of which the settlor has divested himself absolutely by the settlement; or

(*e*) is income which, by virtue of some provision of this Act not contained in this Chapter, is to be treated for the purposes of this Act as income of the settlor,

the income shall be treated for the purposes of surtax as the income of the settlor and not as the income of any other person:

Provided that the exceptions provided for by paragraphs (*a*), (*b*) and (*c*) of this subsection shall not apply where the named individual or individuals or, in the case of the said paragraph (*c*), either the named individual or the child or any of the children in question, is in the service of the settlor or accustomed to act as the solicitor or agent of the settlor.

(2) The settlor shall not be deemed for the purposes of this section to have divested himself absolutely of any property if that property or any income therefrom or any property directly or indirectly representing proceeds of, or of income from, that property or any income therefrom is, or will or may become, payable to him or applicable for his benefit in any circumstances whatsoever:

Provided that a settlor shall not be deemed not to have divested himself absolutely of any property by reason only that that property or income therefrom or any such other property or income as aforesaid may become payable to him or applicable for his benefit in the event of—

(*a*) the bankruptcy of some person who is or may become beneficially entitled to any such property or income; or

(*b*) an assignment of or charge on any such property or income being made or given by some such person; or

PART XVIII —*cont.*

(*c*) in the case of a marriage settlement, the death of both parties to the marriage and of all or any of the children of the marriage; or

(*d*) the death under the age of twenty-five or some lower age of some person who would be beneficially entitled to that property or income on attaining that age.

(3) In this section, "income arising under a settlement", "settlement" and "settlor" have the meanings assigned to them for the purposes of Chapter III of this Part of this Act by subsections (1) and (2) of section four hundred and eleven of this Act; and section four hundred and nine of this Act (which relates to settlements with more than one settlor) shall have effect in relation to this section as it has effect in relation to the said Chapter III.

CHAPTER VI

MISCELLANEOUS AND GENERAL PROVISIONS

Transfers of income arising from securities.

416.—(1) Where in any year of assessment the owner of any securities (in this section referred to as "the owner") sells or transfers the right to receive any interest payable (whether before or after the sale or transfer) in respect of the securities without selling or transferring the securities, then, for all the purposes of this Act, that interest, whether it would or would not be chargeable to tax apart from the provisions of this section—

(*a*) shall be deemed to be the income of the owner or, in a case where the owner is not the beneficial owner of the securities and some other person (hereafter in this section referred to as "a beneficiary") is beneficially entitled to the income arising from the securities, the income of the beneficiary; and

(*b*) shall be deemed to be the income of the owner or beneficiary for that year; and

(*c*) shall not be deemed to be the income of any other person:

Provided that, in the case of a sale or other realisation the proceeds whereof are chargeable to tax under Schedule C or under Chapter IV of Part VII of this Act, the interest so deemed to be the income of the owner or beneficiary shall be deemed to be equal in amount to the amount of those proceeds.

(2) Nothing in subsection (1) of this section shall affect any provision of this Act authorising or requiring the deduction of tax from any interest which is deemed to be the income of the owner or beneficiary as aforesaid or from the proceeds of any subsequent sale or other realisation of the right to receive that interest:

Provided that the proceeds of any such subsequent sale or other realisation shall not, for any of the purposes of this Act,

PART XVIII —*cont.*

be deemed to be the income of the seller or the person on whose behalf the right is otherwise realised.

(3) Where the securities are of such a character that the interest payable in respect thereof may be paid without deduction of tax, the owner or beneficiary shall be chargeable to tax at the standard rate under Case VI of Schedule D in respect of any interest which is deemed to be his income by virtue of this section, unless he shows that it has borne tax at the standard rate or that the proceeds of any sale or other realisation of the right to receive that interest have been charged to tax under Schedule C or under Chapter IV of the said Part VII:

Provided that, in any case where, if the interest had been chargeable under Case IV or Case V of Schedule D, the computation of tax would have been made by reference to the amount received in the United Kingdom, the tax under Case VI shall be computed on the full amount of the sums which have been or will be received in the United Kingdom in the year of assessment or any subsequent year in which the owner remains the owner of the securities.

(4) In this section—

"interest" includes dividends, annuities and shares of annuities; and

"securities" includes stocks and shares.

(5) The Commissioners of Inland Revenue may by notice in writing require any person to furnish them within such time as they may direct (not being less than twenty-eight days), in respect of all securities of which he was the owner at any time during the period specified in the notice, with such particulars as they consider necessary for the purposes of this section and for the purpose of discovering whether—

(*a*) tax has been borne in respect of the interest on all those securities; or

(*b*) the proceeds of any sale or other realisation of the right to receive the interest on the securities have been charged to tax under Schedule C or Chapter IV of the said Part VII,

and if that person without reasonable excuse fails to comply with the notice, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

General provisions as to income deemed to be income of another person.

417. Where any income of any person is by virtue of any provisions of this Act, and in particular, but without prejudice to the generality of the preceding words, by virtue of Chapter IV of this Part of this Act, to be deemed to be income of any

other person, that income is not exempt from income tax either—

(*a*) as being derived from a security issued by the Treasury with any condition regulating the treatment of the interest thereon for income tax purposes; or

(*b*) by virtue of section one hundred and twenty or section one hundred and ninety of this Act,

by reason of the first mentioned person not being resident, or not being ordinarily resident, or being neither domiciled nor ordinarily resident, in the United Kingdom.

PART XIX

SPECIAL PROVISIONS AS TO ESTATES OF DECEASED PERSONS IN COURSE OF ADMINISTRATION

Provisions as to limited interests in residue.

418.—(1) The following provisions of this section shall have effect in relation to a person who, during the period commencing on the death of a deceased person and ending on the completion of the administration of his estate (in this Part of this Act referred to as "the administration period") or during a part of that period, has a limited interest in the residue of the estate or in a part thereof.

(2) When any sum has been paid during the administration period in respect of that limited interest, the amount thereof shall, subject to the provisions of subsection (3) of this section, be deemed for all the purposes of this Act to have been paid to that person as income for the year of assessment in which that sum was paid, or, in the case of a sum paid in respect of an interest that has ceased, for the last year of assessment in which it was subsisting.

(3) On the completion of the administration of the estate—

(*a*) the aggregate amount of all sums paid before, or payable on, the completion of the administration in respect of that limited interest shall be deemed to have accrued due to that person from day to day during the administration period or the part thereof during which he had that interest, as the case may be, and to have been paid to him as it accrued due;

(*b*) the amount deemed to have been paid to that person by virtue of paragraph (*a*) of this subsection in any year of assessment shall be deemed for all the purposes of this Act to have been paid to him as income for that year; and

(*c*) where the amount which is deemed to have been paid to that person as income for any year by virtue of this subsection is less or greater than the amount deemed to have been paid to him as income for that year by

PART XIX —*cont.*

virtue of subsection (2) of this section, such adjustments shall be made as are provided in section four hundred and twenty-two of this Act.

(4) Any amount which is deemed to have been paid to that person as income for any year by virtue of this section shall—

(*a*) in the case of a United Kingdom estate, be deemed to be income of such an amount as would after deduction of standard tax for that year be equal to the amount deemed to have been so paid, and to be income that has borne standard tax;

(*b*) in the case of a foreign estate, be deemed to be income of the amount deemed to have been so paid, and shall be chargeable to standard tax under Case IV of Schedule D as if it were income arising from securities in a place out of the United Kingdom.

(5) Where a person has been charged to standard tax for any year by virtue of this section in respect of an amount deemed to have been paid to him as income in respect of an interest in a foreign estate and any part of the aggregate income of that estate for that year has borne United Kingdom income tax by deduction or otherwise, the tax so charged on him shall, on proof of the facts to the satisfaction of the General or Special Commissioners, be reduced by an amount bearing the same proportion thereto as the amount of the said income which has borne United Kingdom income tax, less the tax so borne, bears to the amount of the said aggregate income, less the tax so borne:

Provided that, where relief has been so given, such part of the amount in respect of which he has been charged to standard tax as corresponds to the said proportion shall, for the purposes of surtax, be deemed to represent income of such an amount as would after deduction of standard tax be equal to that part of the amount charged.

Provisions as to absolute interests in residue.

419.—(1) The following provisions of this section shall have effect in relation to a person who, during the administration period or during a part of that period, has an absolute interest in the residue of the estate of a deceased person or in a part thereof.

(2) There shall be ascertained in accordance with the next following section the amount of the residuary income of the estate for each whole year of assessment, and for each broken part of a year of assessment, during which—

(*a*) the administration period was current; and

(*b*) that person had that interest,

and the amount so ascertained in respect of any year or part of a year, or, in the case of a person having an absolute interest

in a part of a residue, a proportionate part of that amount, is in this Part of this Act referred to as " the residuary income " of that person for that year of assessment:

Provided that, when legacy duty charged on the residue, or on the part thereof in which that person has an absolute interest, as the case may be, has been paid in respect of income for any such year or part of a year as aforesaid, his residuary income for that year shall thereafter be treated for the purposes of surtax as reduced by the amount of that duty so far as paid in respect of such income.

(3) When any sum or sums has or have been paid during the administration period in respect of that absolute interest, the amount of that sum or the aggregate amount of those sums shall, subject to the provisions of subsection (4) of this section, be deemed for all the purposes of this Act to have been paid to that person as income to the extent to which, and for the year or years of assessment for which, he would have been treated for those purposes as having received income if he had had a right to receive in each year of assessment—

(*a*) in the case of a United Kingdom estate, his residuary income for that year less standard tax for that year; or

(*b*) in the case of a foreign estate, his residuary income for that year,

and that sum or the aggregate of those sums had been available for application primarily in or towards satisfaction of those rights as they accrued and had been so applied.

In the case of a United Kingdom estate, any amount which is deemed to have been paid to that person as income for any year by virtue of this subsection shall be deemed to be income of such an amount as would after deduction of standard tax for that year be equal to the amount deemed to have been so paid, and to be income that has borne standard tax.

(4) On the completion of the administration of the estate—

(*a*) the amount of the residuary income of that person for any year of assessment shall be deemed for all the purposes of this Act to have been paid to him as income for that year, and in the case of a United Kingdom estate shall be deemed to have borne tax by reference to the standard rate; and

(*b*) where the amount which is deemed to have been paid to that person as income for any year by virtue of this subsection is less or greater than the amount deemed to have been paid to him as income for that year by virtue of subsection (3) of this section, such adjustments shall be made as are provided in section four hundred and twenty-two of this Act.

PART XIX —*cont.*

(5) In the case of a foreign estate, any amount which is deemed to have been paid to that person as income for any year by virtue of this section shall be deemed to be income of that amount, and shall be chargeable to standard tax under Case IV of Schedule D as if it were income arising from securities in a place out of the United Kingdom.

(6) Where a person has been charged to standard tax for any year by virtue of this section in respect of an amount deemed to have been paid to him as income in respect of an interest in a foreign estate, and any part of the aggregate income of that estate for that year has borne United Kingdom income tax by deduction or otherwise, the tax so charged on him shall, on proof of the facts to the satisfaction of the General or Special Commissioners, be reduced by an amount bearing the same proportion thereto as the amount of the said income which has borne United Kingdom income tax bears to the amount of the said aggregate income.

Supplementary provisions as to absolute interests in residue.

420.—(1) The amount of the residuary income of an estate for any year of assessment shall be ascertained by deducting from the aggregate income of the estate for that year—

(*a*) the amount of any annual interest, annuity or other annual payment for that year which is a charge on residue and the amount of any payment made in that year in respect of any such expenses incurred by the personal representatives as such in the management of the assets of the estate as, in the absence of any express provision in a will, would be properly chargeable to income, but excluding any such interest, annuity or payment allowed or allowable in computing the aggregate income of the estate; and

(*b*) the amount of any of the aggregate income of the estate for that year to which a person has on or after assent become entitled by virtue of a specific disposition either for a vested interest during the administration period or for a vested or contingent interest on the completion of the administration.

(2) In the event of its appearing, on the completion of the administration of an estate in the residue of which, or in a part of the residue of which, a person had an absolute interest at the completion of the administration, that the aggregate of the benefits received in respect of that interest does not amount to as much as the aggregate for all years of the residuary income of the person having that interest, his residuary income for each year shall be reduced for the purpose of the last preceding section by an amount bearing the same proportion thereto as the deficiency bears to the aggregate for all years of his residuary income.

In this subsection, " benefits received " in respect of an absolute interest means the following amounts in respect of all sums paid before, or payable on, the completion of the administration in respect of that interest, that is to say—

(*a*) as regards a sum paid before the completion of the administration, in the case of a United Kingdom estate such an amount as would, after deduction of standard tax for the year of assessment in which that sum was paid, be equal to that sum, or in the case of a foreign estate the amount of that sum; and

(*b*) as regards a sum payable on the completion of the administration, in the case of a United Kingdom estate such an amount as would, after deduction of standard tax for the year of assessment in which the administration is completed, be equal to that sum, or in the case of a foreign estate the amount of that sum.

(3) In the application of subsection (2) of this section to a residue or a part of a residue in which a person other than the person having an absolute interest at the completion of the administration had an absolute interest at any time during the administration period, the aggregates therein mentioned shall be computed in relation to those interests taken together, and the residuary income of that other person also shall be subject to reduction thereunder.

Special provisions as to certain interests in residue.

421.—(1) Where the personal representatives of a deceased person have as such a right in relation to the estate of another deceased person such that, if that right were vested in them for their own benefit, they would have an absolute or limited interest in the residue of that estate or in a part thereof, they shall be deemed to have that interest notwithstanding that that right is not vested in them for their own benefit, and any amount deemed to be paid to them as income by virtue of this Part of this Act shall be treated as part of the aggregate income of the estate of the person whose personal representatives they are.

(2) Where different persons have successively during the administration period absolute interests in the residue of the estate of a deceased person or in a part thereof, sums paid during that period in respect of the residue or of that part thereof, as the case may be, shall be treated for the purpose of this Part of this Act as having been paid in respect of the interest of the person who first had an absolute interest therein up to the amount of—

(*a*) in the case of a United Kingdom estate, the aggregate for all years of that person's residuary income less standard tax; or

PART XIX —*cont.*

(*b*) in the case of a foreign estate, the aggregate for all years of that person's residuary income,

and, as to any balance up to a corresponding amount, in respect of the interest of the person who next had an absolute interest therein, and so on.

(3) Where, upon the exercise of a discretion, any of the income of the residue of the estate of a deceased person for any period (being the administration period or a part thereof) would, if the residue had been ascertained at the commencement of that period, be properly payable to any person, or to another in his right, for his benefit, whether directly by the personal representatives or indirectly through a trustee or other person, the amount of any sum paid pursuant to an exercise of the discretion in favour of that person shall be deemed for all the purposes of this Act to have been paid to that person as income for the year of assessment in which it was paid, and the provisions of subsections (4) and (5) of section four hundred and eighteen of this Act shall have effect in relation to an amount which is deemed to have been paid as income by virtue of this subsection.

Provisions as to adjustments and furnishing of information.

422.—(1) Where, on the completion of the administration of an estate, any amount is deemed by virtue of this Part of this Act to have been paid to any person as income for any year of assessment and—

(*a*) that amount is greater than the amount that has previously been deemed to have been paid to him as income for that year by virtue of this Part of this Act; or

(*b*) no amount has previously been so deemed to have been paid to him as income for that year,

an assessment or additional assessment may be made upon him for that year and tax charged accordingly or, on a claim being made for the purpose, any relief or additional relief to which he may be entitled shall be allowed accordingly.

(2) Where, on the completion of the administration of an estate, any amount is deemed by virtue of this Part of this Act to have been paid to any person as income for any year of assessment, and that amount is less than the amount that has previously been so deemed to have been paid to him, then—

(*a*) if an assessment has already been made upon him for that year, such adjustments shall be made in that assessment as may be necessary for the purpose of giving effect to the provisions of this Part of this Act which take effect on the completion of the administration, and any tax overpaid shall be repaid; and

PART XIX —*cont.*

(*b*) if—

(i) any relief has been allowed to him by reference to the amount which has been previously deemed as aforesaid to have been paid to him as income for that year; and

(ii) the amount of that relief exceeds the amount of relief which could have been given by reference to the amount which, on the completion of the administration, is deemed to have been paid to him as income for that year,

the relief so given in excess may, if not otherwise made good, be charged under Case VI of Schedule D and recovered from that person accordingly.

(3) Notwithstanding anything contained in this Act, the time within which an assessment or additional assessment may be made for the purposes of this Part of this Act, or an assessment may be adjusted for those purposes, or a claim for relief may be made by virtue of this Part of this Act, shall not expire before the end of the third year following the year of assessment in which the administration of the estate in question was completed.

(4) The General or Special Commissioners may by notice in writing require any person being or having been a personal representative of a deceased person, or having or having had an absolute or limited interest in the residue of the estate of a deceased person or in a part thereof, to furnish them within such time as they may direct (not being less than twenty-eight days) with such particulars as they think necessary for the purposes of this Part of this Act, and if that person without reasonable excuse fails to comply with the notice, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for each day during which that failure continues.

Interpretation of Part XIX.

423.—(1) The following provisions of this section shall have effect for the purpose of the interpretation of the preceding provisions of this Part of this Act.

(2) A person shall be deemed to have an "absolute interest" in the residue of the estate of a deceased person, or in a part thereof, if and so long as the capital of the residue or of that part thereof, as the case may be, would, if the residue had been ascertained, be properly payable to him, or to another in his right, for his benefit, or is properly so payable, whether directly by the personal representatives or indirectly through a trustee or other person.

(3) A person shall be deemed to have a "limited interest" in the residue of the estate of a deceased person, or in a part

PART XIX —*cont.*

thereof, during any period, being a period during which he has not an absolute interest in the residue or in that part thereof, as the case may be, where the income of the residue or of that part thereof, as the case may be, for that period would, if the residue had been ascertained at the commencement of that period, be properly payable to him, or to another in his right, for his benefit, whether directly or indirectly as aforesaid.

(4) " Personal representatives " means, in relation to the estate of a deceased person, his personal representatives as defined in relation to England and Wales by section fifty-five of the Administration of Estates Act, 1925, and persons having in relation to the deceased under the law of another country any functions corresponding to the functions for administration purposes under the law of England and Wales of personal representatives as so defined, and references to personal representatives as such shall be construed as references to the personal representatives in their capacity as having such functions as aforesaid.

(5) " Specific disposition " means a specific devise or bequest made by a testator, and includes the disposition of personal chattels made by section forty-six of the Administration of Estates Act, 1925, and any disposition having, whether by virtue of any enactment or otherwise, under the law of another country an effect similar to that of a specific devise or bequest under the law of England and Wales.

Real estate included (either by a specific or general description) in a residuary gift made by the will of a testator shall be deemed to be a part of the residue of his estate and not to be the subject of a specific disposition.

(6) " Charges on residue " means, in relation to the estate of a deceased person, the following liabilities properly payable thereout and interest payable in respect of those liabilities, that is to say—

(*a*) funeral, testamentary and administration expenses and debts;

(*b*) general legacies (including, in the case of an intestacy, the sum of one thousand pounds charged by virtue of section forty-six of the Administration of Estates Act, 1925), demonstrative legacies and annuities; and

(*c*) any other liabilities of his personal representatives as such,

but, in the case of any such liabilities which, as between persons interested under a specific disposition or in such a legacy as aforesaid or in an annuity and persons interested in the residue of the estate, fall exclusively or primarily upon the property that is the subject of the specific disposition or upon the legacy or annuity, includes only such part (if any) of those liabilities as falls ultimately upon the residue.

(7) References to the "aggregate income of the estate" of a deceased person for any year of assessment shall be construed as references to the aggregate income from all sources for that year of the personal representatives of the deceased as such, treated as consisting of—

(*a*) any such income which is chargeable to United Kingdom income tax by deduction or otherwise, such income being computed at the amount on which that tax falls to be borne for that year; and

(*b*) any such income which would have been so chargeable if it had arisen in the United Kingdom to a person resident and ordinarily resident therein, such income being computed at the full amount thereof actually arising during that year, less such deductions as would have been allowable if it had been charged to United Kingdom income tax,

but excluding any income from property devolving on the personal representatives otherwise than as assets for payment of the debts of the deceased.

(8) "United Kingdom estate" and "foreign estate" mean respectively, as regards any year of assessment—

(*a*) an estate the income whereof comprises only income which either has borne United Kingdom income tax by deduction or in respect of which the personal representatives are directly assessable to United Kingdom income tax, not being an estate any part of the income of which is income in respect of which the personal representatives are entitled to claim exemption from United Kingdom income tax by reference to the fact that they are not resident, or not ordinarily resident, in the United Kingdom; and

(*b*) an estate other than a United Kingdom estate.

(9) In a case in which different parts of the estate of a deceased person are the subjects respectively of different residuary dispositions, this Part of this Act shall have effect in relation to each of those parts with the substitution for references to the estate of references to that part of the estate, and for references to the personal representatives of the deceased as such of references to his personal representatives in their capacity as having the functions referred to in subsection (4) of this section in relation to that part of the estate.

(10) References to sums paid or payable in respect of an absolute or limited interest in the residue of the estate of a deceased person, or in a part thereof, shall, in the application of this Part of this Act for the purposes of surtax, be construed as excluding any sum paid or payable in discharge of any legacy duty charged in respect of that absolute or limited interest.

PART XIX —*cont.*

(11) "Standard tax" means United Kingdom income tax at the standard rate.

(12) References to sums paid include references to assets that are transferred or that are appropriated by a personal representative to himself, and to debts that are set off or released; references to sums payable include references to assets as to which an obligation to transfer or a right of a personal representative to appropriate to himself is subsisting on the completion of the administration and to debts as to which an obligation to release or set off, or a right of a personal representative so to do in his own favour, is then subsisting; and references to amount shall be construed, in relation to such assets, as references to the value thereof at the date on which they were transferred or appropriated, or at the completion of the administration, as the case may require, and, in relation to such debts, as references to the amount thereof.

Application to Scotland and Northern Ireland.

424.—(1) For the purpose of the application of this Part of this Act to Scotland—

(*a*) any reference to the completion of the administration of an estate shall be construed as a reference to the date at which, after discharge of, or provision for, liabilities falling to be met out of the deceased's estate (including, without prejudice to the foresaid generality, debts, legacies immediately payable, and legal rights of surviving spouse or children), the free balance held in trust for behoof of the residuary legatees has been ascertained;

(*b*) for paragraph (*b*) of subsection (1) of section four hundred and twenty of this Act, the following paragraph shall be substituted—

"(*b*) the amount of any of the aggregate income of the estate for that year to which a person has become entitled by virtue of a specific disposition";

(*c*) "real estate" means heritable estate;

(*d*) for any reference to the sum of one thousand pounds charged by virtue of section forty-six of the Administration of Estates Act, 1925, there shall be substituted a reference to the sum of five hundred pounds to which a widow or surviving husband is entitled (whether with or without deduction) by virtue of the Intestate Husband's Estate (Scotland) Act, 1911, and section five of the Law Reform (Miscellaneous Provisions) (Scotland) Act, 1940;

(*e*) "charges on residue" shall include in addition to the liabilities specified in subsection (6) of the last preceding section any sums required to meet claims in respect of legal rights by surviving spouse or children.

PART XIX —*cont.*

(2) For the purpose of the application of this Part of this Act to Northern Ireland, for any reference to the sum of one thousand pounds charged by virtue of section forty-six of the Administration of Estates Act, 1925, there shall be substituted a reference to the sum of five hundred pounds to which a widow is entitled by virtue of section two of the Intestates' Estates Act, 1890.

PART XX

SPECIAL PROVISIONS AS TO ASSURANCE COMPANIES, BANKS, INVESTMENT BUSINESSES, ETC.

Relief to life assurance companies and others in respect of expenses of management.

425.—(1) Subject to the provisions of this section, and to the other provisions of this Part of this Act, where—

(*a*) an assurance company carrying on life assurance business (whether proprietary or mutual); or

(*b*) any company whose business consists mainly in the making of investments and the principal part of whose income is derived therefrom,

claims and proves to the satisfaction of the Special Commissioners that, for any year of assessment, it has been charged to tax by deduction or otherwise, and has not been charged in respect of its profits in accordance with the provisions of this Act applicable to Case I of Schedule D, it shall be entitled to repayment of so much of the tax paid by it as is equal to the amount of the tax on any sums disbursed as expenses of management (including commissions) for that year.

(2) Relief shall not be given under this section so as to make the tax paid by the company less than the tax which would have been paid if the profits had been charged in accordance with the provisions of this Act applicable to Case I of Schedule D, but where relief under this section is disallowed in respect of the whole or part of the sums disbursed for the year by reason only of the provisions of this subsection, the amount in respect of which relief has been so disallowed may be carried forward and treated for the purposes of this section as if it had been disbursed for any of the six years of assessment next following:

Provided that relief in respect of an amount so carried forward shall be given for the first year of assessment next following, in so far as relief can be so given in accordance with the provisions of this section in respect of that amount as well as in respect of the sums actually disbursed as aforesaid for that year, and so far as it cannot be so given, then for the next year of assessment, and so on.

(3) A company shall not be entitled to any relief under this section in respect of any expenses as to which relief may be claimed or allowed under section ninety-nine, one hundred or one hundred and one of this Act (which relate to the allowances under Schedule A for repairs and for maintenance, repairs, insurance and management).

PART XX —*cont.*

(4) In determining the relief to be given under this section, there shall be deducted from the amount treated as expenses of management for the year—

(*a*) in the case of an assurance company, the amount of any fines, fees or profits arising from reversions and the amount of any profits arising from the granting of annuities on human life; and

(*b*) in the case of any other company, the amount of any income or profits derived from sources not charged to tax.

(5) In calculating profits arising from reversions for the purposes of subsection (4) of this section, an assurance company may set off against those profits any loss arising from reversions for any previous year not earlier than the year 1915-16.

(6) Profits arising from the granting of annuities on human life shall be computed for the purposes of subsection (4) of this section in accordance with the provisions of this Act applicable to Case I of Schedule D:

Provided that, in making any such computation—

(*a*) the provisions of subsection (1) of section four hundred and twenty-seven of this Act shall apply with the necessary modifications and in particular with the omission therefrom of all references to policy holders; and

(*b*) no deduction shall be allowed in respect of any expenses of management in respect of which repayment of tax may be claimed under this section; and

(*c*) there may be set off against the profits any loss, to be computed on the same basis as the profits, which has arisen in connection with the granting of annuities on human life in any previous year not earlier than the year 1923-24.

(7) Sums disbursed in discharge of any liability to the profits tax shall be treated for the purposes of this section as sums disbursed as expenses of management.

(8) Notice of any claim to the Special Commissioners under this section, together with the particulars thereof, shall be given in writing to the surveyor within twelve months after the expiration of the year of assessment in respect of which the claim is made, and where the surveyor objects to the claim, the Special Commissioners shall hear and determine the claim in like manner as in the case of an appeal to them against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply:

Provided that, in the case of a claim in respect of a disbursement in discharge of a liability to the profits tax, the time allowed by this subsection for the making of the claim shall be extended until twelve months after the end of the year of assessment during which the disbursement was made.

PART XX —*cont.*

Separation of different classes of business carried on by assurance companies.

426.—(1) Where an assurance company carries on life assurance business in conjunction with assurance business of any other class, the life assurance business of the company shall, for the purposes of this Act, be treated as a separate business from any other class of business carried on by the company.

(2) Where an assurance company carries on both ordinary life assurance business and industrial life assurance business, the business of each such class shall, for the purposes of this Act, be treated as though it were a separate business, and the last preceding section shall apply separately to each such class of business.

(3) The amount of annuities which an assurance company carrying on the business of granting annuities is entitled, for the purposes of section one hundred and seventy of this Act, to treat as having been paid out of profits or gains brought into charge to tax shall not exceed the amount of the taxed income of its annuity fund.

Treatment of profits and income of life assurance companies reserved for policy holders and annuitants.

427.—(1) Where the profits of an assurance company in respect of its life assurance business are, for the purposes of this Act, computed in accordance with the provisions thereof applicable to Case I of Schedule D, such part of those profits as belongs or is allocated to, or is reserved for, or expended on behalf of, policy holders or annuitants shall be excluded in making the computation, but if any profits so excluded as being reserved for policy holders or annuitants cease at any time to be so reserved and are not allocated to or expended on behalf of policy holders or annuitants, those profits shall be treated as profits of the company for the year in which they ceased to be so reserved.

(2) Where an assurance company carrying on life assurance business claims and proves to the satisfaction of the Commissioners of Inland Revenue that it has, for any year for which the standard rate of income tax exceeds seven shillings and sixpence in the pound, borne tax by deduction or otherwise in respect of income from investments held in connection with its life assurance business, the company shall be entitled to repayment of so much of the tax borne by it for that year as is equal to the amount by which—

(*a*) the tax borne by the company for that year in respect of such part of that income as, in the opinion of those Commissioners, belongs or is allocated to, or is reserved for, or expended on behalf of, policy holders;

exceeds—

(*b*) the tax which would have been so borne in respect of that part of that income if the standard rate of income tax for that year had been seven shillings and sixpence in the pound.

PART XX —*cont.*

(3) For the purposes of subsection (2) of this section, the amount of tax which has been or would be borne by a company shall be taken to be the amount of tax which has been or would be so borne after the allowance of any relief to which the company is or would be entitled otherwise than under that subsection.

Income from investments of life assurance fund to be brought into account for loss relief purposes.

428. In ascertaining for the purposes of sections one hundred and forty-two and three hundred and forty-one of this Act whether and to what extent an assurance company has sustained a loss in respect of its life assurance business, any income of the company derived from the investments of its life assurance fund shall be treated as part of the profits of the company acquired in that business; and, in determining whether any, and if so what, relief can be given under subsection (4) of section three hundred and forty-two of this Act in the case of life assurance business, the loss which may be carried forward under subsection (1) of the said section three hundred and forty-two shall be similarly computed.

Treatment of income of foreign life assurance funds to be assimilated in certain respects to treatment of income of non-residents.

429.—(1) Subsection (1) of section one hundred and thirty-two of this Act (which provides that tax under Cases IV and V of Schedule D shall, subject to certain deductions, be charged on the full amount of the income, whether received in the United Kingdom or not) shall not apply to income arising from investments of the foreign life assurance fund of an assurance company, and the tax on income so arising shall be computed as in the cases mentioned in subsection (2) of that section, that is to say, by reference to the amount of income received in the United Kingdom.

(2) Where any securities issued by the Treasury with either of the following conditions, that is to say—

(*a*) the condition that the interest thereon shall not be liable to income tax so long as it is shown, in manner directed by the Treasury, that the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom; or

(*b*) the condition that—

(i) so long as the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, the interest thereon shall be exempt from income tax; and

(ii) so long as the securities are in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom, neither the capital thereof nor the interest thereon shall be liable to any taxation present or future,

for the time being form part of the investments of the foreign life assurance fund of an assurance company, the income arising

from those securities, if applied for the purposes of that fund or reinvested so as to form part of that fund, shall not be liable to tax.

(3) Where the Special Commissioners are satisfied that any income arising abroad from the investments of the foreign life assurance fund of an assurance company has been remitted to the United Kingdom and invested, as part of the investments of that fund, in any securities issued as aforesaid, that income shall not be liable to tax and any tax paid thereon shall, if necessary, be repaid to the company.

(4) Any securities issued by the Treasury, in pursuance of the power conferred by subsection (1) of section sixty of the Finance Act, 1940, with a modified form of the condition specified in paragraph (*b*) of subsection (2) of this section shall, save in so far as the terms of the issue otherwise provide, be deemed for the purposes of subsections (2) and (3) of this section to be such securities as are mentioned in the said subsection (2).

(5) Where income arising from the investments of the foreign life assurance fund of an assurance company has been relieved from tax in pursuance of the provisions of this section, a corresponding reduction shall be made in the relief granted under section four hundred and twenty-five of this Act in respect of the expenses of management.

Taxation of investment income of life assurance companies with head office outside the United Kingdom.

430.—(1) Where an assurance company not having its head office in the United Kingdom carries on life assurance business through any branch or agency in the United Kingdom, any income of the company from the investments of its life assurance fund (excluding the annuity fund, if any), wherever received, shall, to the extent provided in this section, be deemed to be profits comprised in Schedule D and shall be charged under Case III thereof.

(2) Such portion only of the income from the investments of the life assurance fund for the year preceding the year of assessment shall be so charged as bears the same proportion to the total income from those investments as the amount of premiums received in that year from policy holders resident in the United Kingdom and from policy holders resident abroad whose proposals were made to the company at or through its office or agency in the United Kingdom bears to the total amount of the premiums received by the company:

Provided that in the case of an assurance company having its head office in any part of Her Majesty's dominions outside the United Kingdom, in India or in the Republic of Ireland, the Commissioners of Inland Revenue may, by regulation, substitute some basis other than that prescribed in this subsection for the purpose of ascertaining the portion of the income from investments to be so charged as being income derived from business carried on in the United Kingdom.

PART XX —*cont.*

(3) Every such charge shall be made by the Special Commissioners as though the company had, under this Act, required the proceedings relating to the charge to be had and taken before those Commissioners.

(4) Where a company has already been charged to tax, by deduction or otherwise, in respect of its life assurance business, to an amount equal to or exceeding the charge under this section, no further charge shall be made thereunder, and where a company has already been so charged, but to a less amount, the charge shall be proportionately reduced.

(5) Where, by virtue of this section, an assurance company is charged under Case III of Schedule D on a proportion of the income from the investments of its life assurance fund or on a basis substituted therefor, the relief under section four hundred and twenty-five of this Act in respect of expenses of management shall be calculated by reference to a like proportion of its total expenses of management for the year, estimated according to the provisions of this Part of this Act.

(6) Subsection (3) of section one hundred and thirty-one of this Act (which provides that income chargeable under Case III of Schedule D may in certain cases be assessed and charged in one sum) shall not apply to tax in respect of income to which subsection (1) of this section applies.

Capital redemption business.

431.—(1) Where any person carries on capital redemption business in conjunction with business of any other class, the capital redemption business shall, for the purposes of this Act, be treated as a separate business from any other class of business carried on by that person.

(2) In ascertaining for the purposes of sections one hundred and forty-two and three hundred and forty-one of this Act whether and to what extent any person has sustained a loss in the carrying on by him of capital redemption business, any income of that person derived from investments held in connection with the capital redemption business shall be treated as part of the profits arising to him from that business; and in determining whether any, and if so what, relief can be given under subsection (4) of section three hundred and forty-two of this Act in the case of capital redemption business, the loss which may be carried forward under subsection (1) of the said section three hundred and forty-two shall be similarly computed.

(3) In this section, "capital redemption business" means the business (not being life assurance business or industrial assurance business) of effecting and carrying out contracts of insurance, whether effected by the issue of policies, bonds or endowment certificates or otherwise, whereby, in return for one or more premiums paid to the insurer, a sum or a series of sums is to become payable to the insured in the future.

(4) This section shall not apply to any capital redemption business in so far as it consists of carrying out such contracts

as aforesaid effected before the first day of January, nineteen hundred and thirty-eight. PART XX —*cont.*

Treatment of subscriptions by banks to war loans.

432. Any bank carrying on a bona fide banking business in the United Kingdom shall be relieved, by repayment or otherwise, from tax under Schedule C in respect of the interest on any securities which the bank proves to the satisfaction of the Special Commissioners to represent subscriptions by the bank to any Government loan issued for the purposes of the war which was being carried on at the time of the passing of the Income Tax Act, 1918, and the bank shall include the amount of any such interest in the computation of its profits or gains for the purpose of assessment under Case I of Schedule D.

Provisions as to certain holdings of the 3½ per cent. war loan.

433. Where a war loan holding which was continued under Part III of the Finance (No. 2) Act, 1931, beyond the redemption date as therein defined was, on that date, in the beneficial ownership of a person who was carrying on a trade consisting wholly or partly in dealing in securities, that person shall be treated for income tax purposes as not having changed his investment on that date and the produce of any realisation of the whole or any part of the continued holding, together with any additional consideration, or the appropriate part of any additional consideration, received by him in connection with the continuance, shall be treated as the produce of the realisation of the whole or the appropriate part of the original holding:

Provided that where any such person, in pursuance of section sixteen of the said Act, gave notice in writing to the surveyor not later than the end of the year 1933-34 that he desired to be treated for the purposes of the Income Tax Acts as having changed his investment on the redemption date, the preceding provisions of this section shall not apply to him and he shall be treated for income tax purposes as having changed his investment on the redemption date.

Effect of exchange of securities in connection with conversion operations, nationalisation etc.

434.—(1) If—

(*a*) any securities to which a person who is carrying on a trade which consists wholly or partly in dealing in securities is beneficially entitled are exchanged for other securities; and

(*b*) the exchange is one to which this section applies,

then (whether or not any additional consideration is given for the exchange) that person shall, unless he gives notice in writing to the surveyor not later than the end of the year of assessment next following the year of assessment in which the exchange takes place that he desires not to be so treated, be treated for income tax purposes (except as regards any income tax payable in respect of dividends or interest), both at the time of the exchange and thereafter, as if the exchange had not taken place, and in that case the produce of any subsequent realisation of any of the securities received by him under the exchange

PART XX —*cont.*

(together with any additional consideration or the appropriate part of any additional consideration received by him thereunder) shall be treated as the produce of the realisation of the corresponding securities surrendered by or transferred from him under the exchange, or of a corresponding part thereof, as the case may be.

(2) The exchanges to which this section applies are—

(*a*) any exchange effected under any arrangement which is being carried out under section two of the National Loans Act, 1939, if the Treasury direct, in pursuance of that arrangement, that this section shall apply to exchanges thereunder; and

(*b*) any exchange of securities effected by section one of the Bank of England Act, 1946; and

(*c*) any exchange of securities effected in pursuance of any enactment passed after the fifth day of April, nineteen hundred and forty-six, which provides for the compulsory acquisition of any securities and the issue of other securities in lieu thereof, if the Treasury direct that this section shall apply to exchanges of securities effected in pursuance of that enactment.

(3) Where a person who is carrying on a trade or business which consists wholly or partly in dealing in securities does not give such a notice to the surveyor as is provided for by subsection (1) of this section and is accordingly treated for income tax purposes in relation to the exchange in the manner specified in the said subsection (1), he shall be treated in the same manner in computing profits for the purposes of the profits tax and the said subsection (1) shall, with the necessary adaptations, have effect accordingly.

(4) In this section, " securities " includes shares, stock, bonds, debentures and debenture stock.

Other provisions as to issues of securities in connection with nationalisation, etc.

435.—(1) Where—

(*a*) in pursuance of any enactment passed after the fifth day of April, nineteen hundred and forty-six, any securities are issued to any body corporate as, or as part of, the consideration for the compulsory acquisition of any property under that enactment; and

(*b*) that body corporate is wound up or the capital thereof is reduced or any bonds, debentures or debenture stock thereof are redeemed, and, in or in connection with the winding up, reduction of capital or redemption, all or any of the securities issued as aforesaid to the body corporate are distributed to holders of securities of the body corporate; and

(*c*) the Treasury direct that this section shall apply in relation to the distribution,

any person who is carrying on a trade which consists wholly or partly in dealing in securities and is beneficially entitled to

PART XX —*cont.*

any securities to the holders of which the distribution is made shall, in relation to that distribution, be treated for income tax purposes in the manner specified in the following provisions of this section, unless he gives notice in writing to the surveyor not later than the end of the year of assessment next following the year of assessment in which the distribution takes place that he desires not to be so treated in relation to that distribution.

(2) If the result of the winding up, reduction of capital or redemption of bonds, debentures or debenture stock is that the securities of the body corporate to which the person in question is entitled as aforesaid are wholly extinguished without his receiving anything in respect thereof except the securities distributed as aforesaid, he shall be treated for income tax purposes (except as regards any income tax payable in respect of dividends or interest), both then and thereafter, as if neither the extinction nor the distribution had taken place but as if the produce of any subsequent realisation of any of the distributed securities were the produce of the realisation of the extinguished securities or a corresponding part thereof, as the case may be.

(3) In any other case—

(*a*) the said person shall be treated as having acquired the distributed securities at a cost equal to such proportion of the cost to him of the securities in respect of which the distribution was made as may be specified in the direction of the Treasury referred to in subsection (1) of this section and the question whether he has made any, and if so what, profit or suffered any, and if so what, loss on any subsequent realisation of the distributed securities shall be determined accordingly; and

(*b*) in considering whether he has, either as the result of the winding up, reduction of capital or redemption of bonds, debentures or debenture stock and the distribution of the securities, or on any subsequent realisation of any of the securities in respect of which the distribution was made, made any, and if so what, profit or suffered any, and if so what, loss in connection with the securities in respect of which the distribution was made, the distributed securities shall be left out of account and the cost to him of the securities in respect of which the distribution was made shall be deemed to be reduced by the amount of the cost at which, under paragraph (*a*) of this subsection, he is taken to have acquired the distributed securities.

(4) Where a person who is carrying on a trade or business which consists wholly or partly in dealing in securities does not give such a notice to the surveyor as is provided for by subsection (1) of this section and is accordingly treated for income

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tax purposes in the manner specified in subsection (2) or subsection (3) of this section, he shall be treated in the same manner in computing profits for the purposes of the profits tax, and the said subsections (2) and (3) shall, with the necessary adaptations, have effect accordingly.

(5) In this section, " securities " includes shares, stock, bonds, debentures and debenture stock.

Treatment of tax free income of banking businesses, etc., carried on by non-residents.

436.—(1) Where a banking business, an assurance business or a business consisting wholly or partly in dealing in securities is carried on in the United Kingdom by a person not resident therein, then—

(*a*) in computing the profits arising from, or loss sustained in, the business for any of the purposes of this Act; and

(*b*) in the case of an assurance business, also in computing for the purposes of subsection (4) of section four hundred and twenty-five of this Act the profits or loss arising from the granting of annuities on human life,

all interest, dividends and other payments whatsoever to which section one hundred and twenty or section one hundred and ninety of this Act extends shall be included notwithstanding the exemption from tax conferred by those sections respectively.

In this subsection, " securities " includes stocks and shares.

(2) Where—

(*a*) any such business as aforesaid is carried on in the United Kingdom by a person not ordinarily resident therein; and

(*b*) in making any such computation as aforesaid with respect to that business, any interest on any securities issued by the Treasury is excluded by virtue of a condition of the issue thereof regulating the treatment of the interest thereon for income tax purposes,

any interest on money borrowed for the purpose of acquiring the securities, any other expenses attributable to the acquisition or holding of, or to any transaction in, the securities, and any profits or losses so attributable, shall also be excluded in making that computation.

(3) In the case of an assurance company not having its head office in the United Kingdom which carries on life assurance business through any branch or agency in the United Kingdom—

(*a*) in computing for the purposes of section four hundred and thirty of this Act the income from the investments of the life assurance fund of the company, any such interest, dividends or payments as are mentioned in subsection (1) of this section shall be included notwithstanding the exemption from tax referred to in that subsection; and

PART XX —*cont.*

(*b*) where any interest on any securities issued by the Treasury is excluded in computing the said income by virtue of a condition of the issue thereof regulating the treatment of the interest thereon for income tax purposes, the relief to be granted under section four hundred and twenty-five of this Act in respect of expenses of management shall be reduced so as to bear to the amount of relief which would be granted but for the provisions of this paragraph the same proportion as the amount of that income, excluding the said interest, bears to the amount of that income including that interest.

Interpretation of Part XX.

437. In this Part of this Act, unless the context otherwise requires (and subject, in the case of the expression "foreign life assurance fund", to the provisions of paragraphs 1 and 3 of Part III of the Eighteenth Schedule to this Act (which relate to the Republic of Ireland))—

"annuity fund" means, where an annuity fund is not kept separately from the life assurance fund of an assurance company, such part of the life assurance fund as represents the liability of the company under its annuity contracts, as stated in its periodical returns to the Board of Trade under the Assurance Companies Act, 1909, or, as the case may be, to the Ministry of Commerce for Northern Ireland under that Act as in force in Northern Ireland;

"assurance company" means any person or body of persons to which the Assurance Companies Act, 1909, applies;

"foreign life assurance fund" means any fund representing the amount of the liability of an assurance company in respect of its life assurance business with policy holders and annuitants residing out of the United Kingdom whose proposals were made to, or whose annuity contracts were granted by, the company at or through a branch or agency outside the United Kingdom, and, where such a fund is not kept separately from the life assurance fund of the company, means such part of the life assurance fund as represents the liability of the company under such policies and annuity contracts, such liability being estimated in the same manner as it is estimated for the purpose of the periodical returns of the company to the Board of Trade under the Assurance Companies Act, 1909, or, as the case may be, to the Ministry of Commerce for Northern Ireland under that Act as in force in Northern Ireland;

"life assurance business" includes the business of granting annuities.

PART XXI

SPECIAL PROVISIONS AS TO SAVINGS BANKS, INDUSTRIAL AND PROVIDENT SOCIETIES, FRIENDLY SOCIETIES AND TRADE UNIONS AND BUILDING SOCIETIES

Savings banks and certain industrial and provident societies to be entitled to relief in respect of management expenses.

438. Section four hundred and twenty-five of this Act (which provides relief in respect of expenses of management) shall apply in relation to—

(*a*) any savings bank or other bank for savings; and

(*b*) any registered industrial and provident society, being a society whose business consists mainly in the making of investments and the principal part of whose income is derived therefrom,

as it applies in relation to any company whose business consists mainly in the making of investments and the principal part of whose income is derived therefrom.

Other provisions as to savings banks.

439.—(1) Any savings bank certified under the Trustee Savings Banks Act, 1863, shall be entitled to exemption from tax in respect of its interest and dividends arising from investments with the National Debt Commissioners.

(2) Any savings bank, whether certified under the Trustee Savings Banks Act, 1863, or not, shall be entitled to exemption from tax under Schedules C and D in respect of the income of its funds, so far as such income is applied in the payment or credit of interest to any depositor:

Provided that—

(*a*) any such interest shall be chargeable under Case III of Schedule D; and

(*b*) where, in the year for which exemption is claimed by the bank, the interest paid or credited to any depositor out of the income of its funds, other than interest and dividends arising from investments with the National Debt Commissioners, exceeds the sum of fifteen pounds, the bank and any branch thereof shall, on or before the first day of May in the year following that in respect of which exemption is claimed, make a return to the surveyor for the district in which the bank or branch is situate of the name and place of residence of every depositor to whom any such sum has been paid or credited, and of the amount thereof, and unless such returns are duly made, the bank shall not be entitled to any relief in respect of any such sums.

Exemption for certain friendly societies and trade unions.

440.—(1) An unregistered friendly society whose income does not exceed one hundred and sixty pounds shall be entitled to exemption from tax, and a registered friendly society which is precluded, by Act of Parliament or by its rules, from assuring to any person a sum exceeding five hundred pounds by way of gross sum, or one hundred and four pounds a year by way of

annuity, shall be entitled to exemption from tax under Schedules A, C and D. PART XXI —*cont.*

(2) A registered trade union which is precluded, by Act of Parliament or by its rules, from assuring to any person a sum exceeding five hundred pounds by way of gross sum or one hundred and four pounds a year by way of annuity, shall be entitled to exemption from tax under Schedules C and D in respect of its interest and dividends which are applicable and applied solely for the purpose of provident benefits.

In this subsection, " provident benefits " includes any payment, expressly authorised by the registered rules of the trade union, which is made to a member during sickness or incapacity from personal injury or while out of work, or to an aged member by way of superannuation, or to a member who has met with an accident, or has lost his tools by fire or theft, and includes a payment in discharge or aid of funeral expenses on the death of a member or the wife of a member or as provision for the children of a deceased member.

Procedure for claims by savings banks, friendly societies and trade unions.

441.—(1) Any claim under the two last preceding sections shall be made to the Special Commissioners in writing in such form as may be prescribed by the Commissioners of Inland Revenue, and the Special Commissioners, on proof of the facts to their satisfaction, shall allow the claim accordingly:

Provided that such a claim by a friendly society (whether registered or unregistered) as to tax under Schedule A may be made to the General Commissioners.

(2) The Special Commissioners shall require every such claim to be verified by affidavit, and proof of the claim may be given by the treasurer, trustee or any duly authorised agent, on affidavit made before a General or Additional Commissioner for the division in which that person resides.

(3) Where the Special Commissioners allow a claim, they shall issue an order for repayment.

(4) A person who makes a false or fraudulent claim for exemption under the said sections in respect of any interest, annuities, dividends or shares of annuities charged or chargeable under Schedule C shall forfeit the sum of one hundred pounds, and if such claim is made by any person in his own behalf, he shall in addition be liable to be charged in treble the tax so chargeable.

Payment of loan and share interest of industrial and provident societies without deduction of tax.

442.—(1) Notwithstanding anything in this Act, any share interest or loan interest paid by a registered industrial and provident society shall be paid without deduction of income tax:

Provided that this subsection shall not apply to any share interest or loan interest payable to a person whose usual place of abode is not within the United Kingdom.

(2) Any share interest or loan interest paid by a registered industrial and provident society without deduction of income tax shall be chargeable under Case III of Schedule D.

PART XXI —*cont.*

(3) Where at any time, by virtue of subsection (2) of this section, the income of a person from any source becomes chargeable as therein provided, not having previously been chargeable by direct assessment on that person, so much of subsection (3) of section one hundred and thirty-one of this Act as relates to the charge of tax where a person acquires a new source of income shall apply as if the source of that income were a new source of income acquired by that person at that time.

Relief to industrial and provident societies who pay interest without deduction of tax.

443.—(1) Subject to the provisions of this section—

(*a*) a registered industrial and provident society shall be entitled to have the amount of income tax which, but for any relief under this paragraph, it would be liable ultimately to bear for any year of assessment, reduced by a sum representing tax on the amount of share interest or loan interest paid in that year by the society without deduction of tax in accordance with the provisions of the last preceding section; and

(*b*) where due relief under this subsection cannot be given for any year of assessment in respect of any part of the share interest or loan interest so paid by a society in that year, section three hundred and forty-five of this Act (which relates to the allowance for certain purposes of interest payments as losses) shall have effect as if the society had been assessed to tax for that year under section one hundred and seventy of this Act in respect of the payment of that part of the share interest or loan interest, and had paid tax under that assessment on the amount of the payment:

Provided that this subsection shall not apply to any loan interest in respect of or by reference to which a deduction or relief is allowable to the society otherwise than under this subsection.

(2) Any relief due under paragraph (*a*) of subsection (1) of this section may be given either by discharge or reduction of any assessment, or by repayment, or by all or any of those means, as the case may require.

(3) A claim for relief under paragraph (*a*) of subsection (1) of this section shall be delivered to the surveyor and shall be made in such form as the Commissioners of Inland Revenue may direct, and where the surveyor objects to any such claim, it shall be heard and determined by the Special Commissioners in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply.

(4) On or before the first day of May in each year, every registered industrial and provident society shall deliver to the surveyor for the district in which its registered office is situate a return in

PART XXI —*cont.*

such form as the Commissioners of Inland Revenue may prescribe showing—

(*a*) the name and place of residence of every person to whom loan interest (being loan interest to which subsection (1) of this section applies) amounting to the sum of five pounds or more has been paid by the society in the year of assessment which ended next before the said first day of May; and

(*b*) the amount of such loan interest paid in that year to each of those persons,

and if such a return is not duly made as respects any year of assessment, the society shall not be entitled to any relief under this section in respect of any payments of loan interest which it was required to include in the return, and the amount of any relief or allowance which has been given in respect of any such payments may, if not otherwise made good, be assessed under Case VI of Schedule D and recovered from the society accordingly.

Special provisions as to companies and societies trading with their members and certain industrial and provident societies.

444.—(1) In the application to any company or society of any provision of this Act relating to profits or gains chargeable under Case I of Schedule D, any reference to profits or gains shall be deemed to include a reference to a profit or surplus arising from transactions of the company or society with its members which would be included in profits or gains for the purposes of that provision if those transactions were transactions with non-members, and the profit or surplus aforesaid shall be determined for the purposes of that provision on the same principles as those on which profits or gains arising from transactions with non-members would be so determined.

(2) It is hereby declared that, in computing, for the purposes of any provision of this Act relating to profits or gains chargeable under Case I of Schedule D, any profits or gains of—

(*a*) any registered industrial and provident society which does not sell to persons not members thereof; or

(*b*) any registered industrial and provident society the number of the shares whereof is not limited by its rules or practice; or

(*c*) any other company or society, being a company or society the profits or gains whereof include any income which is chargeable to tax by virtue of subsection (1) of this section,

there are to be deducted as expenses any sums which—

(i) represent a discount, rebate, dividend or bonus granted by the company or society to members or other persons in respect of amounts paid or payable by or to them on account of their transactions with the company or society, being transactions which are taken into account in the said computation; and

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(ii) are calculated by reference to the said amounts or to the magnitude of the said transactions and not by reference to the amount of any share or interest in the capital of the company or society.

(3) Whereas subsection (4) of section thirty-nine of the Income Tax Act, 1918, exempted the societies mentioned in paragraphs (*a*) and (*b*) of subsection (2) of this section from tax under Schedule D, but the said subsection (4) was repealed by the Finance Act, 1933, as respects the year 1933-34 and subsequent years of assessment:

And whereas, as respects years of assessment before the year 1933-34, there was no provision in force corresponding to subsection (1) of this section:

Now therefore, in the case of the companies or societies specified in paragraphs (*a*), (*b*) and (*c*) of subsection (2) of this section, subsection (2) of section two hundred and ninety-six of this Act (which allows, in certain cases, part of the cost of replacing obsolete machinery or plant to be deducted in estimating profits) shall, in relation to machinery or plant provided before the year 1933-34, have effect as if there had been allowed, for all years of assessment before the year 1933-34, all such deductions for wear and tear (but not including any additional allowance under section eighteen of the Finance Act, 1932) as would have been allowable in charging profits or gains which would have been chargeable if the said subsection (4) had not been in force, and subsection (1) of section thirty-one of the Finance Act, 1933 (being the provision of the enactments repealed by this Act which corresponds to subsection (1) of this section), had been in force.

(4) In this section, "company or society" means any incorporated company or society, whether incorporated in the United Kingdom or elsewhere.

Building societies.

445.—(1) The Commissioners of Inland Revenue and any building society may, as respects any year of assessment, enter into arrangements whereby—

(*a*) the society is assessed to income tax under Schedule D on such sums (including sums which, apart from the arrangements, would be receivable by the society with tax deducted therefrom) as may be determined under the arrangements, and is so assessed in part at the standard rate and in part at a reduced rate which takes into account the operation of the subsequent provisions of this section; and

(*b*) property in which the society has an interest is exempt from tax under Schedule A to such extent as may be specified in the arrangements; and

(*c*) provision is made for any incidental or consequential matters,

and any such arrangements shall have effect notwithstanding anything in this Act:

Provided that the said Commissioners, in exercising their powers of entering into arrangements under this section, shall at all times aim at securing that the total tax becoming payable to, and not becoming repayable by, the Crown is, when regard is had to the operation of the subsequent provisions of this section, as nearly as may be the same in the aggregate as it would have been if those powers had never been exercised.

(2) Where any such arrangements as aforesaid are in force in the case of any society as respects any year of assessment—

(*a*) tax shall not be deducted from any dividends or interest payable in that year in respect of shares in or deposits with or loans to that society; and

(*b*) no assessment to tax or repayment of tax shall be made in respect of any such dividends or interest on or to the person receiving or entitled to the dividends or interest; and

(*c*) the amounts actually paid or credited in respect of any such dividends or interest (and no more) shall be treated as income for that year of the person entitled thereto; and

(*d*) the said amounts (and no more) shall, in applying sections one hundred and sixty-nine and one hundred and seventy of this Act to other payments, be treated as profits or gains which have been brought into charge to tax:

Provided that—

(i) any such dividends or interest shall be taken into account for the purposes of assessment to surtax; and

(ii) the amount actually paid or credited in respect of any such dividends or interest shall be deemed for surtax purposes to be a net amount corresponding to a gross amount from which tax at the standard rate for that year has been duly deducted, and the amount on which surtax is to be charged in the case of any person shall be calculated accordingly; and

(iii) the provisions of this subsection shall not apply in relation to interest on any bank loan; and

(iv) the provisions of this subsection shall not apply in relation to any interest which is payable in respect of a loan to the society under a contract made before the beginning of the first year of assessment as respects which the society enters into arrangements under subsection (1) of this section, if and to the extent that, both at the time of the making of the contract and at the time when the interest becomes payable, it is contemplated by the parties that tax shall be deducted on payment of the interest.

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(3) Where any such arrangements as aforesaid are in force in the case of any society as respects any year of assesment—

(*a*) tax shall not be deducted upon payment to the society of any interest on advances, being interest payable in that year; and

(*b*) any amount which, by virtue of this subsection, is paid without deduction of tax by any person to the society in respect of interest on advances (being interest payable by him to the society in that year) shall, except so much thereof, if any, as is repaid to him by the society, be deducted from or set off against his income for that year, and tax shall be discharged or repaid accordingly,

and the provisions of the Sixth Schedule to this Act shall apply to any claim for the discharge or repayment of tax under this subsection:

Provided that—

(i) a claim for any such discharge or repayment of tax shall be made in such form as the Commissioners of Inland Revenue may direct, and shall be delivered to the surveyor; and

(ii) where the surveyor objects to any such claim, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply; and

(iii) any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (ii) of this proviso shall have effect accordingly.

(4) Any arrangements made under this section as respects any year of assessment shall, if made after the beginning of that year, be deemed to have come into force at the beginning thereof, and any necessary adjustments shall be made in relation to any sums paid or credited before the date of the making of the arrangements.

(5) In this section—

"building society" means a society incorporated under the Building Societies Act, 1874, or such an unincorporated society as is mentioned in section seven of that Act; and

"dividend" includes any distribution, whether described as a dividend or otherwise, which, apart from this section, would fall to be treated as a dividend for the purposes of section one hundred and eighty-four of this Act.

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(6) This section shall apply in relation to a company within the meaning of the Companies Act, 1948, or the corresponding enactments in force in Northern Ireland, which carries on a business which, in the opinion of the Commissioners of Inland Revenue, is similar to that carried on by a building society as it applies in relation to a building society, except that in subsection (2) the references to dividends and shares shall be deemed to be omitted.

Interpretation of Part XXI.

446. In this Part of this Act—

"registered industrial and provident society" means a society registered under the Industrial and Provident Societies Acts, 1893 to 1928, or under the Industrial and Provident Societies Acts (Northern Ireland), 1893 to 1929;

"share interest", in relation to a registered industrial and provident society, means any interest, dividend, bonus or other sum payable to a shareholder of the society by reference to the amount of his holding in the share capital of the society;

"loan interest", in relation to a registered industrial and provident society, means any interest payable by the society in respect of any mortgage, loan, loan stock or deposit; and

references, in relation to a registered industrial and provident society, to the payment of share interest or loan interest include references to the crediting of such interest.

PART XXII

EXEMPTIONS FOR CHARITIES AND OTHER MISCELLANEOUS EXEMPTIONS

Exemption from tax on rents, interest, dividends and annual payments belonging to charities, etc.

447.—(1) Exemption shall be granted—

(*a*) from tax chargeable under Schedule A or, by virtue of section one hundred and seventy-seven or section one hundred and eighty-two of this Act, under Schedule D, in respect of the rents and profits of any lands, tenements, hereditaments or heritages belonging to any hospital, public school, or almshouse, or vested in trustees for charitable purposes, so far as the same are applied to charitable purposes only;

(*b*) from tax chargeable under Schedule C in respect of any interest, annuities, dividends or shares of annuities, and from tax chargeable under Schedule D in respect of any yearly interest or other annual payment, forming part of the income of any body of persons or trust

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established for charitable purposes only, or which, according to the rules or regulations established by Act of Parliament, charter, decree, deed of trust or will, are applicable to charitable purposes only, and so far as the same are applied to charitable purposes only;

(*c*) from tax chargeable under Schedule C in respect of any interest, annuities, dividends or shares of annuities, in the names of trustees applicable solely towards the repairs of any cathedral, college, church or chapel, or any building used solely for the purpose of divine worship, and so far as the same are applied to those purposes.

(2) Notwithstanding anything in paragraph (*a*) of subsection (1) of this section, any assessment upon the respective properties shall not be vacated or altered but shall be in force and levied notwithstanding the allowance of any such exemption as is mentioned in that paragraph.

Exemption from tax in respect of lands owned and occupied by charities and of profits of trades carried on by charities.

448.—(1) Exemption shall be granted—

(*a*) from tax chargeable under Schedule A or, in the case of the concerns mentioned in the proviso to paragraph 1 of Schedule A, under Schedule D, in respect of lands, tenements, hereditaments and heritages owned and occupied by a charity, not being such lands, tenements, hereditaments or heritages as are mentioned in section one hundred and three of this Act;

(*b*) from tax chargeable under Schedule B in respect of lands occupied by a charity; and

(*c*) from tax chargeable under Schedule D in respect of the profits of a trade carried on by any charity if the profits are applied solely to the purposes of the charity and either—

(i) the trade is exercised in the course of the actual carrying out of a primary purpose of the charity; or

(ii) the work in connection with the trade is mainly carried on by beneficiaries of the charity.

(2) The exemption granted by paragraphs (*a*) and (*b*) of subsection (1) of this section shall not extend to tax in respect of any rent payable or other annual payment to be made by a charity in respect of the lands, tenements, hereditaments or heritages, or to any parts of those lands, tenements, hereditaments or heritages, which are in the use and enjoyment of a person whose total income amounts to one hundred and fifty pounds or more.

(3) In this section "charity" means any body of persons or trust established for charitable purposes only.

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Extension of charities exemption to certain scientific research associations.

449.—(1) Where—

(*a*) an Association which has as its object the undertaking of scientific research which may lead to or facilitate an extension of any class or classes of trade is approved for the purposes of this section by the Committee of the Privy Council for Scientific and Industrial Research; and

(*b*) the memorandum of association or other similar instrument regulating the functions of the Association precludes the direct or indirect payment or transfer to any of its members of any of its income or property by way of dividend, gift, division, bonus or otherwise howsoever by way of profit,

there shall be allowed in its case such exemption from income tax as falls to be allowed in the case of a body of persons which is established for charitable purposes only and the whole income of which is applied to those purposes:

Provided that the condition specified in paragraph (*b*) of this subsection shall not be deemed not to be complied with in the case of an Association by reason only that the memorandum or other similar instrument regulating its functions does not prevent the payment to members of the Association of—

(i) reasonable remuneration for goods, labour or power supplied, or services rendered; or

(ii) reasonable interest for money lent; or

(iii) reasonable rent for any premises.

(2) In this section, "scientific research" means any activities in the fields of natural or applied science for the extension of knowledge.

Procedure for claiming exemption under last three preceding sections.

450.—(1) Any claim for exemption from tax under the preceding provisions of this Part of this Act shall be made to the Commissioners of Inland Revenue in such form as they may prescribe and the said Commissioners shall, on proof of the facts to their satisfaction, allow the claim accordingly.

(2) Any person who is aggrieved by the decision of the said Commissioners on a claim made by him as aforesaid may, by notice in writing to that effect given to the said Commissioners within twenty-one days from the date on which notice of the decision is given to him, make an application to have his claim for exemption heard and determined by the Special Commissioners.

(3) Where any such application as aforesaid is made, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under

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Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

British Museum.

451.—(1) The Trustees of the British Museum shall be granted exemption from tax under Schedule A in respect of the lands and tenements vested in them and, in any case falling within the proviso to paragraph 1 of Schedule A or within section one hundred and seventy-seven or one hundred and eighty-two of this Act, from tax under Schedule D, and shall also be granted the like exemptions in respect of any dividends of stock vested in them, or in any other person for their use, as are granted to charitable institutions under this Part of this Act.

(2) Section four hundred and forty-one of this Act (which relates to the procedure for making claims for relief) shall apply in relation to claims under this section as it applies in relation to claims under section four hundred and forty of this Act by friendly societies.

Agricultural societies.

452.—(1) Any profits or gains arising to an agricultural society from an exhibition or show held for the purposes of the society shall, if they are applied solely to the purposes of the society, be exempt from income tax.

(2) In this section, "agricultural society" means any society or institution established for the purpose of promoting the interests of agriculture, horticulture, livestock breeding or forestry.

Local authority sewers.

453.—(1) Income tax shall not be charged in respect of a sewer vested in a local authority in the United Kingdom :

Provided that this exemption shall not extend to any rent payable or other annual payment to be made by the local authority in respect of the sewer.

(2) In this section—

"sewer" means a sewer maintained by a local authority in pursuance of their statutory duties in relation to the public health ;

"local authority" means a public body having power under any enactment relating to the public health to construct and maintain sewers.

Receipts by joint authorities to meet deficits.

454.—(1) Any sums received by a joint authority to which this section applies from its constitutent authorities, being sums which, by the terms of any enactment or of any order confirmed by or made under any enactment, the joint authority is authorised to require from its constituent authorities to meet

or towards meeting the amount or estimated amount by which the net revenue of the joint authority for any period falls short or may fall short of its expenditure for that period, shall not be trading receipts for any income tax purposes.

(2) This section applies to any joint authority constituted under any enactment which is authorised to require from, and only from, those of its constituent authorities which are local authorities any such sums as are mentioned in subsection (1) of this section.

(3) In this section—

"constituent authority", in relation to a joint authority, means any body corporate which is a member of, or a representative of which is a member of, the joint authority, or which appoints a member of the joint authority; and

"local authority" means the council of a county, county borough, metropolitan borough, county district or rural parish or the Common Council of the City of London or, in relation to Scotland, the council of a county, town or district, and includes any joint authority constituted under any enactment the constituent authorities of which are all local authorities.

Relief in respect of "customs" levied in burghs in Scotland.

455. Where in any burgh in Scotland tolls commonly known by the name of customs are levied under the authority of any Act of Parliament or charter, and are applied and expended in the burgh in defraying the expenses of paving, lighting or cleansing the same, or of the police thereof, or in discharging any other similar public burdens, any tax which has been charged and paid in respect of any such tolls shall, as regards so much of the tolls as shall have been expended as aforesaid, be repaid on due proof of the necessary facts to the satisfaction of the Special Commissioners.

Foreign service allowances of Crown servants.

456. Where any allowance to any person in the service of the Crown is certified by the Treasury to represent compensation for the extra cost of having to live outside the United Kingdom in order to perform his duties, that allowance shall not be regarded as income for any income tax purposes.

Gratuities, bounties and allowances of members of the Armed Forces, etc.

457.—(1) Where, under the scheme relating to men in the armed forces of the Crown announced on behalf of His Majesty's Government in the United Kingdom on the fifteenth day of April, nineteen hundred and forty-six, or under any other scheme certified by the Treasury to make analogous provision for classes of persons to whom the first mentioned scheme does not apply, a person who has served in the armed forces of the Crown at any time during the continuance in force of the Emergency Powers (Defence) Act, 1939, voluntarily undertakes to serve

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therein for a further period, any sum payable to him in pursuance of the scheme out of moneys provided by Parliament by way of bounty at the commencement or gratuity at the end of his further period of service shall not be regarded as income for any income tax purposes.

(2) Where, under the scheme relating to members of the Women's Royal Naval Service, the Auxiliary Territorial Service and the Women's Auxiliary Air Force announced on behalf of His Majesty's Government in the United Kingdom on the twentieth day of November, nineteen hundred and forty-six, or under any other scheme certified by the Treasury to make analogous provision for classes of persons to whom the first mentioned scheme does not apply, a woman who has served in or with the armed forces of the Crown at any time during the continuance in force of the Emergency Powers (Defence) Act, 1939, voluntarily undertakes to serve in or with those forces for a further period, any sum payable to her in pursuance of the scheme out of moneys provided by Parliament by way of gratuity at the end of her further period of service shall not be regarded as income for any income tax purposes.

(3) Any allowance payable out of the public revenue to or in respect of any class of persons, being either members of the armed forces of the Crown or women serving in any of the capacities mentioned in the Tenth Schedule to this Act, as respects which the Treasury certify either—

(*a*) that it is payable to the persons in question in lieu of food or drink normally supplied in kind to members of the armed forces or women serving in any of the capacities aforesaid; or

(*b*) that it is payable in respect of the persons in question as a contribution to the expenses of a mess,

shall not be regarded as income for any income tax purposes.

(4) The sums known as training expenses allowances payable out of the public revenue to members (whether men or women) of the reserve and auxiliary forces of the Crown, and the sums payable by way of bounty out of the public revenue to such members in consideration of their undertaking prescribed training and attaining a prescribed standard of efficiency shall not be treated as income for any income tax purposes.

(5) Any sum—

(*a*) which, in pursuance of the scheme as to service emoluments contained in the Command Paper laid before Parliament in August, nineteen hundred and fifty, becomes payable out of moneys provided by Parliament by way of bounty to a person who, having served in the armed forces of the Crown, voluntarily undertakes to serve for a further period; or

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(*b*) which becomes payable out of moneys provided by Parliament by way of bounty to any person who is called up for a period of service under the Reserve and Auxiliary Forces (Training) Act, 1951,

shall not be regarded as income for any income tax purpose.

Exemption of scholarship income.

458.—(1) Income arising from a scholarship held by a person receiving full-time instruction at a university, college, school or other educational establishment shall be exempt from income tax and no account shall be taken of any such income in computing the amount of income for income tax purposes.

(2) In this section, "scholarship" includes an exhibition, bursary or any other similar educational endowment.

(3) If any question arises whether any income is income arising from a scholarship held as aforesaid, the Commissioners of Inland Revenue may, on the request of the Income Tax Commissioners concerned, consult the Minister of Education.

In the application of this subsection to Scotland and Northern Ireland, the Secretary of State and the Governor of Northern Ireland, respectively, shall be substituted for the Minister of Education.

Income from funds for reducing the national debt.

459. Where any property is held upon trust in accordance with directions which are valid and effective under section nine of the Superannuation and other Trust Funds (Validation) Act, 1927 (which provides for the validation of trust funds for the reduction of the national debt), any income arising from that property or from any accumulations of any such income and any profits of any description otherwise accruing to the property and liable to be accumulated under the trust shall be exempt from income tax.

Issue Departments of Reserve Bank of India and State Bank of Pakistan.

460. Any profits or income arising or accruing to the Issue Department of the Reserve Bank of India constituted under an Act of the Indian Legislature called the Reserve Bank of India Act, 1934, or to the Issue Department of the State Bank of Pakistan constituted under certain orders made under section nine of the Indian Independence Act, 1947, shall be exempt from income tax.

Exemption from income tax and land tax in case of High Commissioners, Agents-General and their staffs.

461.—(1) A High Commissioner or Agent-General who is resident in the United Kingdom shall be entitled to the same immunity from income tax and land tax as that to which an accredited Minister of a foreign state so resident is entitled, whether by virtue of any Act or otherwise.

(2) Any person having or exercising any employment to which this subsection applies (not being a person employed in any trade, business or other undertaking carried on for the purposes of profit) shall be entitled to the same immunity from income tax

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and land tax as that to which a member of the staff of an accredited Minister of a foreign state is entitled, whether by virtue of any Act or otherwise.

The employments to which this subsection applies are the employment in the United Kingdom as a member of the personal staff of any High Commissioner or Agent-General or as an official agent for Canada, Australia, New Zealand, South Africa, India, Pakistan or Ceylon, for any state or province of the countries aforesaid, or for any self-governing colony, of a person certified by the High Commissioner or Agent-General, as the case may be, to be ordinarily resident outside the United Kingdom and to be resident in the United Kingdom solely for the purpose of the performance of his duties as such member or official agent.

(3) In this section—

"High Commissioner" means the High Commissioner for Canada, Australia, New Zealand, South Africa, India, Pakistan or Ceylon, and "Agent-General" means the Agent-General for any state or province of any of the said countries or for any self-governing colony;

"self-governing colony" means any colony certified by a Secretary of State to be a self-governing colony.

Consuls and other official agents.

462.—(1) Income arising from any office or employment to which this section applies shall be exempt from income tax, and no account shall be taken of any such income in estimating the amount of income for any income tax purposes.

(2) The offices and employments to which this section applies are the following, that is to say—

(*a*) the office of a consul in the United Kingdom in the service of any foreign state; and

(*b*) the employment of an official agent in the United Kingdom for any foreign state, not being an employment exercised by a British subject or a citizen of the Republic of Ireland or exercised in connection with any trade, business or other undertaking carried on for the purposes of profit.

(3) In this section—

"consul" means a person recognised by Her Majesty as being a consul-general, consul, vice-consul or consular agent; and

"official agent" means a person, not being a consul, who is employed on the staff of any consulate, official department or agency of a foreign state, not being a department or agency which carries on any trade, business or other undertaking for the purposes of profit.

PART XXIII

CONTRIBUTIONS AND PAYMENTS UNDER SCHEMES FOR RATIONALIZING INDUSTRY

Deduction from profits of contributions paid under schemes for rationalizing industry certified by the Board of Trade.

463.—(1) Notwithstanding anything contained in section one hundred and thirty-seven of this Act, but subject to the following provisions of this Part of this Act, where a person pays, wholly and exclusively for the purposes of a trade in respect of which he is chargeable under Case I of Schedule D, a contribution in furtherance of a scheme which is for the time being certified by the Board of Trade under this section, the contribution shall, in so far as it is paid in furtherance of the primary object of the scheme, be allowed to be deducted as an expense in computing the profits or gains of the said trade.

(2) The Board of Trade shall certify a scheme under this section if they are satisfied—

(*a*) that the primary object of the scheme is the elimination of redundant works or machinery or plant from use in an industry in the United Kingdom; and

(*b*) that the scheme is in the national interest and in the interest of the said industry as a whole; and

(*c*) that such number of persons engaged in the said industry as are substantially representative of the industry are liable to pay contributions in furtherance of the primary object of the scheme by agreement between them and the body of persons carrying out the scheme.

References in this subsection to an industry in the United Kingdom shall include references to the business carried on by owners of ships or of a particular class of ships, wherever that business is carried on, and, in relation to that business, references in this subsection to works or machinery or plant shall include references to ships.

(3) The Board of Trade shall cancel any certificate granted under this section if they cease to be satisfied as to any of the matters referred to in subsection (2) of this section.

(4) The Board of Trade may at any time require the body of persons carrying out a scheme certified under this section to produce any books or documents of whatever nature relating to the scheme and, if the requirement is not complied with, the Board may cancel the certificate.

(5) Anything required or authorised to be done under this section by the Board of Trade may be done by the President, a secretary, under-secretary or assistant secretary of the Board or any person authorised in that behalf by the President of the Board.

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(6) In this and the next following section, " contribution ", in relation to a scheme, does not include a sum paid by a person by way of loan or subscription of share capital, or in consideration of the transfer of assets to him, or by way of a penalty for contravening or failing to comply with the scheme.

Effect of repayment of contributions paid under certified schemes.

464.—(1) In the event of the repayment, whether directly or by way of distribution of assets on a winding up or otherwise, of a contribution or any part thereof which has been allowed to be deducted under the last preceding section, the deduction of the contribution, or of so much thereof as has been repaid, shall be deemed to be an unauthorised deduction in respect of which an additional assessment shall be made under subsection (1) of section forty-one of this Act, and, notwithstanding anything contained in this Act, the time within which such an additional assessment and any consequential assessment to surtax may be made shall not expire before the end of the third year of assessment following the year in which the repayment was made.

(2) For the purposes of this section, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

Treatment of payments under certified schemes, not being repayments of contributions.

465.—(1) Subject to the provisions of this section, where under any scheme which is for the time being certified or has at any time been certified by the Board of Trade under section four hundred and sixty-three of this Act, any payment (not being a payment made by way of repayment of contributions) is made to a person carrying on a trade to which the scheme relates, that payment shall be treated for the purposes of this Act as a trading receipt of the trade, and shall accordingly be taken into account in computing the profits or gains of the trade for those purposes.

(2) Where it is shown in accordance with the provisions of Part II of the Nineteenth Schedule to this Act that the payments which have been made under such a scheme in respect of a trade (not being payments made by way of repayment of contributions) have been made wholly or partly in respect of damage in respect of which no relief may be given under this Act, then, subject to and in accordance with the provisions of that Schedule, relief shall be given in respect of those payments by reducing the amounts which are to be treated as trading receipts of the trade under subsection (1) of this section, but, where such relief is given, the said section four hundred and sixty-three shall, in relation to contributions subsequently paid under the scheme in respect of the trade, have effect subject to the modifications specified in Part III of that Schedule.

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(3) The provisions of this section and of the said Nineteenth Schedule shall apply in relation to any payment made to a person who has ceased to carry on a trade to which any such scheme as aforesaid relates as they apply in relation to payments made to a person carrying on such a trade, subject to the modification that so much of that payment as falls to be treated as a trading receipt by virtue of the said provisions shall be deemed for the purposes of those provisions to have been made to him on the last day on which he was engaged in carrying on the trade.

(4) In determining, for the purposes of this section and of the said Nineteenth Schedule—

(*a*) whether any trade has ceased to be carried on; or

(*b*) whether any contribution is paid in respect of a trade in respect of which a payment has been made; or

(*c*) whether any payment is made in respect of a trade in respect of which a contribution has been paid,

no regard shall be had to any event which, by virtue of any of the provisions of section one hundred and forty-five of this Act, is to be treated as effecting a discontinuance of a trade.

Effect of cancellation of certificates of Board of Trade.

466.—(1) Where any certificate granted with respect to a scheme under section four hundred and sixty-three of this Act is cancelled by the Board of Trade, and any deductible contributions paid in furtherance of the scheme have not been repaid at the expiration of one year from the cancellation, the body of persons carrying out the scheme shall, for the year of assessment in which the said year expires, be charged to income tax under Case VI of Schedule D upon the aggregate amount of the deductible contributions which have not been repaid at that time:

Provided that the charge shall not be made if the total amount of any contributions, other than deductible contributions, which have been paid under the scheme and have not been repaid before that time is greater than the available resources of the scheme, and shall not in any case be made upon an amount greater than the excess, if any, of those resources over that total amount.

In this subsection, "the available resources", in relation to any scheme, means a sum representing the total funds held for the purposes of the scheme at the expiration of one year from the cancellation of the certificate plus a sum representing any funds held for the purposes of the scheme which, during that year, have been applied otherwise than in accordance with the provisions of the scheme as in force when the certificate was granted.

(2) Where the body of persons carrying out a scheme are charged to income tax by virtue of subsection (1) of this section, and, after the expiration of the said year, any deductible contribution paid in furtherance of the scheme is repaid, the amount

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upon which the charge is made shall be reduced by the amount repaid, and all such repayments of tax shall be made as are necessary to give effect to the provisions of this subsection.

(3) In this section, "contribution" includes a part of a contribution, and "deductible contribution" means a contribution allowed to be deducted under section four hundred and sixty-three of this Act, any reduction thereof under Part III of the Nineteenth Schedule to this Act being left out of account.

(4) For the purposes of this section, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

Application to statutory redundancy schemes.

467.—(1) The three last preceding sections, and the Nineteenth Schedule to this Act, shall, subject to the adaptations specified in subsection (2) of this section, apply in relation to a statutory redundancy scheme as they apply in relation to a scheme certified under section four hundred and sixty-three of this Act.

(2) The said adaptations are as follows, that is to say—

(*a*) for any reference to a contribution allowed to be deducted under the said section four hundred and sixty-three there shall be substituted a reference to a contribution allowed to be deducted under any provision of this Act other than the said section four hundred and sixty-three; and

(*b*) any provision that the said section four hundred and sixty-three shall, in relation to contributions, have effect subject to modifications, shall be construed as a provision that so much of any provision of this Act other than the said section four hundred and sixty-three as authorises the deduction of contributions shall, in relation to the contributions in question, have effect subject to the modifications in question; and

(*c*) for any reference to the cancellation of a certificate with respect to a scheme there shall be substituted a reference to the scheme ceasing to have effect; and

(*d*) for any reference to the provisions of the scheme as in force when the certificate was granted there shall be substituted a reference to the provisions of the scheme as in force when contributions were first paid thereunder.

(3) In this section, "statutory redundancy scheme" means a scheme for the elimination or reduction of redundant works, machinery or plant, or for other similar purposes, to which effect is given by or under any Act, whether passed before or after this Act.

PART XXIV

MISCELLANEOUS SPECIAL PROVISIONS

Restriction of certain transactions leading to avoidance of income tax or profits tax.

468.—(1) Subject to the provisions of this section, all transactions of the following classes (being classes of transactions which result or may result, directly or indirectly, in the avoidance of liability to income tax or the profits tax) shall be unlawful unless carried out with the consent of the Treasury, that is to say—

(*a*) for a body corporate resident in the United Kingdom to cease to be so resident; or

(*b*) for the trade or business or any part of the trade or business of a body corporate so resident to be transferred from that body corporate to a person not so resident; or

(*c*) for a body corporate so resident to cause or permit a body corporate not so resident over which it has control to create or issue any shares or debentures; or

(*d*) except for the purpose of enabling a person to be qualified to act as a director, for a body corporate so resident to transfer to any person, or cause or permit to be transferred to any person, any shares or debentures of a body corporate not so resident over which it has control, being shares or debentures which it owns or in which it has an interest.

(2) Nothing in paragraph (*c*) of subsection (1) of this section shall apply to the giving to the bankers of the body corporate not resident in the United Kingdom of any security for the payment of any sum due or to become due from it to them by reason of any transaction entered into with it by them in the ordinary course of their business as bankers.

(3) Nothing in the said paragraph (*c*) shall apply to the giving by the body corporate not resident in the United Kingdom to an insurance company of any security for the payment of any sum due or to become due from that body corporate to that company by reason of any transaction entered into with that body corporate by that company in the ordinary course of that company's business by way of investment of its funds.

(4) Any consent granted by the Treasury under this section—

(*a*) may be given either specially (that is to say, so as to apply only to specified transactions of or relating to a

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specified body corporate) or generally (that is to say, so as not only to apply as aforesaid); and

(*b*) may, if given generally, be revoked by the Treasury; and

(*c*) may in any case be absolute or conditional; and

(*d*) shall be published in such a way as to give any person entitled to the benefit of it an adequate opportunity of getting to know of it, unless in the opinion of the Treasury publication is not necessary for that purpose.

(5) Any person who, whether within or outside the United Kingdom, does or is a party to the doing of any act which to his knowledge amounts to or results in, or forms part of a series of acts which together amount to or result in, or will amount to or result in, something which is unlawful under subsection (1) of this section shall be guilty of an offence under this section, and in any proceedings in respect of such an offence against a director of the body corporate in question (that is to say, the body corporate which is or was resident in the United Kingdom) or against any person who was purporting to act in that capacity—

(*a*) it shall be presumed that he was a party to every act of that body corporate unless he proves that it was done without his consent or connivance; and

(*b*) it shall, unless the contrary is proved, be presumed that any act which in fact amounted to or resulted in, or formed part of a series of acts which together amounted to or resulted in or would amount to or result in, something which is unlawful under subsection (1) of this section was to his knowledge such an act.

(6) Any person who is guilty of an offence under this section shall be liable on conviction on indictment to imprisonment for not more than two years or to a fine not exceeding ten thousand pounds or to both, and proceedings in respect of such an offence alleged to have been committed by a person may be taken before the appropriate court in the United Kingdom having jurisdiction in the place where that person is for the time being:

Provided that where the person in question is the body corporate which is or was resident in the United Kingdom, the maximum amount of the fine shall be three times the total income tax and profits tax paid or payable by it for the last three years of assessment and the last three chargeable accounting periods ending before the commission of the offence, or ten thousand pounds, whichever is the greater.

(7) A body corporate shall be deemed for the purposes of this section to be resident or not to be resident in the United Kingdom

according as the central management and control of its trade or business is or is not exercised in the United Kingdom:

Provided that if it is shown that it has been established as between the Crown and a body corporate for any income tax or profits tax purpose that the body corporate was resident or ordinarily resident in the United Kingdom for any year of assessment or chargeable accounting period, it shall be presumed, except so far as the contrary is proved, that that body corporate was resident in the United Kingdom for the purposes of this section at the beginning of that year of assessment or chargeable accounting period and that it continued to be so resident at all times thereafter.

(8) Where the functions of a body corporate consist wholly or mainly in the holding of investments or other property, the holding of the investments or property shall be deemed for the purposes of this section to be a business carried on by the body corporate.

(9) Notwithstanding anything in the preceding provisions of this section, in no event shall a mere transfer of assets by a body corporate not resulting in a substantial change in the character or extent of the trade or business of that body corporate be treated for the purpose of this section as a transfer of part of the trade or business thereof.

(10) In this section—

"share", "debenture" and "director" have, in relation to any body corporate, the meanings respectively assigned to them by section four hundred and fifty-five of the Companies Act, 1948, in relation to a company;

"control" (except in the expression "central management and control") means, in relation to a body corporate, the power of a person to secure, by means of the holding of shares or the possesion of voting power in or in relation to that or any other body corporate, or by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate, that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person;

"transfer", in relation to shares or debentures, includes a transfer of any beneficial interest therein;

"insurance company" means a body corporate lawfully carrying on business as an insurer, whether in the United Kingdom or elsewhere, and "funds" in relation

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to an insurance company means the funds held by it in connection with that business,

and a body corporate shall not be deemed for the purposes of this section to cease to be resident in the United Kingdom by reason only that it ceases to exist.

(11) No proceedings for an offence under this section shall be instituted, in England or Wales, except by or with the consent of the Attorney General or, in Northern Ireland, except by or with the consent of the Attorney General for Northern Ireland:

Provided that this subsection shall not prevent the issue or execution of a warrant for the arrest of any person in respect of such an offence, or the remanding in custody or on bail of any person charged with such an offence.

Sales, etc., between associated persons.

469.—(1) Subject to the provisions of this section, where, on or after the tenth day of April, nineteen hundred and fifty-one, any property is sold and—

(*a*) the buyer is a body of persons over whom the seller has control or the seller is a body of persons over whom the buyer has control or both the seller and the buyer are bodies of persons and some other person has control over both of them; and

(*b*) the property is sold at a price less than the price which it might have been expected to fetch if the parties to the transaction had been independent persons dealing at arm's length,

then, in computing the income, profits or losses of the seller for income tax and profits tax purposes, the like consequences shall ensue as would have ensued if the property had been sold for the price which it would have fetched if the transaction had been a transaction between independent persons dealing as aforesaid:

Provided that this subsection shall not apply where the buyer is resident in the United Kingdom and is carrying on a trade therein, and the price of the property falls to be taken into account as a deduction in computing the profits or gains or losses of that trade for income tax purposes.

(2) Subject to the provisions of this section, where, on or after the tenth day of April, nineteen hundred and fifty-one, any property is sold and—

(*a*) the buyer is a body of persons over whom the seller has control or the seller is a body of persons over whom the buyer has control or both the seller and the

buyer are bodies of persons and some other person has control over both of them; and

(*b*) the property is sold at a price greater than the price which it might have been expected to fetch if the parties to the transaction had been independent persons dealing at arm's length,

then, in computing the income, profits or losses of the buyer for income tax and profits tax purposes, the like consequences shall ensue as would have ensued if the property had been sold for the price which it would have fetched if the transaction had been a transaction between independent persons dealing as aforesaid:

Provided that this subsection shall not apply where the seller is resident in the United Kingdom and is carrying on a trade therein, and the price of the property falls to be taken into account as a trading receipt in computing the profits or gains or losses of that trade for income tax purposes.

(3) The preceding provisions of this section shall not apply in relation to any sale unless the Commissioners of Inland Revenue so direct, and where such a direction is given all such adjustments shall be made, whether by additional assessment, repayment of tax or otherwise, as are necessary to give effect to the direction.

(4) Nothing in this section shall be construed as affecting the operation of any of the provisions of Part X or Part XI of this Act.

(5) In this section, " body of persons " includes a partnership and " control " has the meaning ascribed to it by subsection (1) of section three hundred and thirty-three of this Act, and, for the purposes of this section, a sale shall be deemed to take place at the time of completion or at the time when possession is given, whichever is the earlier.

(6) The preceding provisions of this section shall, with the necessary adaptations, have effect in relation to lettings and hirings of property, grants and transfers of rights, interests or licences and the giving of business facilities of whatever kind as they have effect in relation to sales, and the references in the said preceding provisions to sales, sellers, buyers and prices shall be deemed to be extended accordingly:

Provided that nothing in this subsection shall apply to any letting of any lands, tenements, hereditaments or heritages charged to income tax under Schedule A.

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Taxation of copyright royalties where owner's usual place of abode is abroad.

470.—(1) Subject to the provisions of this section, where the usual place of abode of the owner of a copyright is not within the United Kingdom, section one hundred and seventy of this Act shall apply to any payment of or on account of any royalties or sums paid periodically for or in respect of that copyright as it applies to annual payments not payable out of profits or gains brought into charge.

In this subsection—

"copyright" does not include a copyright in any dramatic work being a cinematograph production, or in any artistic work being a photograph intended to be used for the purposes of the exhibition of pictures or other optical effects by means of a cinematograph or other similar apparatus; and

"owner of a copyright" includes a person who, notwithstanding that he has assigned a copyright to some other person, is entitled to receive periodical payments in respect of that copyright; and

the reference to royalties or sums paid periodically for or in respect of a copyright does not include royalties or sums paid in respect of copies of works which are shown to the satisfaction of the Special Commissioners to have been exported from the United Kingdom for distribution outside the United Kingdom.

(2) Where any payment to which subsection (1) of this section applies is made through an agent resident in the United Kingdom and that agent is entitled as against the owner of the copyright to deduct any sum by way of commission in respect of services rendered, the amount of the payment shall, for the purposes of section one hundred and seventy of this Act, be taken to be the amount thereof as diminished by the sum which the agent is so entitled to deduct:

Provided that, where the person by or through whom any such payment is made does not know that any such commission is payable or does not know the amount thereof, any tax deducted by or assessed and charged on him shall be computed in the first instance on, and the account to be delivered of the payment shall be an account of, the total amount of the payment without regard being had to any diminution thereof, and in that case, on proof of the facts to the satisfaction of the Special Commissioners, there shall be made to the agent on behalf of the owner of the copyright such repayment of tax as is proper in respect of the sum deducted by way of commission.

(3) The time of the making of a payment to which subsection (1) of this section applies shall, for all income tax purposes, be

taken to be the time when it is made by the person by whom it is first made and not the time when it is made by or through any other person.

(4) Any agreement for the making of any payment to which subsection (1) of this section applies in full and without deduction of tax shall be void.

Relief where copyright sold for lump sum.

471.—(1) Where—

(*a*) an author of a literary, dramatic, musical or artistic work assigns the copyright therein wholly or partially, or grants any interest in the copyright by licence; and

(*b*) the consideration for the assignment or grant consists wholly or partially of a lump sum payment the whole amount of which would, but for this section, be included in computing the amount of his profits or gains for a single year of assessment; and

(*c*) the author was engaged on the making of the work for a period of more than twelve months,

he shall be entitled to claim that effect shall be given to the following provisions of this section in connection with that payment.

(2) If the period for which he was engaged on the making of the work does not exceed twenty-four months, then, for all income tax purposes, one-half only of the amount of the payment shall be treated as having become receivable on the date on which it actually became receivable, and the remaining half shall be treated as having become receivable twelve months before that date.

(3) If the period for which he was engaged on the making of the work exceeds twenty-four months, then, for all income tax purposes, one-third only of the amount of the payment shall be treated as having become receivable on the date on which it actually became receivable, and one-third shall be treated as having become receivable twelve months, and one-third twenty-four months, before that date.

(4) A claim under subsection (1) of this section must be made to the Commissioners of Inland Revenue not later than twelve months from the end of the year of assessment mentioned in that subsection, in such form as they may prescribe, and they shall, on proof of the facts to their satisfaction, allow the claim accordingly.

(5) Any person who is aggrieved by the decision of the Commissioners of Inland Revenue on a claim made by him as aforesaid may, by notice in writing to that effect given to the said

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Commissioners within twenty-one days from the date on which notice of the decision is given to him, make an application to have his claim heard and determined by the Special Commissioners.

(6) Where any such application as aforesaid is made, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

(7) Where, on a claim made under this section, liability to tax falls to be adjusted in accordance with subsection (2) or subsection (3) of this section, such additional assessments, reductions of assessments and repayments shall be made as are necessary to give effect to the provisions of this section.

(8) In this section, "author" includes a joint author, and "lump sum payment" includes an advance on account of royalties which is not returnable.

Spreading of patent royalties over several years.

472.—(1) Where a royalty or other sum to which section one hundred and sixty-nine or section one hundred and seventy of this Act applies is paid in respect of the user of a patent, and that user extended over a period of six complete years or more, the person receiving the payment may require that the income tax (including surtax) payable by him by reason of the receipt of that sum shall be reduced so as not to exceed the total amount of income tax (including surtax) which would have been payable by him if that royalty or sum had been paid in six equal instalments at yearly intervals, the last of which was paid on the date on which the payment was in fact made.

(2) Subsection (1) of this section shall apply in relation to a royalty or other sum where the period of the user is two complete years or more but less than six complete years as it applies to the royalties and sums mentioned in that subsection, but with the substitution for the reference to six equal instalments of a reference to so many equal instalments as there are complete years comprised in that period.

(3) In this section, any reference to the income tax (including surtax) payable by a person includes, in cases where the income of a wife is deemed to be the income of the husband, references to the income tax (including surtax) payable by his wife or her husband, as the case may be.

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(4) Nothing in this section shall apply to any sum to which section one hundred and seventy of this Act applies by virtue of section three hundred and eighteen of this Act (which charges to income tax certain capital sums received on the sale of patent rights).

Treatment of farm animals, etc., for income tax and profits tax purposes.

473.—(1) The provisions of the Twentieth Schedule to this Act shall have effect in relation to the treatment, for the relevant tax purposes, of animals and other living creatures kept for the purposes of farming or for the purposes of any trade.

(2) In this section and in the said Schedule, " the relevant tax purposes " means—

(*a*) the computation of profits or gains for the purposes of an assessment under Case I of Schedule D; and

(*b*) the computation of any loss for the purposes of a claim for relief under any of the provisions of this Act relating to income tax; and

(*c*) the computation of profits or losses for the purposes of the enactments relating to the profits tax.

Exclusion of certain machinery from valuation for Schedule A, etc.

474.—(1) No account shall be taken of the value of non-rateable machinery in ascertaining the annual value—

(*a*) of any property in Great Britain for the purposes of Schedule A; or

(*b*) of any property whatsoever for the purposes of section one hundred and thirty-six of this Act,

and no non-rateable machinery shall be deemed to form part of a building for the purposes of subsection (3) of section fifteen of the Finance Act, 1937, as set out in Part II of the Eleventh Schedule to this Act (which provides for an allowance for depreciation of mills, factories, etc.).

(2) The profits arising to any person from the letting of any machinery the value of which is not taken into account for the purpose of assessment to income tax under Schedule A shall be deemed to be profits chargeable to income tax under Case VI of Schedule D.

(3) In this section—

" property " means lands, tenements, hereditaments and heritages;

" machinery " includes plant, machines, tools and appliances;

" non-rateable machinery ", in relation to any property, means machinery of any description the value whereof is not taken into account for the purposes of rating

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under the relevant rating enactment, or would not be so taken into account if that enactment had effect with respect to the valuation of the property;

" the relevant rating enactment " means—

(*a*) in relation to property in England or Wales or outside the United Kingdom, paragraph (*b*) of subsection (1) of section twenty-four of the Rating and Valuation Act, 1925; and

(*b*) in relation to property in Scotland, section one of the Lands Valuation (Scotland) Amendment Act, 1902; and

(*c*) in relation to property in Northern Ireland, section seven of the Annual Revision of Rateable Property (Ireland) Amendment Act, 1860.

Relief for air raid protection works from tax under Schedule A.

475.—(1) In estimating the annual value of any building for the purposes of tax under Schedule A, no regard shall be had—

(*a*) to any room or other part of the building which has been added at any time after the building was first assessed to tax, or was included in the building before it was so assessed, solely for the purpose of affording protection in the event of hostile attack from the air, and is not occupied or used for other purposes; or

(*b*) to any structural alterations or improvements of the building (not being the addition of any such room or other part as aforesaid) made, at any time after the building was first assessed to tax, solely for the purpose of affording such protection:

Provided that this subsection shall not apply if the building or any part thereof is let and the rent or any other consideration for the lease is greater than it would have been if the room or other part referred to in paragraph (*a*) of this subsection had not been added or included, or the structural alterations or improvements referred to in paragraph (*b*) of this subsection had not been made, as the case may be.

(2) If, in any year of assessment for which the annual value of any building has been estimated in accordance with paragraph (*a*) of subsection (1) of this section, any room or other part of the building to which no regard has been had by virtue of that paragraph is occupied or used for any purpose other than the purpose of affording such protection as aforesaid, an assessment or additional assessment shall be made so as to include in the annual value of the building the value of that room or other part.

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(3) Exemption shall be granted from income tax under Schedule A in respect of any separate unit of assessment which is intended to be occupied and used solely for the purpose of affording such protection as aforesaid and is not occupied or used for any other purpose:

Provided that this subsection shall not apply to any unit of assessment the whole or part of which is let.

(4) In any case where—

(*a*) a deduction is to be allowed in respect of the depreciation of any premises, being mills, factories or other similar premises, under subsection (2) of section fifteen of the Finance Act, 1937, as set out in Part II of the Eleventh Schedule to this Act (which provides for a deduction in computing profits of an amount equal to the repairs allowance or the appropriate fraction of the rating value of the premises, whichever is the less); and

(*b*) the repairs allowance of the premises is less than it would have been if subsection (1) of this section had not been enacted,

there shall be computed the annual value of any room or other part, or any structural alterations or improvements, to which regard has not been had under the said subsection (1), and the amount of the deduction to be allowed as aforesaid shall be increased by the amount of the repairs allowance which would have been authorised in respect of the annual value as so computed if it had been separately assessed to tax under Schedule A.

Disallowance of deductions for war risk premiums.

476.—(1) In computing the amount of the profits or gains of any person for any income tax purpose, no sum shall be deducted in respect of any payment made by him to which this section applies.

(2) No payment to which this section applies shall be included in computing—

(*a*) the expenses of management in respect of which relief may be claimed under section four hundred and twenty-five of this Act or under that section as applied by section four hundred and thirty-eight of this Act; or

(*b*) the cost of maintenance, repairs, insurance and management in respect of which relief may be claimed under section one hundred and one of this Act.

(3) This section applies to any payment made by any person under any contract or arrangement under which that person is, in the event of war damage, entitled or eligible, either absolutely or conditionally, to or for any form of indemnification, whether

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total or partial, and whether by way of a money payment or not, in respect of that war damage :

Provided that—

(*a*) where the payment is made in respect of the right or eligibility aforesaid and also in respect of other matters, the deduction or inclusion of so much of the payment as is properly attributable to the other matters shall not be disallowed by virtue only of subsection (1) or subsection (2) of this section ; and

(*b*) this section shall not apply to any payment made under—

(i) any policy of insurance issued under Part II of the War Risks Insurance Act, 1939, or any similar enactment in force in any country outside the United Kingdom ; or

(ii) any contract of marine insurance, or any contract of insurance of an aircraft, or any contract of insurance of goods in transit.

(4) In this section, " war damage " means loss or damage arising from action taken by an enemy of Her Majesty, or action taken in combating such an enemy or in repelling an imagined attack by such an enemy, or action taken in anticipation of or in consequence of an attack by such an enemy.

Disallowance of certain payments in respect of war injuries to employees.

477.—(1) In computing the amount of the profits or gains, or total income, of any person for any income tax purpose, no sum shall be deducted in respect of any payment made by him to which this section applies.

(2) No payment to which this section applies shall be included in computing—

(*a*) the expenses of management in respect of which relief may be claimed under section four hundred and twenty-five of this Act or under that section as applied by section four hundred and thirty-eight of this Act ; or

(*b*) the cost of maintenance, repairs, insurance and management in respect of which relief may be claimed under section one hundred and one of this Act ; or

(*c*) the expenses of management or supervision in respect of which relief may be claimed under section one hundred and eighty-one of this Act.

(3) This section applies—

(*a*) to any payments by way of benefit made by any person to, or to the personal representatives or dependants of, any employees of his on account of their incapacity, retirement or death owing to war injuries, whether sustained in the United Kingdom or elsewhere ; and

(*b*) to any payments made by any person by way of premium or contribution under any policy, agreement, scheme or arrangement providing for the payment of benefits to, or to the personal representatives or dependants of, any employees of his on account of their incapacity, retirement or death as aforesaid :

Provided that—

(i) this section shall not apply to any payment (whether by way of benefit or by way of premium or contribution) which is payable under any policy, agreement, scheme or arrangement made before the third day of September, nineteen hundred and thirty-nine, except to the extent that the amount of the payment is increased by any variation of the terms of that policy, agreement, scheme or arrangement made on or after that date;

(ii) this section shall not apply to any payment by way of benefit if, in the opinion of the Commissioners of Inland Revenue, that payment was made under an established practice which was such that the same or a greater payment would have been made if the incapacity, retirement or death had not been due to war injuries.

(4) Where a person makes a payment by way of benefit to which this section applies and, in the opinion of the Commissioners of Inland Revenue, there is an established practice under which a smaller payment would have been made if the incapacity, retirement or death had not been due to war injuries, the deduction or inclusion of an amount equal to that smaller payment shall not be disallowed by virtue only of subsection (1) or subsection (2) of this section.

(5) Where a person makes a payment to which this section applies by way of premium or contribution, and the policy, agreement, scheme or arrangement provides for the payment of any benefit in the event of incapacity, retirement or death not due to war injuries, the deduction or inclusion of so much of the payment of premium or contribution as, in the opinion of the Commissioners of Inland Revenue, is properly attributable to benefit payable in the event of incapacity, retirement or death not due to war injuries shall not be disallowed by virtue only of subsection (1) or subsection (2) of this section.

(6) In this section, " war injuries " means physical injuries—

(*a*) caused by—

(i) the discharge of any missile (including liquids and gas);

(ii) the use of any weapon, explosive or other noxious thing; or

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(iii) the doing of any other injurious act,

either by the enemy or in combating the enemy or in repelling an imagined attack by the enemy; or

(*b*) caused by the impact on any person or property of any enemy aircraft, or any aircraft belonging to, or held by any person on behalf of, or for the benefit of, Her Majesty or any allied power, or any part of, or anything dropped from, any such aircraft.

Provisions as to Schedule A tax on land sustaining war damage.

478.—(1) Where—

(*a*) any land which is the subject of a short lease suffers war damage, and in consequence the lease comes to an end or the rent thereunder ceases to be payable or is reduced; and

(*b*) the Commissioners of Inland Revenue are satisfied that the lessee is unable to deduct tax which he would otherwise have been entitled to deduct from his rent under proviso (*b*) to section one hundred and six, subsection (6) of section one hundred and nine, subsection (4) of section one hundred and ten, section one hundred and seventy-three or section one hundred and seventy-four of this Act,

those Commissioners shall give to him, by repayment or otherwise, such relief from tax as will in their opinion reduce the amount of tax under Schedule A ultimately borne by him in respect of the land for the year of assessment (or that part thereof for which tax is payable) to what it would have been if the damage had not occurred.

(2) Where relief is given under subsection (1) of this section, the tax covered by the relief may be recovered from the persons by whom it would ultimately have been borne if the damage had not occurred, as if they had been respectively charged therewith and in the same way as any other tax charged on them may be recovered.

(3) In this section, " war damage " means—

(*a*) damage occurring (whether accidentally or not) as the direct result of action taken by the enemy, or action taken in combating the enemy, or in repelling an imagined attack by the enemy;

(*b*) damage occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to mitigate, the consequences of such damage as aforesaid;

(*c*) accidental damage occurring as the direct result—

(i) of any precautionary or preparatory measures taken under proper authority with a view to preventing or hindering the carrying out of any attack by the enemy; or

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(ii) of precautionary or preparatory measures involving the doing of work on land and taken under proper authority in any way in anticipation of enemy action,

being in either case measures involving a substantial degree of risk to property:

Provided that the measures mentioned in paragraph (*c*) of this subsection do not include the imposing of restrictions on the display of lights or measures taken for training purposes.

(4) For the purposes of subsection (3) of this section, such action against the enemy as is referred to in paragraph (*a*) of that subsection—

(*a*) shall, in relation to any ship or aircraft taking part in such action, be deemed to continue until the ship or aircraft has returned to its base;

(*b*) includes naval, military or air reconnaissances and patrols.

(5) In this section, " land " means lands, tenements, hereditaments and heritages in the United Kingdom, and " short lease " has the meaning assigned to it by subsection (1) of section one hundred and seventy-two of this Act; and for the purposes of this section a person shall be deemed ultimately to bear tax under Schedule A in respect of any land to the extent, and to the extent only, that tax has been paid by him in respect thereof by deduction or otherwise and is not deductible by him under any of the provisions of this Act referred to in paragraph (*b*) of subsection (1) of this section from rent payable by him in respect of the land.

Special provisions as to expenditure and houses of ministers of religion.

479.—(1) In assessing the tax chargeable under any Schedule upon a clergyman or minister of any religious denomination, the following deductions may be made from any profits, fees or emoluments of his profession or vocation—

(*a*) any sums of money paid or expenses incurred by him wholly, exclusively and necessarily in the performance of his duty as a clergyman or minister;

(*b*) such part of the rent (not exceeding one-quarter) as the Commissioners by whom the assessment is made may allow, paid by him in respect of a dwelling-house any part of which is used mainly and substantially for the purposes of his duty as such clergyman or minister,

and where any such clergyman or minister is in the occupation of a dwelling-house but pays no rent therefor, he shall for the purposes of the preceding provision be deemed to pay a rent equal to the annual value of the dwelling-house as assessed to tax under Schedule A.

PART XXIV —*cont.*

(2) If no such deduction has been made, a proportionate part of the tax paid by him shall be repaid to the clergyman or minister on proof to the Commissioners that any sum has been expended as aforesaid.

(3) Where a clergyman or minister of any religious denomination occupies a dwelling-house rent free by virtue of his office in such circumstances that the annual value of the house does not fall to be regarded as part of his income, he shall be entitled, on giving notice to the surveyor not later than the thirtieth day of September in any year, or, where the occupation of such clergyman or minister commenced after the thirtieth day of June, before the expiration of three months after the date of the commencement of such occupation, to require that the annual value of the house, after deducting therefrom the amount of any annual sum payable in respect of such house, shall for all purposes of income tax for that year be treated as earned income of such clergyman or minister.

In this subsection, " annual sum " means any yearly interest, annuity, rent, rentcharge, fee farm rent, rent service, quit rent, feu duty, stipend to a licensed curate or other annual payment reserved or charged upon any lands, tenements, hereditaments or heritages.

Taxation of Lloyd's and other underwriters who set up special reserve funds.

480.—(1) If, in the case of Lloyd's or any approved association of underwriters—

(*a*) arrangements are made for the setting up, in relation to each underwriting member who elects to take advantage of the arrangements, of such a special reserve fund as is referred to in the Twenty-first Schedule to this Act; and

(*b*) the arrangements comply with the requirements of that Schedule, are approved by the Commissioners of Inland Revenue and are certified by the Board of Trade to be in the public interest,

then, subject to the provisions of that Schedule relating to the cancellation by the said Commissioners or the Board of Trade of their approval or certificate, the provisions of that Schedule relating to taxation shall have effect in relation to any such underwriting member who duly elects as aforesaid.

(2) In this section, " approved association of underwriters " means an association of underwriters to whom the Assurance Companies Act, 1909, does not apply by virtue of subsection (2) of section twenty-eight of that Act.

PART XXIV —*cont.*

Borrowings against life policies to be treated as income in certain cases.

481.—(1) Where—

(*a*) under any contract or arrangements made on or after the seventh day of April, nineteen hundred and forty-nine, provision is made for the making to any person, at intervals until the happening of an event or contingency dependent on human life, of payments by way of loan; and

(*b*) under the contract or arrangements, the loans are secured upon a policy of life assurance which assures moneys payable on the happening of such an event or contingency and need not be repaid until the policy moneys become payable; and

(*c*) the amount of the moneys payable on the happening of the event or contingency is made by the policy to increase by reference to the length of a period ending on the happening thereof,

the payments by way of loan shall be treated for income tax purposes as annual payments falling within Case III of Schedule D, or, if they are made to a person residing in the United Kingdom and the contract or arrangements were made outside the United Kingdom, as income from a possession out of the United Kingdom falling within subsection (1) of section one hundred and thirty-two of this Act.

(2) The amount of the moneys payable under a policy of life assurance shall not be deemed for the purposes of this section to be made to increase by reference to the length of a period ending on the happening of an event or contingency dependent on human life by reason only that those moneys are to increase from time to time if profits are made by the persons liable under the policy.

(3) This section shall not apply to any payments by way of loan if the Commissioners of Inland Revenue are satisfied as respects those payments that it is not one of the objects of the contract or arrangements under which the payments are made that the recipient thereof should enjoy the advantages which would, apart from any question of liability to income tax, be enjoyed by a person in receipt of payments of the same amounts paid at the same times by way of annuity.

Remission of balancing charges and other provisions in case of certain undertakings absorbed under nationalisation schemes.

482.—(1) The provisions of this section shall have effect where—

(*a*) under any statutory provisions to which this section applies, property is transferred to a Commission, Authority, Board, body or person; and

(*b*) under the statutory provisions in question, the liability of the transferor arising from any balancing charge falling to be made on the occasion of the transfer becomes a liability of the transferee.

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(2) The transfer shall be treated for income tax purposes as a sale of property to which paragraph (*a*) of subsection (1) of section three hundred and twenty-seven of this Act applies and as if the parties to the sale had given notice of election under paragraph 4 of the Fourteenth Schedule to this Act.

(3) Where the trade carried on by the transferor is permanently discontinued at the date of the transfer and either—

(*a*) in the year of assessment in or at the end of which the transfer takes place a deduction could have been allowed in charging the profits or gains of the trade under section three hundred and twenty-three of this Act, or under that section as extended by subsection (2) of section three hundred and thirty-nine of this Act, but for an insufficiency of profits or gains against which to allow the deduction; or

(*b*) in that and previous years taken together, relief or greater relief could have been given by way of deduction or set-off under section three hundred and forty-two of this Act, or under that section as extended by any of the other provisions of this Act, but for the allowance, in those years, of any such deductions as are mentioned in paragraph (*a*) of this subsection,

the deduction, so far as it could have been but was not allowed, or, as the case may be, the amount or additional amount which could have been deducted and set off but for the deductions aforesaid, shall, in charging the profits or gains of the trade of the transferee for the year of assessment in or at the beginning of which the transfer takes place and all subsequent years of assessment, be added to and deemed to form part of the deduction falling to be allowed under subsection (1) of the said section three hundred and twenty-three in charging the profits or gains of that trade for the year in or at the beginning of which the transfer takes place.

(4) In this section, any reference to the transferee shall, in the case of a transfer to an Area Board as defined in the Electricity Act, 1947, be construed as a reference to the British Electricity Authority.

(5) In this section, "statutory provision" means a provision contained in, or in any order or scheme made or issued under, any Act, and the statutory provisions to which this section applies are statutory provisions contained in the Transport Act, 1947, the Electricity Act, 1947, or the Gas Act, 1948, or in any order or scheme made or issued under any of those Acts, and any other statutory provisions for giving effect to any scheme for the carrying on of any industry or part of an industry, or of any undertaking, under national ownership or control.

PART XXIV —*cont.*

Income tax in connection with Electricity Boards.

483. For income tax purposes—

(*a*) any trade or business carried on by any Area Board established by or under the provisions of the Electricity Act, 1947, shall be treated as if it were part of the trade or business carried on by the British Electricity Authority; and

(*b*) subject to the provisions of paragraph (*c*) of this section, any property, rights or liabilities of any such Board shall be treated as property, rights or liabilities of the said Authority, and anything done by or to any such Board shall be deemed to have been done by or to the said Authority; and

(*c*) any rights, liabilities or things done—

(i) of, by or to the said Authority against, to or by any such Board; or

(ii) of, by or to any such Board against, to or by the said Authority or any other such Board,

shall be left out of account,

and income tax shall be charged accordingly.

Assets transferred under Coal Industry Nationalisation Act, 1946.

484.—(1) Where, whether before or after the passing of this Act, any assets consisting of or of an interest in any property vest in the National Coal Board by virtue of section five or section six of the Coal Industry Nationalisation Act, 1946, or by virtue of section forty-four of, and the Third Schedule to, that Act, and, immediately before the date of the vesting thereof, the assets were assets of a colliery concern, a subsidiary of a colliery concern, a body administering a scheme under Part I of the Coal Mines Act, 1930, or the South Yorkshire Mines Drainage Committee, the provisions of the Twenty-second Schedule to this Act shall have effect in computing the liability to income tax of the person who was, immediately before the said date, the owner of the said assets, and of the said Board respectively.

(2) If, in computing the liability to income tax for any year of assessment of any such owner or of the said Board, anything has been done otherwise than in accordance with the provisions of the said Twenty-second Schedule, such adjustments may be made by way of additional assessment or otherwise as may be necessary to secure compliance with the provisions thereof.

(3) In this section and the said Twenty-second Schedule, "colliery concern" has the meaning assigned to it by section sixty-three of the Coal Industry Nationalisation Act, 1946, and "subsidiary" has the meaning assigned to it by paragraph 25 of the First Schedule to that Act.

PART XXIV —*cont.*

Railway companies.

485.—(1) Assessments on a company in respect of the profits or gains arising from a railway shall be made by the Special Commissioners, who shall notify their assessment to the secretary or other officer of the company, and the amount of the assessment shall be paid, collected and levied in like manner as any other assessment made by the Special Commissioners.

(2) Railway companies in England, Wales and Northern Ireland shall pay tax under Schedule D by four quarterly payments, that is to say, on or before the twentieth days of June, September, December and March respectively, in each year.

(3) Subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force—

(*a*) tax under Schedule E in respect of offices and employments held under, and pensions paid by, a railway company shall be charged by the Special Commissioners, who shall notify to the secretary or other officer of the company the particulars of the assessments;

(*b*) any such assessment shall be deemed to be and shall be an assessment upon the company, and the tax in respect thereof shall be paid, collected and levied accordingly, and the company or the secretary or other officer may deduct the tax so charged out of the emoluments of the holder of the office or employment or out of the pension, as the case may be; and

(*c*) where any person has ceased to hold an office or employment under a railway company or has ceased to be entitled to any pension paid by a railway company, such part of any tax assessed and charged upon the company under this subsection in respect of that office, employment or pension as cannot be deducted out of the emoluments or pension shall be collected and levied from that person or from his executors or administrators, as the case may be, as if he or they had been chargeable and charged with the said tax.

Modifications of pre-war provisions for tax free annuities, etc.

486.—(1) Subject to the provisions of this section, any provision, however worded, for the payment, whether periodically or otherwise, of a stated amount free of income tax, or free of income tax other than surtax, being a provision which—

(*a*) is contained in any deed or other instrument, in any will or codicil, in any order of any court, in any local or personal Act, or in any contract, whether oral or in writing; and

(*b*) was made before the third day of September, nineteen hundred and thirty-nine; and

(*c*) has not been varied on or after that date,

shall, as respects payments falling to be made during any year of assessment the standard rate of income tax for which exceeds five shillings and sixpence in the pound, have effect as if for the stated amount there were substituted an amount equal to the appropriate fraction thereof.

(2) Where any such provision as is mentioned in subsection (1) of this section is a provision for a payment free of income tax (and not merely a provision for a payment free of income tax other than surtax) the sum, if any, to be paid under that provision to make good the requirement that the payment shall be free of surtax shall, in the case of surtax for the year preceding any such year of assessment as is mentioned in the said subsection (1), be reduced to the appropriate fraction of the sum which would have been sufficient for that purpose if the rates of surtax in force for the year 1937-38 had applied to the year for which the surtax is payable.

(3) If, in the case of a payment to which subsection (1) of this section applies, the relations of the payee and the payor are such that the payee is accountable to the payor for so much of any relief from income tax which he receives as is ascribable to the payment—

(*a*) the liability of the payee to account to the payor shall be limited to the appropriate fraction of the sum for which he would have been accountable if the 1938-39 rates of income tax, other than surtax, had applied to the year of assessment in which the payment falls to be made, and the preceding provisions of this section had not been passed; and

(*b*) the relief to be given shall be calculated as if—

(i) the gross sum represented by the payment were what it would have been if the 1938-39 rates of income tax, other than surtax, had applied to the year of assessment in which the payment falls to be made, and the preceding provisions of this section had not been passed; and

(ii) that gross sum had borne income tax at the standard rate of tax for the year of assessment in which the payment falls to be made.

(4) This section shall not—

(*a*) affect any provision falling within subsection (4) of section four hundred and seventy or subsection (2)

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of section five hundred and six of this Act (which render invalid agreements not to deduct tax); or

(*b*) affect any provision if, by virtue of any provision in the same or any other deed, instrument, will, codicil, order, local or personal Act or contract which contemplates rises in the rates of income tax, the payments thereunder have ceased, or, in the event of further rises in the rates of income tax, may cease, to be wholly free of income tax, or, as the case may be, wholly free of income tax other than surtax; or

(*c*) apply to any emoluments of any office, employment, annuity, pension or stipend taxed under Schedule E; or

(*d*) apply to any dividends or shares of profits:

Provided that the reference in this subsection to any annuity taxed under Schedule E shall not include a reference to any annuity so taxed by virtue of subsection (2) of section three hundred and seventy-nine of this Act (which relates to approved superannuation funds).

(5) In this section, "the appropriate fraction" means, in relation to any year of assessment, the fraction the denominator of which is twenty-nine and the numerator of which is twenty-nine decreased by one for every complete sixpence in the pound by which the standard rate of income tax for the year exceeds five shillings and sixpence in the pound.

Modification of pre-war provisions for tax free salaries, pensions, etc.

487.—(1) This section applies to offices, employments, annuities, pensions and stipends taxed under Schedule E, where by virtue of—

(*a*) some provision which is contained in a contract (whether oral or in writing) made before the third day of September, nineteen hundred and thirty-nine, and which has not been varied on or after that date; or

(*b*) some provision which is contained in an enactment passed before the said third day of September and which has not been amended on or after that date,

the emoluments include a payment to or for the benefit of the recipient of the emoluments in respect of his income tax:

Provided that the reference in this subsection to annuities taxed under Schedule E shall not include a reference to any annuities so taxed by virtue of subsection (2) of section three hundred and seventy-nine of this Act (which relates to approved superannuation funds).

PART XXIV —*cont.*

(2) The amount, if any, payable, in a case to which this section applies, to or for the benefit of the recipient of the emoluments in respect of his income tax for any year of assessment, other than surtax, shall not exceed the amount which would have been payable if the 1938-39 rates of income tax, other than surtax, had applied to the year of assessment in question.

(3) The amount, if any, payable, in a case to which this section applies, to or for the benefit of the recipient of the emoluments in respect of his surtax for any year of assessment shall not exceed the amount which would have been payable if the rates of surtax in force for the year 1937-38 had applied to the year of assessment in question.

Interpretation of last two preceding sections.

488. For the purposes of the last two preceding sections—

(*a*) a provision, however worded, for the payment of such sum as will after deduction of income tax be equal to a stated amount, shall be treated as a provision for the payment of the said stated amount free of income tax, other than surtax; and

(*b*) the expression "a stated amount" includes a stated fraction of the gross amount of any specified income (that is to say, of the amount of that income before income tax has been charged thereon, whether by deduction or otherwise), but does not include a stated fraction of the net amount of any specified income (that is to say, of the amount of that income after it has been charged to income tax, whether by deduction or otherwise); and

(*c*) the expression "if the 1938-39 rates of income tax, other than surtax, had applied" means, in relation to a year of assessment, if the standard rate of tax for the year had been five shillings and sixpence in the pound and the enactments relating to relief from income tax had not been amended in any respect by any Act passed since the third day of September, nineteen hundred and thirty-nine.

PART XXV

GENERAL AND SUPPLEMENTAL

Northern Ireland

Special provisions applicable to Northern Ireland.

489. The general provisions of this Act relating to income tax shall, in their application to Northern Ireland, have effect subject to, and so far only as they are applicable consistently with, the special provisions contained in the Twenty-third Schedule to this Act.

Provisions consequential on income tax being an annual tax

Act to apply notwithstanding that annual Act imposing tax has not been passed.

490. In order to ensure the collection in due time of income tax which may be granted for any year commencing on the sixth day of April, all such provisions contained in this Act or in any other Act relating to income tax as were in force on the preceding day shall have full force and effect with respect to tax which may be so granted, in the same manner as if the said tax had been actually granted by Act of Parliament and the said provisions had been applied thereto by the Act.

Under-deductions from payments made before passing of annual Act.

491.—(1) Where, in any year of assessment, any half-yearly or quarterly payments have been made on account of any interest, dividends or other annual profits or gains, previously to the passing of the Act imposing the tax for that year, and tax has not been charged thereon or deducted therefrom, or has not been charged thereon or deducted therefrom at the rate ultimately imposed for the said year, the amount not so charged or deducted shall be charged under Schedule D in respect of those payments, as profits or gains not charged by virtue of any other Schedule, under Case VI of Schedule D, and the agents entrusted with the payment of the interest, dividends or other annual profits or gains shall furnish to the Commissioners of Inland Revenue a list containing the names and addresses of the persons to whom payments have been made and the amount of those payments, upon a requisition made by those Commissioners in that behalf.

(2) Any person liable to pay any rent, interest or annuity, or to make any other annual payment, shall be authorised to make any deduction on account of tax for any year of assessment which he has failed to make previously to the passing of the Act imposing the tax for that year, or to make up any deficiency in any such deduction which has been so made, on the occasion of the next payment of the rent, interest or annuity or making of the other annual payment after the passing of the Act so imposing the tax,

in addition to any other deduction which he may be by law authorised to make, and shall also be entitled, if there is no future payment from which the deduction may be made, to recover the sum which might have been deducted as if it were a debt due from the person as against whom the deduction could originally have been made if the Act imposing the tax for the year had been in force.

(3) Subsection (2) of this section shall apply with respect to—

(*a*) any preference dividend from which a deduction of tax may be made under section one hundred and eighty-four of this Act; and

(*b*) any payment for or in respect of copyright to which section four hundred and seventy of this Act (which relates to copyrights owned by persons whose usual place of abode is abroad) applies; and

(*c*) any royalty or other sum paid in respect of the user of a patent; and

(*d*) any rent, royalty or other payment which, under any of the provisions of this Act, is declared to be subject to deduction of tax under Chapter I of Part VII of this Act as if it were a royalty or other sum paid in respect of the user of a patent,

as it applies with respect to any rent, interest, annuity or any other annual payment.

Over-deductions from preference dividends made before passing of annual Act.

492. If, in any year of assessment, a resolution having statutory effect under the Provisional Collection of Taxes Act, 1913, provides for the charging of income tax at a standard rate lower than that charged for the previous year, the following provisions shall have effect with respect to deductions in respect of income tax by any body corporate, under section one hundred and sixty-nine of this Act from payments of interest on any of its securities, or under section one hundred and eighty-four of this Act from payments of preference dividends on any of its shares—

(*a*) any deduction, which was made before the expiration of one month from the passing of the resolution and which would, if the tax had been renewed at the rate imposed for the previous year, have been a legal deduction, shall be deemed to be a deduction rendered legal by section two of the said Act, and the said section two shall, subject to the provisions of this section, apply accordingly;

(*b*) any over-deduction to be made good under the said section two may be made good by a reduction of the amount of tax deducted from the next payment of like

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nature made on the security or share in question after the passing of the Act imposing the tax for the year:

Provided that the preceding provision shall not authorise the retention of any part of the amount over-deducted for more than one year from the passing of the Act so imposing the tax;

(*c*) any amount made good under the said section two shall—

(i) in the case of an over-deduction which is made good under paragraph (*b*) of this section, enure to the benefit of the person entitled to the payment on the occasion of which the over-deduction is made good; and

(ii) in any other case, enure to the benefit of the person entitled to the security or share in question at the date when the amount is made good,

irrespective, in either case, of whether or not he is the person who was entitled to the payment, or to the security or share, at the date when the original deduction was made.

Deductions from dividends (other than preference dividends) made by reference to the wrong standard rate.

493. Where, on payment of a dividend (not being a preference dividend), income tax has, under section one hundred and eighty-four of this Act, been deducted therefrom by reference to a standard rate of tax greater or less than the standard rate for the year in which the dividend became due, the net amount received shall, for all income tax purposes, be deemed to represent income of such an amount as would, after deduction of tax by reference to the standard rate last mentioned, be equal to the net amount received, and for the said purposes there shall, in respect of that income, be deemed to have been paid by deduction tax of such an amount as is equal to the amount of tax on that income computed by reference to the standard rate last mentioned.

Interpretation of preceding sections.

494. In the last three preceding sections, "share" includes stock and "preference dividend" has the same meaning as in section one hundred and eighty-five of this Act, and subsection (2) of that section and section one hundred and eighty-six of this Act shall have effect accordingly.

Interest on overdue tax

Interest on overdue income tax.

495.—(1) Subject to the provisions of this and the three next following sections, any tax charged by any assessment to income tax made under Schedule D, or any assessment to surtax, shall carry interest at the rate of three per cent. per

annum from the date when the tax becomes due and payable until payment.

(2) Where any tax is paid not later than three months from the date on which it becomes due and payable, the interest thereon under this section shall be remitted.

(3) Interest shall not be payable under this section on the tax charged by any assessment unless—

(*a*) the total tax charged by that assessment exceeds one thousand pounds; and

(*b*) the total amount of the interest exceeds one pound.

(4) The interest payable under this section shall be paid without any deduction of income tax, shall be recoverable as a debt due to the Crown from the person by whom the tax in respect of which interest is charged is payable and shall not be allowed as a deduction in computing any income, profits or losses for any income tax purposes or for any of the purposes of the enactments relating to the profits tax.

(5) A certificate of a collector that interest is payable under this section and that payment of the interest has not been made to him, or, to the best of his knowledge and belief, to any other collector, or to any person acting on his behalf or on behalf of another collector, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Crown, and any document purporting to be such a certificate as is mentioned in this subsection shall be deemed to be such a certificate unless the contrary is proved.

In this subsection, "collector" means any person authorised by the Commissioners of Inland Revenue to act as a collector of taxes.

Effect on interest of reliefs given by discharge or repayment.

496.—(1) Subject to the provisions of this section, where relief from tax charged by any such assessment as is referred to in subsection (1) of the last preceding section is given to any person by a discharge of any of that tax, such adjustment shall be made of the amount payable under the last preceding section in relation to the assessment, and such repayment shall be made of any amounts previously paid under the last preceding section in relation thereto, as are necessary to secure that the total sum, if any, paid or payable under the last preceding section in relation to the assessment is the same as it would have been if the tax discharged had never been charged.

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(2) Where relief from tax paid for any year of assessment is given to any person by repayment, he shall be entitled to require that the amount repaid shall be treated for the purposes of this section, so far as it will go, as if it were a discharge of the tax charged on him (whether alone or together with other persons) by or by virtue of any assessment for or relating to the same year, so, however, that it shall not be applied to any assessment made after the relief was given and that it shall not be applied to more than one assessment so as to reduce, without extinguishing, the amount of tax charged thereby.

(3) Notwithstanding anything in the preceding provisions of this section, no relief, whether given by way of discharge or repayment, shall be treated for the purposes of this section as—

(*a*) affecting tax charged by any assessment to surtax unless it is a relief from surtax; or

(*b*) affecting tax charged by any assessment to income tax made under Schedule D if either—

(i) it is a relief from surtax; or

(ii) it arises in connection with income taxable otherwise than under Schedule D; or

(iii) it relates to a source income from which is taxable otherwise than under Schedule D.

Remission in certain cases of interest on tax in arrear by reason of exchange restrictions.

497.—(1) The provisions of this section shall have effect where the Commissioners of Inland Revenue are satisfied as respects any tax carrying interest under section four hundred and ninety-five of this Act—

(*a*) that the tax is in respect of income arising in a country outside the United Kingdom; and

(*b*) that, as the result of action of the government of that country, it is impossible for the income to be remitted to the United Kingdom; and

(*c*) that having regard to the matters aforesaid and to all the other circumstances of the case it is reasonable that the tax should for the time being remain uncollected,

and the Commissioners allow the tax to remain uncollected accordingly.

(2) Interest on the said tax shall, subject to the provisions of subsection (3) of this section, cease to run under the said section four hundred and ninety-five as from the date on which the

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Commissioners of Inland Revenue were first in possession of the information necessary to enable them to be satisfied as aforesaid, and, if the said date is not later than three months from the time when the tax became due and payable, the interest thereon under the said section four hundred and ninety-five in respect of the period before the said date shall be remitted.

(3) Where, under subsection (2) of this section, interest has ceased to run on any tax and thereafter demand is made by the collector or other proper officer for payment of all or any of that tax, interest under the said section four hundred and ninety-five shall again begin to run from the date of the demand in respect of the amount demanded:

Provided that where all or any part of the amount demanded is paid not later than three months from the date of the demand, the interest under the said section four hundred and ninety-five on the amount so paid running from the date of the demand shall be remitted.

Commencement of last three preceding sections.

498.—(1) The last three preceding sections extend to assessments notwithstanding that they were made before the passing of this Act or were made for years of assessment before the year 1952-53, and, in relation to any assessments made before the passing of this Act, shall be deemed always to have had effect:

Provided that—

(*a*) interest shall not be deemed to have begun to run under the said sections from any date before the first day of January, nineteen hundred and forty-eight; and

(*b*) no sum actually paid before the twenty-seventh day of June, nineteen hundred and fifty, in respect of any interest shall be repaid by virtue of the provisions of the last preceding section.

(2) The last three preceding sections and subsection (1) of this section shall, in relation to assessments to income tax, have effect and be deemed always to have had effect instead of the provisions of section eight of the Finance (No. 2) Act, 1947, and section forty-one of the Finance Act, 1950:

Provided that anything done under or by virtue of the said sections in relation to assessments to income tax shall be deemed to have been done under or by virtue of the corresponding provisions of the last three preceding sections, and references in any document to the said section eight, the said section forty-one or any provisions of those sections respectively shall, in relation to assessments to income tax, be construed accordingly as references to the corresponding provisions of the last three preceding sections.

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Penalties, etc.

Procedure for recovery of fines and penalties.

499.—(1) No proceedings shall be commenced against any person for the recovery of any fine, penalty or forfeiture under this Act except by order of the Commissioners of Inland Revenue and in the name of an officer, or in England and Wales in the name of the Attorney General, in Scotland in the name of the Lord Advocate and in Northern Ireland in the name of the Attorney General for Northern Ireland:

Provided that so much of this subsection as requires proceedings for the recovery of fines, penalties or forfeitures to be commenced in the name either of an officer or of the Attorney General shall not apply to proceedings in England, Wales or Northern Ireland instituted under the Crown Proceedings Act, 1947, by and in the name of the Commissioners of Inland Revenue as an authorised department for the purposes of that Act.

(2) Any fine or penalty under this Act may, except as otherwise provided—

(*a*) in England and Wales, be sued for and recovered by civil proceedings by the Crown under and in accordance with Part II of the Crown Proceedings Act, 1947; and

(*b*) in Scotland, be sued for and recovered in the Court of Session as the Court of Exchequer in Scotland; and

(*c*) in Northern Ireland, be sued for and recovered by civil proceedings by the Crown under and in accordance with Part II of the Crown Proceedings Act, 1947, as for the time being in force in Northern Ireland.

(3) Where a pecuniary penalty not exceeding twenty pounds, or a penalty exceeding twenty pounds which is directed to be added to the assessment, is recoverable in the manner specified in subsection (2) of this section, that penalty may, in lieu of being so recovered, be recovered in England and Wales before the General Commissioners, and in Scotland either before the General Commissioners or before the sheriff for the county where the offence was committed.

(4) The proceedings before any General Commissioners or any sheriff shall be by way of information in writing, made to them, and upon a summons to the person accused to appear before them at such time and place as they shall fix, and they shall examine into the matter of fact, and hear and determine the same in a summary way, and they shall give judgment for the penalty, or such part thereof as they think proper to mitigate

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the same to, and shall assess the penalty on the person accused by way of supplementary assessment, and the penalty shall be levied in like manner as tax.

The adjudication on such proceedings shall be final and conclusive and the proceedings and decree of the said Commissioners or sheriff shall not be removable, by any process whatever, into any court of law.

(5) The Governor of Northern Ireland may, if he thinks fit, appoint some other person to act instead of the Attorney General for Northern Ireland in relation to any matters to which this section relates, and in that case any reference in this section to the Attorney General for Northern Ireland shall, in relation to those matters, be construed as a reference to the person so appointed.

Mitigation and application of fines and penalties.

500.—(1) The Commissioners of Inland Revenue may in their discretion mitigate any fine or penalty, or stay or compound any proceedings for recovery thereof, and may also, after judgment, further mitigate or entirely remit the fine or penalty and may order any person imprisoned for any offence to be discharged before the term of his imprisonment has expired.

(2) The Treasury may mitigate or remit any such fine or penalty, either before or after judgment.

(3) Moneys arising from fines, penalties and forfeitures, and all costs, charges and expenses payable in respect thereof or in relation thereto respectively, shall be accounted for and paid to the Commissioners of Inland Revenue or as they direct.

Time limit for proceedings to recover fines and penalties.

501.—(1) Proceedings for the recovery of any fine or penalty incurred under this Act in connection with or in relation to income tax may be commenced at any time within six years next after the date on which it was incurred.

(2) The time limited by subsection (1) of this section for commencing proceedings for the recovery of any fine or penalty from any person in connection with or in relation to any income tax covered by any assessment shall, where any form of fraud or wilful default has been committed by him or on his behalf in connection with or in relation to that tax, be extended so as to authorise the commencement of such proceedings at any time within three years from the final determination of the amount of tax covered by the assessment.

For the purposes of this subsection, the amount of the tax covered by any assessment shall not be deemed to be finally determined until that assessment can no longer be varied, whether by any Commissioners on appeal or by the order of any court.

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(3) Nothing in subsection (2) of this section shall extend the time for the bringing of any proceedings against the personal representatives of any person by whom or on whose behalf any form of fraud or wilful default has been committed.

Power to add penalties to assessment.

502. Where an increased rate of tax is imposed as a penalty, or as part of or in addition to a penalty, the penalty and increased rate of tax may be added to the assessment, and collected and levied in like manner as any tax included in such assessment may be collected and levied.

Saving for criminal proceedings.

503. The provisions of this Act shall not, save so far as is otherwise provided, affect any criminal proceedings for any felony or misdemeanour.

Provisions as to evidence in cases of fraud or wilful default.

504.—(1) Statements made or documents produced by or on behalf of a person shall not be inadmissible in any such proceedings as are mentioned in subsection (2) of this section by reason only that it has been drawn to his attention that—

(*a*) in relation to income tax, excess profits tax and the profits tax, the Commissioners of Inland Revenue may accept pecuniary settlements instead of instituting proceedings; and

(*b*) though no undertaking can be given as to whether or not those Commissioners will accept such a settlement in the case of any particular person, it is the practice of the Commissioners to be influenced by the fact that a person has made a full confession of any fraud or default to which he has been a party and has given full facilities for investigation,

and that he was or may have been induced thereby to make the statements or produce the documents.

(2) The proceedings mentioned in subsection (1) of this section are—

(*a*) any criminal proceedings against the person in question for any form of fraud or wilful default in connection with or in relation to income tax, excess profits tax or the profits tax; and

(*b*) any proceedings against him for the recovery of any sum due from him, whether by way of tax or penalty, in connection with or in relation to income tax, excess profits tax or the profits tax.

Penalty for false statements made to obtain allowances.

505. If any person, for the purpose of obtaining any allowance, reduction, rebate or repayment in respect of income tax, either for himself or for any other person, or in any return made with reference to income tax, knowingly makes any false

statement or false representation, he shall be liable, on summary conviction, to imprisonment for a term not exceeding six months. PART XXV —*cont.*

506.—(1) A person who refuses to allow a deduction of tax authorised by this Act to be made out of any payment shall forfeit the sum of fifty pounds. Penalty for refusing to allow deduction of tax and avoidance of agreements for payment without deduction.

(2) Every agreement for payment of interest, rent or other annual payment in full without allowing any such deduction shall be void.

Miscellaneous

507. Save as otherwise expressly provided by any provision of this Act, no claim for repayment of income tax under this Act shall be allowed unless it is made within six years next after the end of the year of assessment to which it relates. Time limit for claims for repayment.

508.—(1) Where, under the provisions of this Act, an individual is entitled to claim relief from income tax (other than relief in respect of life insurance premiums), by repayment or otherwise, in respect of— Adjustment of reliefs where reliefs not all given at the same time.

(*a*) any amount which is paid or borne by him out of his income or which is allowable or may be deducted therefrom; or

(*b*) any reduction of an assessment relating to his income or any part thereof; or

(*c*) any adjustment or set-off with regard to a loss,

and claims that relief for any year of assessment, any relief granted shall not extend so as to make the total income tax paid or payable by him for that year less than it would have been if the amount in respect of which relief is claimed had been deducted in computing his total income for that year and the amount of any other deductions or reliefs to which he is entitled for that year had been determined accordingly.

(2) Any relief under section two hundred and one of this Act (which relates to dividends from companies resident abroad) shall be treated for the purposes of this section as if it were a relief in respect of a reduction of an assessment.

509.—(1) If a difference arises— Disputes between tenants, landlords and others.

(*a*) between tenant and landlord or any other persons with regard to the deduction on account of tax to be made from any annual sum; or

(*b*) between the occupier for the time being and any former occupier of lands, tenements, hereditaments or heritages,

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his executors, administrators or assigns, with regard to the proportion of tax to be paid or allowed by either of them respectively,

the General Commissioners of the division shall settle the proportion of the payments or deductions to be made according to the provisions of this Act, and, in default of payment, shall levy the same as if the proportions settled by them had been charged upon the respective persons, and shall pay over the same to the collector or to the proper person, as the case may require.

(2) In any such case, the determination of the General Commissioners shall be final.

(3) In this section, " annual sum " means any interest, annuity, rent, rentcharge, fee farm rent, rent service, quitrent, feu duty or other rent or annual payment.

Settling of appeals by agreement.

510.—(1) Subject to the provisions of this section, where a person gives notice of appeal to the General Commissioners, the Special Commissioners or the Board of Referees against an assessment to, or a decision of any kind with respect to, income tax other than surtax or surtax, and, before the appeal is determined by the Commissioners or Board, the surveyor or other proper officer of the Crown and the appellant come to an agreement, whether in writing or otherwise, that the assessment or decision should be treated as upheld without variation, or as varied in a particular manner or as discharged or cancelled, the like consequences shall ensue for all purposes as would have ensued if, at the time when the agreement was come to, the Commissioners or Board had determined the appeal and had upheld the assessment or decision without variation, had varied it in that manner or had discharged or cancelled it, as the case may be.

(2) Subsection (1) of this section shall not apply where, within twenty-one days from the date when the agreement was come to, the appellant gives notice in writing to the surveyor or other proper officer of the Crown that he desires to repudiate or resile from the agreement.

(3) Where an agreement is not in writing—

(*a*) the preceding provisions of this section shall not apply unless the fact that an agreement was come to, and the terms agreed, are confirmed by notice in writing given by the surveyor or other proper officer of the Crown to the appellant or by the appellant to the surveyor or other proper officer ; and

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(*b*) the references in the said preceding provisions to the time when the agreement was come to shall be construed as references to the time of the giving of the said notice of confirmation.

(4) Where—

(*a*) a person who has given such a notice of appeal as is mentioned in subsection (1) of this section notifies the surveyor or other proper officer of the Crown, whether orally or in writing, that he desires not to proceed with the appeal; and

(*b*) twenty-one days have elapsed since the giving of the notification without the surveyor or other proper officer giving to the appellant notice in writing indicating that he is unwilling that the appeal should be treated as withdrawn,

the preceding provisions of this section shall have effect as if, at the date of the appellant's notification, the appellant and the surveyor or other proper officer had come to an agreement, orally or in writing, as the case may be, that the assessment or decision should be upheld without variation.

(5) The references in this section to an agreement being come to with an appellant and the giving of notice or notification to or by an appellant include references to an agreement being come to with, and the giving of notice or notification to or by, a person acting on behalf of the appellant in relation to the appeal.

Deductions not to be allowed in computing profits or gains.

511.—(1) In arriving at the amount of profits or gains for the purpose of income tax—

(*a*) no other deductions shall be made than such as are expressly enumerated in this Act; and

(*b*) no deduction shall be made on account of any annual interest, annuity or other annual payment to be paid out of such profits or gains in regard that a proportionate part of the tax is allowed to be deducted on making any such payment.

(2) In arriving at the amount of profits or gains from any property described in this Act, or from any office or employment of profit, no deduction shall be made on account of diminution of capital employed, or of loss sustained, in any trade, or in any profession, employment or vocation.

No exemption from tax under letters patent or statutes.

512. No letters patent granted or to be granted by the Crown to any person, city, borough or town corporate of any liberty, privilege, or exemption from subsidies, tolls, taxes, assessments or aids, and no statute which grants any salary, annuity or pension

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to any person free of any taxes, deductions or assessments, shall be construed or taken to exempt any person, city, borough or town corporate, or any inhabitant of the same, from income tax, and all non-obstantes in any such letters patent or statute made or to be made to the contrary effect shall be void.

Loss, destruction or damage to assessments, returns, etc.

513.—(1) Where any assessment to income tax, or any duplicate of assessment to income tax, or any return or other document relating to income tax, has been lost or destroyed or been so defaced or damaged as to be illegible or otherwise useless, the Commissioners, surveyors, assessors, collectors and other officers having powers in relation to income tax may, notwithstanding anything in any enactment to the contrary, do all such acts and things as they might have done, and all acts and things done under or in pursuance of this section shall be as valid and effectual for all purposes as they would have been, if the assessment or duplicate of assessment had not been made, or the return or other document had not been made or furnished, or required to be made or furnished:

Provided that where any person who is charged with income tax in consequence or by virtue of any act or thing done under or in pursuance of this section proves to the satisfaction of the Commissioners having jurisdiction in the case that he has already paid any income tax for the same year in respect of the subject matter and on the account in respect of and on which he is so charged, relief shall be given to the extent to which the liability of that person has been discharged by the payment so made either by abatement from the charge or by repayment, as the case may require.

(2) In this section, " the Commissioners " means, as the case may require, either the Commissioners of Inland Revenue or the Income Tax Commissioners concerned.

Provision as to forms.

514.—(1) Every assessment, duplicate, charge, warrant, notice of assessment or of demand, or other document required to be used in assessing, charging, collecting and levying income tax shall be in accordance with the forms prescribed from time to time in that behalf by the Commissioners of Inland Revenue, and a document in the form prescribed and supplied or approved by them shall be valid and effectual.

(2) An assessment, charge, warrant or other proceeding which purports to be made in pursuance of this Act shall not be quashed, or deemed to be void or voidable, for want of form, or be affected by reason of a mistake, defect or omission therein, if the same is in substance and effect in conformity with or according to the intent and meaning of this Act, and if the

person or property charged or intended to be charged or affected thereby is designated therein according to common intent and understanding.

(3) An assessment or charge made upon an assessment shall not be impeached or affected—

(*a*) by reason of a mistake therein as to—

(i) the name or surname of a person liable; or

(ii) the description of any profits or property; or

(iii) the amount of the tax charged; or

(*b*) by reason of any variance between the notice and the certificate of charge or assessment:

Provided that in cases of charge the notice of charge shall be duly served on the person intended to be charged, and the notice and certificate shall respectively contain, in substance and effect, the particulars on which the charge is made; and every charge shall be heard and determined on its merits by the General Commissioners.

(4) The Commissioners of Inland Revenue shall provide books of printed forms of receipts, with counterfoils, for the use of collectors, and may from time to time prescribe regulations for the inspection, filling up and use thereof, and every collector shall act in accordance with any such regulations.

Delivery and service of notices and forms.

515.—(1) A notice or form which is to be served under this Act on a person may be either delivered to him or left at his usual or last known place of abode.

(2) A notice under sections nineteen to twenty-four of this Act may be given either personally, or by leaving a notice at the dwelling-house, place of residence or place of business of the person chargeable, or on the premises to be charged by the assessment.

(3) A notice to a person to be given by a surveyor may be served by registered post.

(4) A notice to be given by the Commissioners of Inland Revenue may, by their order, be signed by one of their secretaries or assistant secretaries, and, if purporting to be so signed by their order, shall be valid and effectual.

(5) Notices to be given or delivered to, or served on, the General Commissioners or the Additional Commissioners shall be valid and effectual if given or delivered to or served on their clerk.

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(6) Notwithstanding anything in this section—

(*a*) any notice or other document to be given, served, sent or delivered under any of the provisions of this or any other Act which relates to income tax may be served by post in such cases as the Commissioners of Inland Revenue direct by regulations to be made by them for the purpose; and

(*b*) any notice or other document to be given, served, sent or delivered to or on an employed person may be served by post at his place of employment.

(7) The power conferred by subsection (6) of this section to make regulations shall be exercisable by statutory instrument, and any regulations so made shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Custody, etc., of documents.

516.—(1) Minute books and other public books and papers relating to income tax in the custody or possession of any clerk or of the legal representatives of any person who has died, or who dies whilst he holds the office of clerk, or after his removal from such office, or of his agent or attorney, or of any other person, shall be the property of the General Commissioners acting in their respective divisions for the time being, and shall be placed with them and remain in their custody and possession, or the custody and possession of their respective clerks for the time being, or of such other person as the respective Commissioners for the time being may from time to time at their meetings direct.

(2) A person who has in his custody or possession any books or papers relating to income tax shall, within one month next after notice in writing from the Commissioners of Inland Revenue requiring him to do so, deliver them to the person named in the notice, and, if he fails to do so, shall, for every such offence, incur a penalty of fifty pounds.

(3) The receipt of the person named in such a notice as is mentioned in subsection (2) of this section shall be a sufficient discharge to the person delivering the books or papers.

Execution of warrants and precepts.

517.—(1) Warrants and precepts of the General Commissioners shall be executed by the respective persons to whom they are directed in any part of the same county within any division of which those Commissioners have jurisdiction.

(2) Constables and other peace officers shall aid in the execution of this Act, and obey and execute such precepts and warrants as are directed to them in that behalf by the respective Commissioners under the authority of this Act.

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Obstruction of officers.

518.—(1) If any person, by himself or by any person in his employ, obstructs, molests or hinders—

(*a*) an officer or any person employed in relation to any duty of income tax in the execution of his duty, or of any of the powers or authorities by law given to the officer or person; or

(*b*) any person acting in the aid of an officer or any person so employed,

he shall, for every such offence, incur a fine of one hundred pounds.

(2) Without prejudice to any other mode of recovery, the fine imposed under this section may be proceeded for and recovered in the same manner and, in the case of summary proceedings, with the like power of appeal, as any fine or penalty under any Act relating to the excise.

Protection for officers.

519.—(1) A Commissioner, sheriff, sheriff depute or sheriff substitute, clerk, surveyor or collector who acts or is employed in the execution of this Act shall not be liable to any penalty in respect of such execution other than is by this Act provided.

(2) Where any civil or criminal proceeding, against any officer or person employed in relation to any duty of income tax, on account of the seizure or detention of any goods, is brought to trial, and a verdict or judgment is given thereupon against the defendant, if the court or judge certifies that there was probable cause for the seizure, the plaintiff shall not be entitled to any damages, besides the goods seized, or the value thereof, nor to any costs, and the defendant shall not be liable to any punishment.

Receipts, etc., exempt from stamp duty.

520. No receipt or certificate of payment given in pursuance and for the purposes of this Act shall be liable to any stamp duty.

Proof that a person is a Commissioner or officer.

521. In any proceedings under or arising out of this Act before any court or person empowered to take evidence, prima facie proof of the fact that any person was a Commissioner or officer may be given by proving that, at the time when any matter in controversy in any such proceedings arose, that person was reputed to be or had acted as a Commissioner or officer.

Jurisdiction of High Court.

522. Subject, in the case of England and Wales, to the powers conferred on the Lord Chancellor by section fifty-seven of the Supreme Court of Judicature (Consolidation) Act, 1925, all matters within the jurisdiction of the High Court of Justice under

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this Act shall be assigned in England and Wales and in Northern Ireland to the Queen's Bench Division of the High Court, and in Scotland to the Court of Session sitting as the Court of Exchequer.

Execution of powers by Treasury.

523. Anything required under this Act to be done by the Treasury may be signified under the hand of a secretary or assistant secretary to the Treasury.

Meaning of, and provisions as to, total income.

524.—(1) In this Act, "total income", in relation to any person, means the total income of that person from all sources estimated, as the case may be, either in accordance with the provisions of this Act as they apply to income tax chargeable at the standard rate or in accordance with those provisions as they apply to surtax.

(2) Any person who, on his own behalf or on behalf of another person, delivers a statement of the amount of his or that other person's total income shall observe the rules and directions contained in the Twenty-fourth Schedule to this Act.

(3) In estimating the total income of any person—

(*a*) any income which is chargeable with income tax by way of deduction at the standard rate in force for any year shall be deemed to be income of that year; and

(*b*) any deductions which are allowable on account of sums payable under deduction of income tax at the standard rate in force for any year out of the property or profits of that person shall be allowed as deductions in respect of that year,

notwithstanding that the income or sums, as the case may be, accrued or will accrue in whole or in part before or after that year.

(4) Where an assessment has become final and conclusive for the purposes of tax at the standard rate for any year of assessment, that assessment shall also be final and conclusive in estimating total income, and no allowance or adjustment of liability, on the ground of diminution of income or loss, shall be taken into account in estimating total income unless that allowance or adjustment has previously been made on an application under the special provisions of this Act relating thereto.

(5) The provisions of subsection (4) of this section shall, for the purpose of estimating total income for the purposes of surtax, apply in relation to—

(*a*) any allowance under Part X of this Act to be given by way of discharge or repayment of tax and to be available or available primarily against a specified class of income; and

(*b*) any relief by reason of the operation of an election for the herd basis under the Twentieth Schedule to this Act (which relates to the treatment of farm animals and other living creatures for income tax and profits tax purposes); and

(*c*) any relief under paragraph (*b*) of subsection (3) of section four hundred and forty-five of this Act on account of the payment, without deduction of tax, of interest to a building society or company carrying on a business similar to that of a building society,

as they apply in relation to allowances or adjustments on the ground of diminution of income or loss.

Meaning of "earned income".

525.—(1) Subject to the provisions of subsection (2) of this section, in this Act, "earned income" means, in relation to any individual—

(*a*) any income arising in respect of any remuneration from any office or employment of profit held by the individual, or in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office, given in respect of the past services of the individual or of the husband or parent of the individual in any office or employment of profit, or given to the individual in respect of the past services of any deceased person, whether the individual or husband or parent of the individual shall have contributed to such pension, superannuation allowance or deferred pay or not; and

(*b*) any income from any property which is attached to or forms part of the emoluments of any office or employment of profit held by the individual; and

(*c*) any income which is charged under Schedule B or Schedule D and is immediately derived by the individual from the carrying on or exercise by him of his trade, profession or vocation, either as an individual or, in the case of a partnership, as a partner personally acting therein.

In cases where the income of a wife is deemed to be income of the husband, any reference in this subsection to the individual includes either the husband or the wife.

(2) Without prejudice to the generality of the provisions of subsection (1) of this section, in this Act, save so far as is otherwise expressly provided, "earned income" also includes, in relation to any individual—

(*a*) any income arising in respect of Civil List pensions granted under the Civil List Act, 1837, as amended by any subsequent enactment; and

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(*b*) any annuity, pension or annual payment to which section three hundred and seventy-six of this Act applies; and

(*c*) any payments of benefit and payments on account of family allowances chargeable to income tax under Schedule E by virtue of subsection (1) of section three hundred and seventy-seven of this Act; and

(*d*) any income from patent rights (as defined in section three hundred and twenty-two of this Act) arising to an individual where the patent was granted for an invention actually devised by him, whether alone or jointly with any other person; and

(*e*) in the case of a clergyman or minister of any religious denomination who has made such an election as respects the annual value of the house occupied by him as is provided for by section four hundred and seventy-nine of this Act, any sum which falls to be treated as earned income of his by virtue of that election:

Provided that, in the case of income from any such patent rights as are mentioned in paragraph (*d*) of this subsection, where any part of the rights in question or of any rights out of which they were granted has at any time belonged to any other person, so much only of the income shall be deemed to be earned income as is not properly attributable to the rights which have belonged to that other person.

Other provisions as to interpretation.

526.—(1) In this Act, except so far as is otherwise provided or the context otherwise requires—

"Act" includes an Act of the Parliament of Northern Ireland and "enactment" shall be construed accordingly;

"body of persons" means any body politic, corporate or collegiate, and any company, fraternity, fellowship and society of persons, whether corporate or not corporate;

"city division" means a division consisting of any city, borough, town or other place, under the separate jurisdiction of any body of General Commissioners;

"county division" means a division other than a city division and consisting of any county, riding or shire, or of any hundred, rape, lathe, wapentake or other division of a county, riding or shire, under the separate jurisdiction of any body of General Commissioners;

"family allowance" means a family allowance under the Family Allowances Act, 1945, under the Family Allowances Act (Northern Ireland), 1945, or under any enactment amending either of those Acts;

"farm land" means land in the United Kingdom wholly or mainly occupied for the purposes of husbandry, not

being market garden land, and includes the farmhouse and farm buildings, if any, and "farming" shall be construed accordingly;

"Gazette" means, as the context requires, "London Gazette", "Edinburgh Gazette" or "Belfast Gazette";

"incapacitated person" means any infant, person of unsound mind, lunatic, idiot or insane person;

"Land Tax Commissioners" means the Commissioners appointed, under authority of Parliament, for executing the Acts relating to land tax;

"market garden land" means land in the United Kingdom occupied as a nursery or garden for the sale of the produce (other than land used for the growth of hops) and "market gardening" shall be construed accordingly;

"the National Insurance Act" means the National Insurance Act, 1946, or the National Insurance Act (Northern Ireland), 1946, and includes any enactment in so far as it amends either of those Acts;

"relative" includes any person of whom the person claiming a relief had the custody and whom he maintained at his own expense while that person was under the age of sixteen years;

"surveyor" means a surveyor of taxes and includes an inspector of taxes;

"trade" includes every trade, manufacture, adventure or concern in the nature of trade;

"year of assessment" means, with reference to any tax, the year for which such tax was granted by any Act granting income tax;

"the year 1952-53" means the year of assessment beginning on the sixth day of April, nineteen hundred and fifty-two, and any corresponding expression in which two years are similarly mentioned means the year of assessment beginning on the sixth day of April in the first mentioned of those two years.

(2) So much of this Act as applies to the profits tax shall be construed as one with the enactments relating to the profits tax.

PART XXVI

COMMENCEMENT, REPEALS, SAVINGS, TEMPORARY AND TRANSITIONAL PROVISIONS AND SHORT TITLE

Commencement and repeals.

527.—(1) Subject to the provisions of this Part of this Act, this Act shall come into force on the sixth day of April, nineteen hundred and fifty-two, and the enactments mentioned in the Twenty-fifth Schedule to this Act (including the Orders in Council mentioned in Part III thereof) are hereby repealed to the extent mentioned in the third column of that Schedule as from that day:

Provided that, save as otherwise provided in this Part of this Act, the provisions of this Act shall not apply to income tax for the year 1951-52 or any previous year of assessment, and the provisions of the enactments mentioned in the said Twenty-fifth Schedule shall continue to apply to tax for any such year to the same extent that they would have applied thereto if this Act had not been passed.

(2) The proviso to subsection (1) of this section shall in relation to—

(*a*) the exemption from land tax conferred by section four hundred and sixty-one of this Act; and

(*b*) the provisions as to the profits tax contained in the provisions of this Act which in terms extend to that tax,

have effect as if the references to income tax for the year 1951-52 or any previous year of assessment were references to land tax for a year, or, as the case may be, to the profits tax for a chargeable accounting period, ending before the sixth day of April, nineteen hundred and fifty-two.

(3) For the avoidance of doubt, it is hereby declared that the saving contained in the proviso to subsection (1) of this section extends to provisions which could not in any event have applied to tax for any year after the year 1951-52, and, in particular, that it applies to the provisions as to post-war credits contained in section seven of the Finance Act, 1941, subsection (5) of section three of the Income Tax (Employments) Act, 1943, subsection (4) of section seventeen of the Finance (No. 2) Act, 1945, section twenty-six of the Finance Act, 1946, and section sixteen of the Finance Act, 1947.

(4) This section has effect subject to the provisions of—

(*a*) section two hundred and seventy-seven of this Act (which continues temporarily certain enactments relating to the allowances for the depreciation of mills, factories and other similar premises); and

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(*b*) section four hundred and ninety-eight of this Act (which relates to the commencement of certain provisions of this Act relating to interest on assessments to income tax).

This Act to apply to tax for years before 1952–53 in certain cases.

528.—(1) In the case of the following provisions of this Act, that is to say—

(*a*) Part II thereof and the first four Schedules thereto (which relate to administration, assessment, appeals and collection); and

(*b*) sections four hundred and ninety-nine to five hundred and ten and five hundred and thirteen to five hundred and twenty-three thereof (which contain supplemental provisions); and

(*c*) Part I of the Twenty-third Schedule thereto (which contains Northern Ireland provisions analogous to certain of the provisions aforesaid); and

(*d*) in relation to income or profits chargeable to United Kingdom income tax or profits tax for the year 1952-53 or any subsequent year of assessment or for any chargeable accounting period ending on or after the sixth day of April, nineteen hundred and fifty-two, subsection (2) of section three hundred and forty-seven and section three hundred and forty-eight thereof and the Sixteenth and Seventeenth Schedules thereto (which relate to relief for foreign tax allowable by way of credit against United Kingdom tax); and

(*e*) section four hundred and sixty-eight of this Act (which restricts certain transactions which result or may result in the avoidance of liability to income tax or the profits tax); and

(*f*) so much of any other provision of this Act as authorises the making, variation or revocation of any Order in Council or regulation; and

(*g*) except where the tax concerned is all tax for years of assessment before the year 1952-53 or chargeable accounting periods ending at or before the beginning of that year, so much of any other provision of this Act as confers any power or imposes any duty the exercise or performance whereof operates or may operate in relation to tax for more than one year of assessment or chargeable accounting period,

the proviso to subsection (1) of the last preceding section shall not apply, and those provisions shall come into operation for all

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purposes on the sixth day of April, nineteen hundred and fifty-two, to the exclusion of the corresponding provisions of the enactments mentioned in the Twenty-fifth Schedule to this Act:

Provided that any provision in the said enactments which imposes a punishment, penalty or forfeiture for any act or omission shall, in relation to any act or omission which took place or began before the said sixth day of April, continue to have effect, to the exclusion of the provision of this Act to which it corresponds.

(2) If, and in so far as, by virtue of the preceding provisions of this section, a provision of this Act operates, as from the sixth day of April, nineteen hundred and fifty-two, to the exclusion of a provision in the enactments mentioned in the Twenty-fifth Schedule to this Act, any Order in Council or regulation made or having effect as if made, and any thing done or having effect as if done, under the excluded provision before that date shall be treated as from that date as if it were an Order in Council or regulation made or thing done under that provision of this Act.

(3) Notwithstanding anything in the preceding provisions of this section—

(*a*) the proviso to subsection (1) of section forty-seven of this Act, the proviso to subsection (3) of section two hundred and twenty-nine of this Act and subsection (2) of section five hundred and one of this Act (which extend the time for assessments, surcharges and proceedings for penalties in fraud or wilful default cases) shall not apply to tax for any year before the year 1936-37; and

(*b*) the references in section one hundred and fifty-seven of this Act to emoluments to which that section applies (other than the reference to emoluments to which that section applies for previous years which is contained in subsection (3) of that section) shall not be deemed to include references—

(i) to any emoluments assessable to income tax under Schedule E for any year before the year 1944-45; or

(ii) to any pay, pensions or other emoluments payable in respect of service in or with the armed forces of the Crown and assessable to income tax under Schedule E for any year before the year 1947-48,

and any regulations made or deemed to be made under that section shall have effect accordingly.

PART XXVI —*cont.*

Saving for enactments not repealed by this Act.

529.—(1) The provisions of this Act (other than those of section five hundred and thirty-one thereof relating to the construction of references) shall have effect subject to so much of any Act which contains provisions relating to or affecting income tax or any of the other taxes affected by this Act as—

(*a*) is not repealed by this Act; and

(*b*) would have operated in relation to those taxes respectively if this Act had not been substituted for the enactments repealed by this Act.

(2) In particular, and without prejudice to the generality of subsection (1) of this section, the following enactments, that is to say—

(*a*) section twenty-five of the Finance Act, 1925 (which relates to the taxability of certain Government trading operations); and

(*b*) section fifty-three of the Finance Act, 1927 (which authorises the disclosure of information to Northern Ireland Government officers); and

(*c*) subsection (1) of section twenty-two of the Finance (No. 2) Act, 1931, and subsection (1) of section sixty of the Finance Act, 1940 (which confer power on the Treasury to issue securities with certain conditions as to taxation); and

(*d*) paragraph 4 of the Ninth Schedule to the Housing Act, 1936, and paragraph 4 of the Eleventh Schedule to the Housing (Scotland) Act, 1950 (which exempt interest on certain small holdings of housing bonds from taxation at source and provide for the direct assessment thereof under Case III of Schedule D); and

(*e*) subsection (2) of section two of the Compensation (Defence) Act, 1939, subsection (7) of section eighteen of the Agriculture Act, 1947, and subsection (7) of section thirty-three of the Agriculture (Scotland) Act, 1948 (which provide for the payments in respect of land to which those enactments respectively relate being treated as rent for income tax purposes); and

(*f*) section forty-two of, and the Fourth Schedule to, the Finance Act, 1944 (which relate to taxation where persons, income or property are affected by the law relating to trading with the enemy); and

(*g*) subsection (3) of section thirty-four of the Finance Act, 1941, and sub-paragraph (3) of paragraph 6 of Part I of the Eighth Schedule to the Finance Act, 1947 (which relate to the income tax consequences of certain charges to and repayments of profits tax); and

PART XXVI —*cont.*

(*h*) section sixty-four of the Finance Act, 1947 (which confers certain powers on the Commissioners of Inland Revenue where a joint and several liability for excess profits tax has been imposed under section twenty-four of the Finance Act, 1943); and

(*i*) section twenty-eight of the War Damage (Public Utility Undertakings, &c.) Act, 1949 (which prohibits certain war expenditure being taken into account for certain taxation purposes); and

(*j*) so much of section eight of the Finance (No. 2) Act, 1947, and section forty-one of the Finance Act, 1950, as relates to tax charged by any assessment to the profits tax or excess profits tax, or charged by virtue of any direction given under section twenty-four of the Finance Act, 1943,

shall, with the adaptations provided for by section five hundred and thirty-one of this Act, continue to have effect with respect to income tax and the other taxes affected by this Act.

(3) The repeal by this Act of subsection (4) of section forty-six of the Income Tax Act, 1918 (which relates to certain local authority securities issued in the United States of America), shall not affect the operation of section sixty-three of the Finance Act, 1916, in relation to those securities, and the said section sixty-three shall have the same operation in relation thereto as it would have had if the said subsection (4) had not been enacted.

(4) The repeal by this Act of section two hundred and thirty-one of the Income Tax Act, 1918 (which exempts certain officers employed in relation to income tax from certain public duties) shall not affect the operation of section eight of the Inland Revenue Regulation Act, 1890, in relation to those officers, and the said section eight shall have the same operation in relation to them as it would have had if the said section two hundred and thirty-one had not been enacted.

(5) The repeal and re-enactment by this Act of sections one hundred and seven and one hundred and forty of the Income Tax Act, 1918, and of subsection (1) of section twenty-three of the Finance Act, 1923, shall not affect those provisions as applied to excess profits tax and the profits tax by subsection (1) of section twenty-eight of, and the Eighth Schedule to, the Finance Act, 1943, and section forty of the Finance Act, 1951.

(6) The repeal by this Act of section sixty-three of the Income Tax Act, 1945 (which provided that that Act should not apply for the purposes of excess profits tax or the national defence contribution) shall not affect the extent to which allowances and charges under Part X of this Act are to be made for profits tax purposes.

PART XXVI —*cont.*

Miscellaneous special temporary provisions and savings.

530.—(1) The following provisions of the enactments mentioned in the Twenty-fifth Schedule of this Act, that is to say—

(*a*) section twenty-four of the Finance Act, 1947, section thirty-three of the Finance Act, 1948, and section thirty-eight of the Finance Act, 1951 (which relate to a temporary relief for capital expenditure on rehabilitation costs connected with the war); and

(*b*) section fifty-three of the Income Tax Act, 1945 (which restricts deductions, allowances and reliefs in certain cases where buildings, machinery or plant in respect of which exceptional depreciation allowances fall to be made are sold within the six years following the end of the year nineteen hundred and forty-six otherwise than in a proper state of repair); and

(*c*) section fifty-three of the Income Tax Act, 1918, Rule 4 of the Rules applicable to Cases I and II of Schedule D contained in the First Schedule to that Act, paragraph 7 of Part IV of the Second Schedule to the Finance Act, 1921, and section twenty-nine of the Finance Act, 1922 (which relate to the manner in which income tax is affected by excess profits duty and munitions Exchequer payments); and

(*d*) in relation to transactions excluded from the operation of section four hundred and sixty-nine of this Act by the words "on or after the tenth day of April, nineteen hundred and fifty-one" in subsections (1) and (2) thereof, Rule 7 of the General Rules contained in the First Schedule to the Income Tax Act, 1918,

shall, notwithstanding their repeal by this Act, apply to income tax for the year 1952-53 and subsequent years of assessment, and to the profits tax for chargeable accounting periods ending on or after the sixth day of April, nineteen hundred and fifty-two, to the same extent as they would have applied thereto if this Act had not been substituted for the enactments mentioned in the Twenty-fifth Schedule to this Act, subject, however, to the provisions as to construction of references contained in the next following section.

(2) The powers of the Minister of Health and the Secretary of State for Scotland to make regulations under subsection (2) of section sixty-two of the National Assistance Act, 1948, adapting the provisions of section twenty-one of the Finance Act, 1938, shall not be affected by the repeal of the said section twenty-one by this Act, and, if those powers are exercised, subsection (1) of this section shall apply to the said section twenty-one as adapted by the regulations.

PART XXVI —*cont.*

(3) Any person who was appointed by the Treasury under section eighty-five of the Income Tax Act, 1918, to be a collector in and for Scotland who is holding office as such immediately before the sixth day of April, nineteen hundred and fifty-two, shall be deemed for the purposes of this Act to be a collector appointed by the Commissioners of Inland Revenue, and section one hundred and eighty of the Income Tax Act, 1918 (which relates to proceedings on bonds given by collectors) shall, notwithstanding the repeal thereof by this Act, apply in relation to the bond given by that collector if and to the same extent as it would have applied thereto if this Act had not been substituted for the enactments mentioned in the said Twenty-fifth Schedule.

(4) Subsection (3) of section one of the India (Consequential Provision) Act, 1949 (which enables Her Majesty by Order in Council to provide for such modification of existing laws to which that Act extends as may appear to Her to be necessary or expedient in view of India's becoming a republic while remaining a member of the Commonwealth) shall apply in relation to the provisions of this Act in the same manner and to the same extent as it would have applied in relation to the provisions respectively corresponding thereto in the enactments mentioned in the said Twenty-fifth Schedule.

Construction of references, etc.

531.—(1) The continuity of the operation of the law relating to income tax and the profits tax shall not be affected by the substitution of this Act for the enactments mentioned in the Twenty-fifth Schedule to this Act, and—

(*a*) so much of any enactment or document (including enactments contained in this Act) as refers, whether expressly or by implication, to, or to things done or falling to be done under or for the purposes of, any provision of this Act, shall, if and so far as the nature of the subject matter of the enactment or document permits, be construed as including, in relation to the times, years or periods, circumstances or purposes in relation to which the corresponding provision in the enactments mentioned in the said Twenty-fifth Schedule has or had effect, a reference to, or, as the case may be, to things done or falling to be done under or for the purposes of, that corresponding provision;

(*b*) so much of any enactment or document (including enactments mentioned in the said Twenty-fifth Schedule and enactments and documents passed or made after the passing of this Act) as refers, whether expressly or by implication, to, or to things done or falling to be done under or for the purposes of, any provision of the enactments mentioned in the said Twenty-fifth

PART XXVI —*cont.*

Schedule, shall, if and so far as the nature of the subject matter of the enactment or document permits, be construed as including, in relation to the times, years or periods, circumstances or purposes in relation to which the corresponding provision of this Act has effect, a reference to, or as the case may be, to things done or deemed to be done or falling to be done under or for the purposes of, that corresponding provision.

(2) The references in paragraphs (*a*) and (*b*) of subsection (1) of this section to things done or falling to be done under any provision include in particular, and without prejudice to the generality of the references, references to charges to tax and reliefs from tax made or granted or falling to be made or granted under that provision:

Provided that the amounts which may, under sections three hundred and twenty-three, three hundred and thirty-nine, three hundred and forty-two, three hundred and forty-five, three hundred and forty-six, four hundred and twenty-five and four hundred and thirty-eight of this Act, and under subsection (3) of section four hundred and eighty-two of this Act, be carried forward from years of assessment before the year 1952-53, and the periods for which those amounts may be carried forward, shall, in so far as the effect of the enactments mentioned in the Twenty-fifth Schedule to this Act differs from that of the corresponding enactments in this Act, be determined according to the enactments mentioned in the said Schedule.

(3) Without prejudice to the preceding provisions of this section, the reference in sub-paragraph (*b*) of paragraph 1 of the Fourteenth Schedule to this Act to the obtaining of an allowance or deduction under Part X or Part XI of this Act shall be construed as including a reference to the obtaining of any of the allowances or deductions mentioned in paragraph (*b*) of subsection (1) of section fifty-nine of the Income Tax Act, 1945.

(4) Any reference to British income tax in any Order in Council made before the sixth day of April nineteen hundred and fifty-two under section eighteen of the Finance Act, 1923, or under that section as amended by section thirty-one of the Finance Act, 1924, or section nine of the Finance Act, 1931, shall, for the purposes of section three hundred and fifty-two of this Act, be deemed to be a reference to United Kingdom income tax.

532. This Act may be cited as the Income Tax Act, 1952. **Short title.**

SCHEDULES

Section 6.

FIRST SCHEDULE

APPOINTMENT OF AND OTHER PROVISIONS AS TO GENERAL COMMISSIONERS AND ADDITIONAL COMMISSIONERS

PART I

PROVISIONS AS TO APPOINTMENT, ETC.

Appointment of General Commissioners

1. Vacancies among the General Commissioners in any division shall be supplied by persons whose names are included in any list made for that purpose under this Schedule.

2. The number of General Commissioners appointed, and authorised to act, for any division, and the number of persons to supply vacancies, respectively, shall not exceed seven or be less than three, but the Commissioners of Inland Revenue may, if they think fit, authorise an increase to any number not exceeding fourteen in each such case respectively:

Provided that, for the divisions formed by the cities and towns named in Part II of this Schedule, or in which those cities or towns are situate, further General Commissioners, and persons to supply vacancies, to the numbers therein mentioned, shall be chosen, in the manner therein set forth, to act with the persons to be otherwise appointed, and the names of all such Commissioners and persons shall be returned to the Commissioners of Inland Revenue.

3. In Scotland, the sheriff depute and the sheriff substitute of any county or division shall be ex officio and without other qualification General Commissioners for the county or division.

4. When any General Commissioner dies, or declines to act, or having acted declines to act further, the remaining Commissioners shall select to take his place a person on the list to supply vacancies who was chosen in the same manner as the person whose place he takes.

5.—(1) If at any time the number of General Commissioners qualified and willing to act for any division is reduced below the authorised number and cannot be duly completed from the persons on the lists to supply vacancies, or if the number of persons on any such list is reduced below the authorised number, new appointments of General Commissioners may be made, or new names of persons added to the list to supply vacancies, in accordance with the following provisions of this paragraph.

(2) The Commissioners of Inland Revenue shall, when they deem it necessary, convene from time to time, by notice in the Gazette, a meeting of the Land Tax Commissioners having jurisdiction with regard to land tax within the said division. who shall meet at such time and place as shall be appointed by any such notice.

1ST SCH. —*cont.*

(3) The said Land Tax Commissioners shall, at every such meeting, by a majority, choose and set down in writing the names of such of the Land Tax Commissioners as are qualified, as hereinafter provided, and are fit and proper persons, to act as General Commissioners for the said division.

(4) The names of the persons so chosen shall be set down in the order determined by the majority.

(5) The persons so set down, and in the order in which they shall be set down, in the list shall, subject to the limit as to number prescribed by the preceding provisions of this Schedule, be General Commissioners, or be added to the list to supply vacancies, as the case may require.

(6) If at any such meeting as aforesaid there shall not be found among the persons appointed to be Land Tax Commissioners a sufficient number of names of qualified persons to act as Commissioners and to supply vacancies so as to complete the due number for each such list, the Commissioners present may appoint any persons residing within the division, possessing the prescribed qualification, until the requisite number in each such list shall be completed, although such persons may not have been appointed Land Tax Commissioners; and if the requisite number of persons cannot be found among residents in the division, the Commissioners present may select such number from the Land Tax Commissioners for any adjoining or neighbouring land tax division.

(7) In Scotland, the council of any county and the Lord Provost and Bailies whose area of municipal jurisdiction comprises the division of the Ancient Royalty of Edinburgh, or the division of the City of Glasgow, shall, whenever required so to do by notice from the Commissioners of Inland Revenue addressed to the county clerk or the town clerk, as the case may be, choose by a majority, and set down in writing in order determined by the majority, the names of a sufficient number of such persons resident in the division specified in the notice aforesaid as are qualified, and are fit and proper persons, to act as General Commissioners for the said division; and those persons shall, in the order in which they are set down in the list, subject to the limit as to number prescribed by the preceding provisions of this Schedule, be General Commissioners, or be added to the list to supply vacancies, as the case may require.

In the case of a county council, the persons to act as General Commissioners shall be chosen at the first general meeting of the council which is summoned after the receipt by the county clerk of the notice aforesaid, and the notice summoning that meeting shall specify the choice of persons to act as General Commissioners as an item of business to be transacted at that meeting.

In the case of the Ancient Royalty of Edinburgh and the City of Glasgow, respectively, the town clerk shall convene a special meeting of the Lord Provost and Bailies for the purpose of choosing persons to act as General Commissioners, and such meeting shall

1ST SCH. —*cont.*

be held not later than three months after the receipt by the town clerk of the notice from the Commissioners of Inland Revenue.

(8) In any division formed by or comprising any of the cities or towns named in Part II of this Schedule, the persons named in the said Part II shall, on notice from the clerk to the acting Commissioners for that division, as often as occasion may require, select and add new names to the list of persons chosen by them to supply vacancies among the General Commissioners appointed by them.

6. If a sufficient number of duly qualified persons to be chosen, either to act as General Commissioners or to supply vacancies, cannot be found for any city division, any person qualified to act for the county division in or adjoining which the city division is situate may be chosen for the city division.

7. If any list for supplying vacancies, to be made and renewed in accordance with the provisions of this Act, is defective, so that the due number of Commissioners cannot be supplied therefrom, it may be completed from time to time by the acting General Commissioners for the division where such failure has happened.

8. The names of persons chosen in accordance with the preceding provisions of this Schedule shall be transmitted to the Commissioners of Inland Revenue in the order in which they have been set down in the lists, and where the requisite number of duly qualified persons have been chosen to act as General Commissioners in any division, no other person shall, save as herein provided, interfere as a Commissioner so long as they continue to act.

Procedure to be adopted in case of default of General Commissioners

9.—(1) If in any division there shall be neglect in appointing General Commissioners, or if the Commissioners appointed shall neglect or refuse to act, or, having acted, decline to act further, the Land Tax Commissioners, or any of them not exceeding seven in number, possessing the prescribed qualification, shall, on notice thereof given to their clerk by any surveyor authorised by the Commissioners of Inland Revenue to give such notice, forthwith take upon themselves the execution of this Act, and execute all matters which General Commissioners are required and authorised to perform.

(2) If the number of Land Tax Commissioners in any division, possessing the prescribed qualification, be insufficient for the purpose, the Commissioners of any adjoining division within the same county, possessing the prescribed qualification, shall, on like notice as aforesaid, execute this Act as General Commissioners by themselves or in concurrence with any persons willing to act as Commissioners for the division.

(3) If the persons to whom any such notice has been given shall not take upon themselves the execution of this Act within ten days next after such notice, or shall not proceed therein with due diligence, the Special Commissioners may execute this Act in such division in all matters directed to be done by General Commissioners.

1ST SCH. —*cont*

(4) Where names of Commissioners willing to act in a division are not returned to the Commissioners of Inland Revenue, the Commissioners of Inland Revenue may cause such notice as aforesaid to be given to two or more of the persons on whom the right of executing this Act shall devolve, as hereinbefore mentioned.

Appointment, etc., of Additional Commissioners

10.—(1) The provisions of this paragraph shall have effect when the General Commissioners for any division deem it expedient to appoint Additional Commissioners.

(2) The General Commissioners may, at any meeting held for the purpose, set down in writing lists of the names of persons residing in the division who may appear to the majority to be fit and proper persons to act as Additional Commissioners.

(3) Such lists shall contain the names of so many of those persons as the said Commissioners shall, in their discretion, after taking into consideration the size of the division and the number of persons to be assessed therein, think requisite for the purpose.

(4) Any such list signed by the said General Commissioners shall be sufficient authority for such Additional Commissioners, being respectively qualified under this Act, to take upon themselves the execution of their powers and duties under this Act.

(5) Persons appointed to supply vacancies in any division may be chosen and may act as Additional Commissioners until their services are required as General Commissioners.

(6) Where no Additional Commissioners are appointed in any division, the General Commissioners for that division shall execute this Act in all matters authorised to be done by Additional Commissioners.

11.—(1) Whenever the General Commissioners shall have named Additional Commissioners as aforesaid, they shall cause notice thereof in writing, signed by any two or more of them, to be served on the Additional Commissioners by the assessor, naming the day (not being later than ten days after the date of the notice), and the place appointed by the General Commissioners, for the first meeting of the Additional Commissioners so named, and requiring their attendance accordingly.

(2) At or before such meeting the Additional Commissioners shall, respectively, make the prescribed declaration.

(3) The General Commissioners may divide the Additional Commissioners into committees and allot to each committee distinct parishes, wards or places in which each such committee shall act separately in the execution of this Act:

Provided that meetings of committees shall be so arranged that the clerk may be enabled to attend every meeting.

(4) Not more than seven persons shall act together as Additional Commissioners for any division, or on any committee, and if more

1ST SCH. —*cont.*

than seven persons be present at any meeting, then the seven persons first in order on the list signed by the General Commissioners shall act, and the rest shall withdraw.

(5) Where two or more Additional Commissioners are present at a meeting, any act, authorised by this Act, shall be valid if done by the authority of the majority of the Additional Commissioners present at the meeting.

12.—(1) Where the General Commissioners for any division consider it expedient that a greater number than seven General Commissioners should be appointed, instead of appointing Additional Commissioners they may appoint for that division a greater number of General Commissioners, not exceeding seven, qualified as required by this Act, observing, in the case of any such appointment, the same rules as in the appointment of General Commissioners by the Land Tax Commissioners:

Provided that in any such case—

(*a*) no addition shall be made to the number of persons to supply vacancies; and

(*b*) the General Commissioners, at their first meeting after any such appointment, shall choose by lot not less than two or more than seven of their number to execute the office of Additional Commissioners, and the persons so chosen shall be Additional Commissioners for executing this Act, and the remaining Commissioners shall execute the powers of General Commissioners.

(2) Where Additional Commissioners have not been appointed, and where a greater number of General Commissioners instead of Additional Commissioners has not been appointed specially to execute the powers of Additional Commissioners, the General Commissioners shall divide themselves in such manner that not less than two of their number shall be appointed to exercise the powers of Additional Commissioners; and if there shall not remain two persons at least qualified to act as General Commissioners in the division, the General Commissioners in any adjoining division of the same county, or such number of them as shall be requisite, shall act as General Commissioners.

(3) Nothing in this paragraph shall be construed as limiting the provisions of this Act authorising any General Commissioner to act as an Additional Commissioner.

Miscellaneous provisions as to General and Additional Commissioners

13.—(1) Any newly appointed General and Additional Commissioners shall, subject to the provisions of this Act, have authority to execute this Act, and such authority may be exercised—

(*a*) with respect to any income tax which has not, but which ought to have been, assessed in any former year; and

(*b*) with respect to arrears of income tax assessed in any former year,

and they shall have power to assess, collect and levy any such tax and arrears of tax.

(2) The General Commissioners and Additional Commissioners and the Land Tax Commissioners, respectively, shall, for the execution of such of their duties as are required by this Act to be done at a meeting, meet together from time to time, within the times prescribed by this Act, within their respective divisions, at the most usual place of meeting:

Provided that any such meeting may be held and any such duties may be executed—

(*a*) within any city, town or place being a county of itself, or otherwise having exclusive jurisdiction, which adjoins the respective divisions of the Commissioners; or

(*b*) with the consent of the Commissioners of Inland Revenue, at any place outside the boundary of the division for which they act,

and all things done by them at any such place of meeting shall be as valid and effectual in law as if the same had been done at a place of meeting within the division.

14.—(1) No person required by this Act to be qualified in respect of estate who does not possess one of the alternative qualifications prescribed in Part III of this Schedule shall be capable of acting as a General Commissioner unless he be the eldest son of a person possessing in right of his own estate three times the value in estate required for the qualification of a Commissioner, or, in the case of a county division in Scotland, twice that value:

Provided that—

(*a*) no estate consisting of lands or tenements shall be required to be situate in the division for which any person shall be a Commissioner;

(*b*) where proof of qualification is required, such proof shall lie on the person from whom the qualification is required, and shall be given on oath if required, and such oath shall specify in writing particulars of the estate.

(2) Additional Commissioners must possess a qualification in respect of estate of the like nature as, and of one-half the value of, that required for General Commissioners for the same division.

(3) Where, in any city division for which separate Commissioners have been appointed to act in execution of the Acts relating to land tax, there shall not be found a sufficient number of persons, qualified as aforesaid, willing to act as General Commissioners or Additional Commissioners, any persons residing in the city division, liable to be charged under this Act in respect of annual profits or gains, however arising, to the amount of not less than two hundred pounds, may be appointed to act as General or Additional Commissioners.

1ST SCH. —*cont.*

PART II

GENERAL COMMISSIONERS FOR CERTAIN CITIES AND TOWNS

	By whom chosen	From whom chosen	Number to serve	Number to supply Vacancies
Birmingham ...	Magistrates and justices for the city or town, and justices for the county.		8	8
Bristol	do.		8	8
Exeter	do.		8	8
Great Yarmouth	do.		8	8
King's Lynn ...	do.		8	8
Kingston-on-Hull	do.		8	8
Leeds	do.		8	8
Liverpool ...	do.		8	8
London, City of	Lord Mayor and aldermen.	From eight persons, four being aldermen, returned to the Lord Mayor and aldermen by Common Council.	2	2
	Bank of England ...		2	2
	London Assurance Corporation (Governor and directors of).		1	1
	Port of London Authority.		3	3
	Royal Exchange Assurance Corporation (Governor and directors of).		1	1
Manchester ...	Magistrates and justices for the city and justices for the county.		8	8
Newcastle-upon-Tyne	Magistrates and justices for the city and justices for the county.		8	8
Norwich ...	Magistrates and justices for the city.	Four of each class to be from the magistrates and justices, and four from inhabitants of the city.	8	8

PART III

QUALIFICATIONS OF GENERAL COMMISSIONERS

1. The qualification of a General Commissioner shall be either—

(*a*) in respect of real estate, that is to say, in England and Wales the seisin or possession in right of own estate of lands, tenements, hereditaments, or heritages in the United Kingdom, freehold or leasehold, for a term of which at least seven years are unexpired, and in Scotland the infeftment

in superiority or property, or possession as proprietor or liferenter, of lands in Scotland ; or

(*b*) in respect of personal estate ; or

(*c*) in respect of a combination of real estate (as above defined) and personal estate.

2. The real estate, personal estate, or combination of real and personal estate (as the case may be) must be of a value not less than that shown, as respects the localities specified in the first column of the table appended to this Part of this Schedule, in the second, third and fourth columns of that table respectively.

3. The value of real estate shall, in England and Wales, be calculated free of all ground rents, incumbrances and reservations, payable out of the same, and in calculating the value of combined real and personal estate, one hundred pounds personal estate shall be taken to represent four pounds per annum, and four pounds per annum from personal estate shall be taken to represent one hundred pounds personal estate.

TABLE

Locality	Value of Qualifying Property		
	(*a*) Real Estate	(*b*) Personal Estate	(*c*) Combined Real and Personal Estate
County divisions in England generally and divisions in or of the several cities or towns of London, Westminster, Birmingham, Bristol, Exeter, Great Yarmouth, King's Lynn, Kingston - on - Hull, Leeds, Liverpool, Manchester, Newcastle-upon-Tyne, and Norwich.	Two hundred pounds per annum.	Five thousand pounds or producing annual income of two hundred pounds.	Two hundred pounds per annum.
Divisions in Wales and Monmouth and any city division in England other than the cities and towns above mentioned.	One hundred and sixty pounds per annum.	Four thousand pounds or producing annual income of one hundred and sixty pounds.	One hundred and sixty pounds per annum.
County divisions in Scotland.	One hundred and fifty pounds (Scots) per annum valued rent.	Five thousand pounds (sterling) or producing annual income of two hundred pounds (sterling).	Two hundred pounds (sterling) per annum.
City divisions in Scotland.	Ninety pounds (Scots) per annum valued rent.	Three thousand pounds (sterling) or producing annual income of one hundred and twenty pounds (sterling).	One hundred and twenty pounds (sterling) per annum.

Sections 12 & 16 & Sch. XXIII.

SECOND SCHEDULE

DECLARATIONS

PART I

FORM OF DECLARATION TO BE MADE BY GENERAL, ADDITIONAL AND SPECIAL COMMISSIONERS, ACTING IN RESPECT OF TAX UNDER SCHEDULE D

"I, A.B., do solemnly declare that I will truly, faithfully, impartially, and honestly, according to the best of my skill and knowledge, execute the powers and authorities vested in me by the Acts relating to income tax, and that I will exercise the powers entrusted to me by the said Acts in such manner only as shall appear to me necessary for the due execution of the same; and that I will judge and determine upon all matters and things which shall be brought before me under the said Acts, without favour, affection, or malice; and that I will not disclose any particular contained in any schedule, statement, return or other document delivered with respect to any tax charged under the provisions relating to Schedule D of the said Acts, or any evidence or answer given by any person who shall be examined, or shall make affidavit or deposition, respecting the same, in pursuance of the said Acts, except to such persons only as shall act in the execution of the said Acts, and where it shall be necessary to disclose the same to them for the purposes of the said Acts, or to the Commissioners of Inland Revenue, or in order to, or in the course of, a prosecution for perjury committed in such examination, affidavit or deposition."

FORM OF DECLARATION TO BE MADE BY SURVEYORS

"I, A.B., do solemnly declare, that in the execution of the Acts relating to income tax, I will examine and revise all statements, returns, schedules, and declarations delivered within my district, and, in objecting to the same, I will act according to the best of my information and knowledge; and that I will conduct myself without favour, affection, or malice, and that I will exercise the powers, entrusted to me by the said Acts, in such manner only as shall appear to me to be necessary for the due execution of the same, or as I shall be directed by the Commissioners of Inland Revenue; and that I will not disclose any particular contained in any statement, return, schedule or other document, with respect to any tax charged under the provisions relating to Schedule D of the said Acts, or any evidence or answer given by any person who shall be examined, or shall make affidavit or deposition, respecting the same, in pursuance of the said Acts, except to such persons only as shall act in the execution of the said Acts, and where it shall be necessary to disclose the same to them for the purposes of the said Acts, or to the Commissioners of Inland Revenue, or in order to, or in the course of, a prosecution for perjury committed in such examination, affidavit or deposition."

FORM OF DECLARATION TO BE MADE BY COLLECTORS AND OFFICERS FOR RECEIVING TAX

"I, A.B., do solemnly declare, that in the execution of the Acts relating to income tax, I will not disclose any assessment, or the

amount of any sum paid or to be paid by any person, under the said Acts, with respect to any tax charged under the provisions relating to Schedule D of the said Acts, except to such persons only as shall act in the execution of the said Acts, and where it shall be necessary to disclose the same to them for the purposes of the said Acts, or to the Commissioners of Inland Revenue, or in order to, or in the course of, a prosecution for perjury committed in relation to the said tax." 2ND SCH. —*cont.*

FORM OF DECLARATION TO BE MADE BY A CLERK OR CLERK'S ASSISTANT TO THE COMMISSIONERS AFORESAID

"I, A.B., do solemnly declare, that I will diligently and faithfully execute the office of a clerk [*or* assistant clerk, *as the case may be*], according to the Acts relating to income tax, to the best of my knowledge and judgment; and that I will not disclose any particular contained in any statement, return, declaration, schedule or other document, with respect to the tax charged under the provisions relating to Schedule D of the said Acts, or any evidence or answer given by any person who shall be examined, or shall make affidavit or deposition, respecting the same, except to such persons only as shall act in the execution of the said Acts, and where I shall be directed so to do by the said Acts, or by the Commissioners under whom I act, or by the Commissioners of Inland Revenue, or in order to, and in the course of, a prosecution for perjury committed in such examination, affidavit or deposition."

PART II

FORM OF DECLARATION TO BE MADE BY A COMMISSIONER FOR OFFICES

"I, A.B., do solemnly declare that I will truly, faithfully, impartially and honestly, according to the best of my skill and knowledge, execute the powers and authorities vested in me as a Commissioner for Offices, by the Acts relating to income tax, and that I will judge and determine upon all matters and things which shall be brought before me under the said Acts without favour, affection or malice."

THIRD SCHEDULE

Section 24.

STATEMENTS BY OCCUPIERS OF LANDS, TENEMENTS, HEREDITAMENTS OR HERITAGES TO BE CHARGED UNDER SCHEDULES A AND B OR EITHER OF THEM

A statement of the rent and annual value, or the annual value, as the case shall require, of all lands, tenements, hereditaments or heritages occupied in each division, distinguishing (where they are in more than one division) the proportions in each division, and estimating separately such as are occupied as owner or tenant, and also such as are held under different landlords; and also estimating separately the rent or annual value chargeable in respect of the property, and the amount chargeable in respect of the occupation, distinguishing the same as follows:—

Lands and tenements occupied as owner;

Lands and tenements let at rack rent within seven years;

3RD SCH. —*cont.*

Lands and tenements let at rack rent before the period of seven years, with the rent and annual value thereof estimated separately;

Lands and tenements let, but not at rack rent, with the rent and annual value thereof estimated separately;

The amount at which such lands and tenements are rated by the general or poor rate;

The amount of any composition, rent, rentcharge or annual payment paid in the preceding year to the rector or vicar or other person for tithes of the above lands and tenements;

The amount of each deduction claimed in respect thereof, and stating if tithe-free, in part or in the whole, and the amount of any modus for tithes or real composition.

Section 71.

FOURTH SCHEDULE

DUTIES AND LIABILITIES OF COLLECTORS AND OTHER ADMINISTRATIVE MATTERS

1.—(1) The General Commissioners shall, yearly, cause to be made out by their clerk, in the prescribed form, and to be transmitted to the Commissioners of Inland Revenue, two duplicates of the charge by all the assessments made in the year.

(2) The duplicates shall be made out and transmitted as soon as possible after the expiration of the year.

(3) A clerk who—

(*a*) neglects or refuses to make out and transmit the duplicates within the time and in the manner directed by this paragraph; or

(*b*) wilfully makes a false entry in or omits any sum from a duplicate,

shall incur a penalty of one hundred pounds, and on conviction shall be dismissed from his office.

2.—(1) The Commissioners of Inland Revenue may—

(*a*) appoint from time to time a day on or before which any collector shall pay over, or account for, the tax and moneys given him in charge to collect, and may postpone the date so appointed;

(*b*) require any collector to remit the tax and moneys, either weekly or oftener, in anticipation of the day so fixed;

(*c*) prescribe regulations to be observed by all collectors as regards remittances and the mode of making the same.

(2) On the day so appointed the collector shall—

(*a*) pay over to the proper officer, or as otherwise required by the Commissioners of Inland Revenue, all moneys received by him as collector which are then in his hands; and

(*b*) deliver to the surveyor schedules of arrears in the prescribed form, signed by him, setting forth the full name of

every person from whom he has not received payment of the tax or moneys given him in charge to collect, and the respective sums then in arrear or uncollected from each such person.

(3) Every collector shall, then or whenever required by the surveyor—

(*a*) produce to the surveyor his particulars of sums required to be collected, showing the respective sums collected and received by him duly written off therein ; and

(*b*) answer any lawful question put to him by the surveyor, concerning the tax or moneys given him in charge to collect.

3. In England and Wales, the General Commissioners may, whenever they think it expedient, and shall, whenever required by the surveyor, call before them any collector whose accounts for any year are not finally closed, and examine him on oath as to the state of his accounts and collection, and shall make such order for the payment of any sum found due by him and appoint such a time for the payment thereof to the proper officer as they consider necessary.

4.—(1) In England and Wales, every surveyor, whenever he sees occasion, may report to the General Commissioners—

(*a*) concerning any matter relating to the conduct of any collector within their division ;

(*b*) in every case where there has been a failure—

(i) in assessing or charging the tax in the division ; or

(ii) in raising or paying the sums charged on any person chargeable in the division ; or

(iii) on the part of the clerk to the Commissioners in doing any act required by this Act to be done by him.

(2) Every such report shall set forth—

(*a*) the particulars of the complaint of the surveyor against the collector or other person complained of ; and

(*b*) a recommendation by the surveyor as to the action to be taken thereon.

(3) On receipt of any such report the Commissioners shall summon a meeting within a reasonable time, and the surveyor shall have notice of, and attend, the meeting, and assist in the consideration of the measures to be taken in the execution of this Act.

5. A collector shall, on clearing his accounts for the tax, deliver to the Commissioners of Inland Revenue all particulars of sums to be collected and duplicates of assessments to which those accounts relate, and all books of receipts and counterfoils furnished for his use.

6.—(1) If a collector fails to pay any tax or moneys received by him as collector, and detains in his hand, and does not pay or account for the same in manner directed by this Act, the General Commissioners, in their respective divisions, may seize and secure the freehold estate, and all other estate, both real and personal, belonging to him or which has descended or come into the possession of his heirs, executors, administrators or assigns, wheresoever the same can be discovered and found.

4TH SCH. —*cont.*

(2) The said Commissioners shall appoint a time for a meeting of the Commissioners for the division, and cause public notice to be given of the place where it is to be held, ten days at least before that meeting.

(3) The said Commissioners present at the meeting, or the major part of them, if the accounts of the collector are not duly delivered, or the moneys detained by him are not paid or satisfied, according to the directions of this Act, shall sell and dispose of all such estates so seized and secured, or any part of them, to satisfy the sum that shall not be so accounted for or shall be so detained in the hands of the collector, his heirs, executors or administrators respectively, together with the reasonable costs and charges of recovering, raising and paying the same, which costs and charges shall be ascertained and settled by the Commissioners, and the said sum shall be paid over to the proper officer, and the overplus (if any) after satisfying such costs and charges shall be restored to the collector or the person entitled thereto.

(4) The Commissioners acting for the division in which the estate and effects of such collector are seized and secured as aforesaid shall make conveyance of all such freehold estates, and in like manner assign the leasehold and other personal estate of the collector, and all his right, title and interest therein at the time of the seizure or at the time of the death of any collector so dying in default, as aforesaid, to the respective purchasers thereof, by deed executed by any two or more of the said Commissioners.

7.—(1) Every collector who—

(*a*) neglects, omits or refuses, upon receiving any tax or moneys, to give a receipt for the same on the prescribed form, or to fill up and keep remaining in the prescribed receipt book the counterfoil of the receipt; or

(*b*) gives a receipt for any tax or moneys otherwise than upon the form prescribed and provided by the Commissioners of Inland Revenue,

shall for every such offence incur a penalty of ten pounds.

(2) Every collector who neglects or refuses to deliver any schedule of arrears required by this Act to be delivered shall for every such offence incur a penalty of twenty pounds.

(3) Every collector who—

(*a*) neglects or refuses to produce to the surveyor, whenever required, his particulars of sums required to be collected or duplicates of assessment, together with an account in writing showing the sums collected and received by him; or

(*b*) refuses to answer any lawful question demanded of him by the surveyor touching the tax or moneys; or

(*c*) declares in any answer made by him any matter or thing which is false; or

(*d*) advances or lends to any person any part of the tax or moneys by him collected and received; or

(*e*) applies any part of the tax or moneys to his own use or purpose; or

4TH SCH. —*cont.*

(*f*) deposits or delivers over any part of the tax or moneys to any person so that the full sums, or any part thereof, to be raised under this Act, according to the tenor and effect thereof, shall be withheld and not paid over to the Commissioners of Inland Revenue or to the proper officer, or to their or his credit, at the times on which the same ought to be paid; or

(*g*) neglects or refuses, upon clearing his account for any tax or moneys, to deliver to the Commissioners of Inland Revenue the particulars of sums required to be collected and duplicates of assessments for any year to which that account relates, together with all the books of receipts and counterfoils furnished for his use in the collection of the tax; or

(*h*) neglects or refuses, when summoned by notice or called before them, to attend the General Commissioners of the division and then answer any lawful questions demanded of him by them touching the execution of his office as collector; or

(*i*) neglects or refuses to produce to the General Commissioners of the division all and any particulars of sums required to be collected, duplicates of assessments, accounts, books and counterfoils of receipts, and vouchers for payments of the tax or moneys given, delivered or entrusted to him as collector; or

(*j*) neglects or refuses, on the revocation of his appointment, to attend, if summoned for the purpose, and deliver up to the General Commissioners or to the surveyor, or on demand of and by the collector appointed in his stead, to deliver up to such collector, all and any particulars of sums required to be collected, duplicates of assessments, accounts, books, and counterfoils of receipts and vouchers for payments of the tax or moneys given, delivered or entrusted to him and in his possession as collector at the time of the revocation of his appointment,

shall, for every such offence, incur a penalty of fifty pounds, with all costs and charges, which penalty, with all costs and charges, shall be added to the assessment to which it particularly relates, and shall be levied in like manner as the tax.

(4) Every collector who neglects or refuses to pay over when and at the date ordered by the General Commissioners any sum of or on account of the tax or moneys collected and received and not accounted for by him shall, for every such offence, incur a penalty of fifty pounds, with all costs and charges, and a further penalty at the rate of five pounds per centum per annum for the whole sum by him detained, which penalties, with all costs and charges, shall be added to the assessments to which they particularly relate, and shall be levied in like manner as the tax.

(5) Every collector who—

(*a*) collects any of the tax or moneys by any book or duplicate other than the particulars of sums required to be collected delivered to him by the surveyor; or

4TH SCH. —*cont.*

(*b*) receives any such tax or moneys from any person not charged therewith in those particulars ; or

(*c*) collects from any person more money than is actually charged on him in those particulars ; or

(*d*) does not pay over the whole tax and moneys by him collected ; or

(*e*) fraudulently alters any such particulars,

shall, for every such offence, incur a penalty of one hundred pounds.

8.—(1) A person not duly appointed for the purpose or authorised by the Commissioners of Inland Revenue in that behalf who knowingly or wilfully takes or receives from a collector any sum of money arising from the tax or moneys which has been collected or received by the collector shall forfeit double the amount of the sum so taken or received.

(2) Any such forfeiture shall be recovered in the High Court.

9.—(1) An action or suit which is brought against a collector in respect of anything done in pursuance of this Act under the warrant of the General Commissioners for any division shall be defended by the General Commissioners for that division.

(2) The costs and charges attending any such action or suit, and of any other action or suit brought by or against the General Commissioners under whose warrant a collector has acted, shall be defrayed by an assessment, made in just proportion, on the persons, lands, tenements, hereditaments or heritages liable to be assessed in the division.

(3) The provisions of this Act with regard to the recovery of tax by collectors or by process from the High Court shall apply to the recovery and levying of any sum assessed by the General Commissioners under this paragraph.

Sections 51 and 85.

FIFTH SCHEDULE

PROCEDURE IN CONNECTION WITH THE DETERMINATION OF ANNUAL VALUES OF PROPERTY FOR THE PURPOSES OF ASSESSMENT FOR A YEAR OF REVALUATION (ENGLAND AND WALES)

PART I

PROVISIONS APPLICABLE TO ENGLAND AND WALES EXCLUSIVE OF THE ADMINISTRATIVE COUNTY OF LONDON

1. The General Commissioners shall, at the commencement of the year preceding the year of revaluation, issue the necessary instructions to the assessors and appoint a day not later than the twentieth day of July next following for them to appear before the General Commissioners and bring in certificates of their assessments of annual values for the purposes of assessments for the year of revaluation.

2. As soon as may be, notices shall be issued requiring the delivery of statements containing the particulars prescribed by this Act, and the provisions of this Act relating to notices to deliver, the delivery of, and penalties for neglecting to deliver statements and declarations, shall apply for the purposes of, and in relation to, such notices.

3. The statements so to be prepared and delivered shall contain particulars relating to the year preceding the year of revaluation and the annual values for the purposes of assessments for the year of revaluation shall, so far as may be, be estimated and determined as for the said preceding year.

4. The provisions of sections thirty-five and forty-one of this Act (which relate to the allowance of assessments and to additional assessments respectively) shall, with the substitution of references to the General Commissioners for references to the Additional Commissioners and with any other necessary modifications, apply with regard to the annual values to be estimated and determined in accordance with the provisions of this Act for the purposes of assessments for a year of revaluation.

5.—(1) The General Commissioners shall cause notice of the said assessments of annual values, and of the day for hearing appeals therefrom, to be given in such manner as they may deem expedient.

(2) Any such notice may be given—

(*a*) by delivering a copy of the assessment to the assessor for inspection by the persons assessed, together with a notice of the day of appeal, to be affixed on or near to the church door or any other public place in each parish in the division; or

(*b*) by delivering to each person assessed a notification of the amount of the assessment and of the day of appeal.

6. The provisions of this Act relating to appeals against assessments to income tax under Schedule A shall, with any necessary modifications, apply to notices to be given and to appeals in respect of annual values assessed in accordance with the provisions of this Act for the purposes of assessments for a year of revaluation.

PART II

PROVISIONS APPLICABLE TO ALL ENGLAND AND WALES

1. Subject to the provisions of paragraph 2 of this Part of this Schedule, the period within which any person aggrieved—

(*a*) in the case of property outside the administrative county of London, by the amount of any assessment of annual value made in accordance with the provisions of this Act for the purposes of assessment to income tax under Schedule A for a year of revaluation; or

(*b*) in the case of property in the administrative county of London, by the amount of any assessment to income tax under Schedule A made in any first assessment for a year of revaluation,

shall be entitled to appeal, shall be forty-two days instead of twenty-one days after the date of the notice of such assessment.

2. Any occupier of any property, or any owner or other person in receipt of the rent of any property, although not the occupier thereof, who is aggrieved by the amount of the annual value of the property as assessed shall, if a notification of the value assessed was not delivered to him, be entitled to appeal against any assessment to

5TH SCH. —*cont.*

income tax under Schedule A in respect of that property for the year of revaluation, if within twelve months after the end of that year he gives to the surveyor notice in writing of his intention to appeal, and on any such appeal the Commissioners may confirm or amend the assessment as the case may require, and the provisions of this Act relating to appeals against assessments shall, with any necessary modifications, apply to appeals under this paragraph:

Provided that—

(*a*) nothing in this paragraph shall affect the collection or recovery of any tax assessed and charged, but where any assessment is reduced upon an appeal under this paragraph, any tax overpaid shall be repaid;

(*b*) a person on whom a notice is served under Part I of the Seventh Schedule to this Act shall not thereafter be entitled to give notice of appeal under this paragraph against the assessment.

SIXTH SCHEDULE

PROVISIONS AS TO CERTAIN CLAIMS FOR RELIEF

Sections 29, 101, 141, 224, 228, 324, 343 & 445, & Schs. XX & XXIII.

1.—(1) The claimant shall, within the time limited by this Act for the delivery of lists, declarations and statements, or within such further time as the General Commissioners for the division may for any special reason allow, deliver to the assessor a notice of his claim together with a declaration and statement in the prescribed form, signed by him, setting forth—

(*a*) all the particular sources from which his income arises, and the particular amount arising from each source; and

(*b*) all particulars of any yearly interest or other annual payments, reserved or charged thereon, whereby his income is or may be diminished; and

(*c*) all particulars of sums which he has charged or may be entitled to charge on account of tax against any other person, or which he has deducted, or may be entitled to deduct, out of any payment to which he is or may be liable.

(2) Any surveyor may examine every such declaration and statement and take copies of or extracts from the same.

(3) The assessor shall transmit to the Commissioners the notice of claim and the declaration and statement, and if the surveyor does not within forty days after the transmission or within such further time as the Commissioners on just cause may allow, make an objection to the claim, the Commissioners may allow the claim.

(4) If it appears that any property or profits of the claimant are charged, or are liable to be charged, in some other division, the Commissioners shall certify the allowance in the prescribed form to the Commissioners of Inland Revenue, who shall direct the appropriate relief to be given in that other division.

(5) If the surveyor objects in writing to the claim stating that he has reason to believe that the income of the claimant, or any

6TH SCH. —*cont.*

other particulars in the declaration or statement of the claimant, are not truly or fully set forth in any specified particular, the claim shall be heard and determined by way of appeal by the General Commissioners, in like manner as other appeals under this Act and with the like liability to penalties, and if the claim is allowed the Commissioners shall grant and issue all necessary certificates accordingly.

2.—(1) The claim shall be made and proved before the General Commissioners for the division in which the claimant resides, pursuant to the powers and provisions under which tax under Schedule D is ascertained and charged, and whether he be personally charged in that division or not.

(2) If the whole income of the claimant arises from an office or employment of profit, or from a pension or stipend under the jurisdiction of the Commissioners of a department or office, the claim may be made to and allowed by those Commissioners.

(3) If the claimant is not within the United Kingdom, an affidavit stating the particulars required by this Schedule, and taken before any person who has authority to administer, in the place where the claimant resides, an oath with regard to any matter relating to the public revenue of the United Kingdom, may be received by the Commissioners.

(4) If satisfactory proof is given to the Commissioners that a claimant is unable to attend in person, a claim on his behalf may be made by any guardian, trustee, attorney, agent or factor acting for him.

(5) Where a person is assessable on behalf of any other person, he may make such a claim as aforesaid on behalf of that other person.

3.—(1) If it is proved to the satisfaction of the General Commissioners that a claimant whose claim has been allowed has paid any tax, by deduction or otherwise, the General Commissioners may, in the form prescribed, certify the facts proved before them to the Special Commissioners.

(2) The certificate of the General Commissioners shall state the particulars of the different sources of income in respect of which tax has been paid, the relief to which the claimant is entitled, the amount repayable in respect thereof and the name and place of abode of the claimant.

(3) On receipt of the certificate, the Special Commissioners shall issue an order for repayment.

4.—(1) A person who, in making a claim for or obtaining any relief to which this Schedule relates, or in obtaining any certificate as aforesaid—

(*a*) is guilty of any fraud or contrivance; or

(*b*) fraudulently conceals or untruly declares any income or any sum which he has charged against or deducted from, or was entitled to charge against or to deduct from, another person; or

(*c*) fraudulently makes a second claim for the same cause,

6TH SCH. —*cont.*

shall forfeit the sum of twenty pounds and treble the tax chargeable in respect of all the sources of his income as if such claim had not been allowed.

(2) A person who knowingly and wilfully aids or abets any person in committing an offence under this paragraph shall forfeit the sum of five hundred pounds.

SEVENTH SCHEDULE

Section 109 & Sch. V.

RECOVERY, ETC. OF TAX UNDER SCHEDULE A ASSESSED ON LANDLORD UNDER SECTION ONE HUNDRED AND NINE OF THIS ACT

PART I

PROVISIONS AS TO RECOVERY FROM THE LANDLORD WHERE HE IS NOT THE PERSON NAMED IN THE ASSESSMENT

1. Legal proceedings shall not be instituted against a person as having been the landlord on the first day of January in the year of assessment (where he is not the person named in the assessment) until the expiration of twenty-one days from the service on him by the surveyor of a notice in writing, in such form as may be prescribed by the Commissioners of Inland Revenue, specifying the lands, tenements, hereditaments or heritages, and the amount of tax claimed, and stating that it is intended to proceed against him for the recovery thereof as having been the landlord of those lands, tenements, hereditaments or heritages on the first day of January in the year of assessment for which the assessment was made.

2. Any person served with such a notice may appeal to the General Commissioners on giving within the said period of twenty-one days notice in writing to the surveyor of his intention to appeal and stating the grounds of his appeal.

3. Any such appeal may be against the amount of the assessment or may be founded upon the contention that the appellant was not the landlord of the lands, tenements, hereditaments or heritages on the said first day of January:

Provided that no such appeal shall lie against the amount of the assessment if an appeal has already been brought against it by him or by any other person under any other provision of this Act.

4. If any appeal is brought under this Schedule, or if any appeal is pending under any other provision of this Act at the date of the service of the notice, no legal proceedings shall be instituted against any such person as is mentioned in paragraph 1 of this Part of this Schedule to recover the tax until the General Commissioners have determined the appeal.

5. Where no appeal is brought or is pending as aforesaid, it shall be conclusively presumed that the person on whom the notice was served was the landlord of the lands, tenements, hereditaments or heritages on the said first day of January and that the amount of tax specified in the notice is due from him so far as it still remains

unpaid ; and where an appeal is brought or is pending as aforesaid, the same presumption shall be made except so far as it is inconsistent with the determination of the appeal.

6. A certificate of the surveyor as to any of the following matters, that is to say, the service of such a notice as aforesaid, the contents of the notice, and the fact that no appeal was brought or pending as aforesaid, a certificate of the clerk to the General Commissioners as to the bringing and the results of any such appeal, and a certificate of the collector that the sum specified in the certificate has become due and remains unpaid in respect of the tax in respect of the lands, tenements, hereditaments or heritages in question, being, in any case, a certificate in such form as may be prescribed by the Commissioners of Inland Revenue, shall, in any legal proceedings, be sufficient evidence of the facts stated in the certificate ; and any document purporting to be any such certificate as is mentioned in this paragraph shall be deemed to be such a certificate until the contrary is proved.

7. This Schedule applies to the distraining of a person by his goods and chattels or the poinding of the goods and effects of a person as it applies to the institution of legal proceedings against him.

8. Any notice to be served under this Part of this Schedule may be served by post.

PART II

RECOVERY BY REQUIRING PAYMENT OVER OF RENT

1.—(1) The collector may serve a notice in writing in such form as may be prescribed by the Commissioners of Inland Revenue on the landlord for the time being or on any other person who receives any rent paid in respect of the whole or any part of the lands, tenements, hereditaments or heritages to which the assessment relates (being rent received in the right of the landlord or by virtue of an assignment or mortgage of, or charge on, some right of the landlord in, or in rent from, the whole or some part of the lands, tenements, hereditaments or heritages) requiring the landlord or other such person as aforesaid to pay to the collector in or towards the satisfaction of the tax any sums from time to time received on account of rent, or, as the case may be, such rent as aforesaid, until the liability in respect of the tax has been satisfied, and the person on whom the notice is served shall pay all such sums over to the collector accordingly and, if he is accountable for the rent to any other person, he shall be acquitted and discharged as against that other person by the payment.

(2) Any notice to be served under this paragraph may be served by post.

2. If any landlord or other person on whom a notice has been duly served as aforesaid fails to comply with the requirements of the notice, he shall, in respect of each payment of rent with respect to which any such failure occurs, be liable to a penalty not exceeding fifty pounds.

7TH SCH. —*cont.*

PART III

RECOVERY FROM OCCUPIERS

1.—(1) The collector may from time to time by notice in writing in such form as may be prescribed by the Commissioners of Inland Revenue demand from the occupiers for the time being of all or any of the parts of the house or building payment, on the date or dates specified in the notice, of such sum or sums as may be required to satisfy the tax:

Provided that—

(*a*) no such notice shall demand from the occupier of any part payment of any sum on a date after the last date on which rent becomes due from him in respect of that part; and

(*b*) the sum demanded from the occupier of any part to be paid during any period during which rent is accruing due from him in respect of that part shall not exceed the amount of that rent becoming due at the end of that period.

(2) Any notice to be served under this paragraph may be served by post.

2. In default of payment by an occupier of any amount duly demanded of him under this Part of this Schedule, that amount may be recovered from him in like manner as if he had been charged with tax of that amount.

3. Where any sum on account of the tax has been collected from an occupier in pursuance of this Part of this Schedule, he may deduct that sum from any subsequent payment on account of rent and shall be acquitted and discharged of the amount so deducted.

EIGHTH SCHEDULE

Sections 118, 188 & 189 & Sch. XVIII.

MACHINERY FOR ASSESSMENT, CHARGE AND PAYMENT OF TAX UNDER SCHEDULE C, AND, IN CERTAIN CASES, SCHEDULE D

PART I

PUBLIC REVENUE DIVIDENDS, ETC., PAYABLE TO THE BANK OF ENGLAND AND THE BANK OF IRELAND, OR ENTRUSTED FOR PAYMENT TO THE BANK OF ENGLAND, THE BANK OF IRELAND OR THE NATIONAL DEBT COMMISSIONERS

1. The Bank of England and the Bank of Ireland, as respects the dividends and the profits attached thereto payable to them out of the public revenue of the United Kingdom, or payable out of any public revenue and entrusted to them for payment and distribution, and the National Debt Commissioners, as respects the dividends payable by them or of which they have the distribution, shall, when any payment becomes due, deliver to the Commissioners appointed to assess and charge the tax thereon, true accounts, in books provided for the purpose, of—

(*a*) the amounts of the dividends and profits attached thereto payable to the Bank; and

8TH SCH. —*cont.*

(*b*) all dividends entrusted to the Bank or to the National Debt Commissioners for payment to the persons entitled thereto; and

(*c*) the amount of tax chargeable thereon at the standard rate in force at the time of payment without any other deduction than is allowed by this Act.

2. The said accounts shall distinguish the separate account of each person.

3. The appropriate Commissioners shall assess the tax chargeable on the accounts delivered to the best of their judgment and belief, and deliver the assessment books, signed by them, to the Special Commissioners.

4. The Special Commissioners shall cause to be made out two certificates showing the total amount of tax, the total amounts of the dividends and profits attached thereto charged with tax, and the description of the persons or bodies of persons to whom the same are payable or who have the distribution or are entrusted with the payment thereof.

5. One certificate shall be transmitted to the respective Commissioners whose duty it is to make the assessment and the other to the Commissioners of Inland Revenue.

6.—(1) In the case of dividends and profits attached thereto payable to the Bank of England out of the public revenue of the United Kingdom, the Bank of England shall set apart the tax in respect of the amount payable to them.

(2) In the case of dividends and profits attached thereto entrusted to the Bank of England for payment and distribution, dividends payable by the Bank of Ireland at its principal office in Belfast, and dividends payable by the National Debt Commissioners or of which the National Debt Commissioners have the distribution—

(*a*) the Bank of England, the Bank of Ireland and the National Debt Commissioners respectively shall, before any payment is made by them, retain the amount of the tax for the purposes of this Act; and

(*b*) the retaining of the amount shall be deemed to be a payment of the tax by the persons entitled to the dividends and shall be allowed by them on the receipt of the residue thereof; and

(*c*) the Bank of England, the Bank of Ireland and the National Debt Commissioners respectively shall be acquitted and discharged of a sum equal to the amount retained as though that sum had been actually paid.

(3) In relation to dividends payable to the Bank of Ireland out of the public revenue of the United Kingdom and public revenue dividends which are entrusted to the Bank of Ireland for payment and distribution and are not payable by that Bank at its principal office in Belfast, the following provisions shall have effect—

(*a*) the money which, but for the provisions of this subparagraph would be issuable to the Bank of Ireland under section fourteen of the National Debt Act, 1870, or other-

8TH SCH. —*cont.*

wise payable to the Bank of Ireland for the purpose of dividends on Government stock registered or inscribed in the books of the Bank of Ireland in Dublin shall be issued and paid to the Bank of England; and

(*b*) the Bank of England shall set apart and retain out of moneys so issued and paid to them the amount of the tax on the dividends payable to the Bank of Ireland and on the dividends on the Government stock registered or inscribed in the books of the Bank of Ireland in Dublin; and

(*c*) the Bank of England shall pay to the Bank of Ireland the residue of the moneys so issued and paid to them to be applied by the Bank of Ireland to the payment of the dividends; and

(*d*) the retaining of the amount shall be deemed to be a payment of the tax by the persons entitled to the dividends and shall be allowed by them on the receipt of the residue thereof, and the Bank of England and the Bank of Ireland shall be acquitted and discharged of a sum equal to the amount retained as though that sum had been actually paid.

7. Money set apart or retained under the last preceding paragraph and the amount of any tax charged on the trading profits of the Bank of England or the Bank of Ireland shall be paid into the general account of the Commissioners of Inland Revenue at the Bank of England or the Bank of Ireland, and every such payment shall be accompanied by a certificate, under the hands of two or more of the Commissioners who made the assessment, of the amount of the assessment under which the payment is made.

8. No deduction of tax under this Part of this Schedule shall be made from any dividends in respect of which such a certificate as is mentioned in section twenty-eight of the Charitable Trusts Amendment Act, 1855, has been given to the Bank of England.

PART II

PUBLIC REVENUE DIVIDENDS PAYABLE BY PUBLIC OFFICES AND DEPARTMENTS

1. Public revenue dividends payable by any public office or department of the Crown shall be charged under Schedule C by the Commissioners for Offices in the said public office or department.

2. The said Commissioners shall exercise the like powers and duties as are possessed by the Commissioners empowered to charge public revenue dividends in other cases and shall appoint collectors from the officers in their office or department entrusted with the payment thereof.

3. The said collectors shall, when any such payments are made as aforesaid, compute the tax thereon and certify the same to the appropriate officer for payment, who shall retain the tax and pay the same into the general account of the Commissioners of Inland Revenue at the Bank of England or the Bank of Ireland.

8TH SCH. —*cont.*

PART III

OTHER PUBLIC REVENUE DIVIDENDS, DIVIDENDS TO WHICH CHAPTER IV OF PART VII OF THIS ACT APPLIES, AND PROCEEDS OF COUPONS

1.—(1) Every such person as is hereinafter mentioned, that is to say—

(*a*) every person (other than the National Debt Commissioners or the Bank of England or the Bank of Ireland) who is entrusted with the payment of any dividends which are payable out of the public revenue of Northern Ireland or which are payable to any persons in the United Kingdom out of any public revenue other than that of the United Kingdom or Northern Ireland; and

(*b*) every person in the United Kingdom who is entrusted with the payment of any dividends to which Chapter IV of Part VII of this Act applies; and

(*c*) every banker or other person in the United Kingdom who obtains payment of any dividends in such circumstances that the dividends are chargeable to tax under Schedule C or, in the case of dividends to which the said Chapter IV applies, under Schedule D; and

(*d*) any banker in the United Kingdom who sells or otherwise realises coupons and any dealer in coupons in the United Kingdom who purchases coupons in such manner that the proceeds of the sale or realisation are chargeable to tax under Schedule C or, in the case of dividends to which the said Chapter IV applies, under Schedule D,

shall, within one month after being so required by notice published in the Gazette, deliver to the Commissioners of Inland Revenue an account in writing giving his name and residence and a description of the said dividends or proceeds, and shall also, on demand by the inspector authorised for that purpose by the Commissioners of Inland Revenue, deliver to him, for the use of the Special Commissioners, true and perfect accounts of the amount of all such dividends or proceeds.

(2) The said persons are hereafter in this Part of this Schedule referred to as "chargeable persons".

2. The Special Commissioners shall have all necessary powers in relation to the examining, auditing, checking and clearing the books and accounts of dividends or proceeds delivered under paragraph 1 of this Part of this Schedule, and shall assess and charge the dividends or proceeds at the standard rate of tax in force at the time of payment, but reduced by the amount of the exemptions (if any) allowed by them, and shall give notice of the amount so assessed and charged to the chargeable person.

3. The chargeable person shall out of the moneys in his hands pay the tax on the dividends or proceeds on behalf of the persons entitled thereto, and shall be acquitted in respect of all such payments, and the provisions of this Act shall apply as in the case of dividends payable out of the public revenue of the United Kingdom and entrusted to the Bank of England for payment and distribution.

8TH SCH. —*cont.*

4. The chargeable person shall pay the tax into the general account of the Commissioners of Inland Revenue at the Bank of England or the Bank of Ireland, and in default of payment it shall be recovered from him in the same manner as other income tax assessed and charged upon him may be recovered.

5. A chargeable person who does all such things as are necessary to enable the tax to be assessed and paid shall receive as remuneration an allowance, to be calculated by reference to the amount of the dividends or proceeds paid from which tax has been deducted, and to be fixed by the Treasury at a rate not being less than thirteen shillings and sixpence for every thousand pounds of that amount:

Provided that this paragraph shall not apply to any person entrusted with the payment of dividends payable out of the public revenue of Northern Ireland.

6. A chargeable person who neglects or refuses to deliver any such account as is required by this Part of this Schedule shall forfeit the sum of one hundred pounds over and above the amount of the tax chargeable on the dividends or proceeds.

7. Nothing in this Part of this Schedule shall impose on any banker the obligation to disclose any particulars relating to the affairs of any person on whose behalf he may be acting.

8. Where tax in respect of the proceeds of the sale or realisation of any coupon has been accounted for under this Part of this Schedule by any banker or dealer, and the Special Commissioners are satisfied that the coupon has been subsequently paid in such manner that tax has been deducted from the payment under any of the provisions of this Schedule, the tax so deducted shall be repaid.

PART IV

INTERPRETATION OF PARTS I, II AND III

Section one hundred and twenty-one of this Act (which defines, amongst other expressions, "dividends," "public revenue," "public revenue dividends," "Government stock registered or inscribed in the books of the Bank of Ireland in Dublin," "banker" and "coupons") shall apply for the interpretation of Parts I to III of this Schedule as it applies for the interpretation of Part IV of this Act:

Provided that, in Part III of this Schedule, "dividends" shall include any such interest, annuities, pensions, payments or sums as are, within the meaning of section one hundred and eighty-seven of this Act, dividends to which Chapter IV of Part VII of this Act applies.

NINTH SCHEDULE

Sections 156, 160, 161, 163.

RULES APPLICABLE TO SCHEDULE E

1. Tax under Schedule E shall be annually charged on every person having or exercising an office or employment of profit mentioned in Schedule E, or to whom any annuity, pension or stipend chargeable under that Schedule is payable, in respect of all salaries, fees, wages, perquisites or profits whatsoever therefrom for the year of assessment, after deducting the amount of duties or other sums payable or chargeable on the same by virtue of any Act of Parliament, where the same have been really and bona fide paid and borne by the party to be charged.

2. Every assessment shall be made for one year, and the tax in respect thereof shall be levied for that year without any new assessment, notwithstanding any change in the holder of any office or employment; but if, during the year of assessment, any person chargeable quits the office or employment, or dies, he, or his executors or administrators, respectively, shall be liable for tax in respect of the period during which he held or exercised the office or employment, and any successor shall in like manner be liable in respect of the period during which he has held or exercised the same.

3. If an annuity, pension or stipend ceases within the year of assessment, the assessment thereon shall be discharged as from the date of cessation.

4.—(1) If, at any time, either during the year of assessment or in respect of that year, a person becomes entitled to any additional salary, fees or emoluments beyond the amount for which an assessment has been made upon him, or for which at the commencement of that year he was liable to be charged, an additional assessment shall, as often as the case may require, be made upon him in respect of any such additional salary, fees or emoluments, so that he may be charged in respect of the full amount of his salary, fees or emoluments for that year.

(2) If any person proves to the satisfaction of the Commissioners concerned that the amount for which an assessment has been made in respect of his salary, fees or emoluments for any year of assessment exceeds the amount of the salary, fees or emoluments for that year, the assessment shall be adjusted and any amount overpaid by way of tax shall be repaid.

5. The tax under paragraph 1 of Schedule E shall be paid in respect of all the public offices and employments of profit within the United Kingdom or by the officers hereinafter respectively described, namely—

(*a*) offices belonging to either House of Parliament or to either House of the Parliament of Northern Ireland;

(*b*) offices belonging to any court of justice in the United Kingdom, whether civil, criminal, ecclesiastical, naval, military or air force;

(*c*) public offices under the civil government of the Crown, or in any county palatine, or the Duchy of Cornwall;

9TH SCH. —*cont.*

(*d*) officers in Her Majesty's navy ;
(*e*) commissioned officers in Her Majesty's military forces ;
(*f*) commissioned officers in Her Majesty's air force ;
(*g*) offices or employments of profit under any ecclesiastical body ;
(*h*) offices or employments of profit under any company or society, whether corporate or not corporate ;
(*i*) offices or employments of profit under any public institution, or on any public foundation of whatever nature or for whatever purpose established ;
(*j*) offices or employments of profit under any public corporation or local authority, or under any trustees or guardians of any public funds, tolls or duties ;
(*k*) all other public offices or employments of profit which are of a public nature.

6. In estimating the tax payable, all official deductions and payments made on receipt of the emoluments of any office or employment of profit, or on receipt of any annuity, pension or stipend, or on passing the accounts of the office, may be deducted if a due account thereof is rendered to the Commissioners and proved to their satisfaction.

7. If the holder of an office or employment of profit is necessarily obliged to incur and defray out of the emoluments thereof the expenses of travelling in the performance of the duties of the office or employment, or of keeping and maintaining a horse to enable him to perform the same, or otherwise to expend money wholly, exclusively and necessarily in the performance of the said duties, there may be deducted from the emoluments to be assessed the expenses so necessarily incurred and defrayed.

8. Where the Treasury are satisfied with respect to any class of persons in receipt of any salary, fees or emoluments payable out of the public revenue that such persons are obliged to lay out and expend money wholly, exclusively and necessarily in the performance of the duties in respect of which such salary, fees or emoluments are payable, the Treasury may fix such sum as in their opinion represents a fair equivalent of the average annual amount laid out and expended as aforesaid by persons of that class, and in charging the tax on the said salary, fees or emoluments there shall be deducted from the amount thereof the sums so fixed by the Treasury:

Provided that if any person would, but for the provisions of this paragraph, be entitled to deduct a larger amount than the sum so fixed, that sum may be deducted instead of the sum so fixed.

9.—(1) Where any official pay is payable at a public office, or by any officer of the Royal Household, or by a Crown receiver or paymaster, or by any agent employed in that behalf, the tax chargeable thereon shall be deducted out of the official pay, or out of any money which is payable on account of that official pay or any arrears thereof, and shall be applied in satisfaction of any such tax which has not been otherwise paid, and shall be paid to the Commissioners of Inland Revenue.

9TH SCH. —*cont.*

(2) If the tax payable is charged by the General Commissioners in their respective divisions, they shall transmit an account of the amount of the tax so charged to the office where the official pay is payable, in order that it may be there deducted.

(3) In this paragraph, "official pay" means any salary, fees, wages, perquisites or other profits or any annuity, pension or stipend.

(4) Where an annuity or pension is payable out of any particular branch of the public revenue at the office of that branch, the Commissioners acting for that department may charge the tax in respect of the same as if the annuity or pension were salary or wages payable thereout.

(5) This paragraph shall, with any necessary modifications, apply to the emoluments, pensions and annuities which fall within paragraph 3 of Schedule E as it applies to official pay payable at a public office.

10. Where any emoluments chargeable under Schedule E do not arise as described in the last preceding paragraph, but arise from any other office or employment of profit, and are payable by any officer, receiver or agent, any tax chargeable in respect thereof which has not been otherwise paid shall be deducted therefrom or from the arrears thereof and paid to the proper officer.

11.—(1) If either—

(*a*) the tax in respect of any office or employment of profit cannot be deducted in the hands of the appropriate officer or of an agent for payment of the emoluments thereof; or

(*b*) the said emoluments have been paid over to the person entitled to them,

and the person charged neglects or refuses to pay the tax, the Commissioners for the offices concerned may, by writing under their hands and seals, certify the neglect or refusal, and the sum payable, to the General Commissioners for the division in which the person charged resides.

(2) The said last mentioned Commissioners on receipt of the certificate shall, by warrant under their hands and seals, empower the respective collectors of the said tax under Schedule E, or the collectors of the division where the person chargeable resides, to levy the tax in the same manner and with the like powers as other tax is leviable by them under this Act.

(3) The collectors shall execute the warrant in the manner prescribed by this Act and as if the person chargeable had been charged with tax in the division where he resides, and the moneys recovered shall be paid over to the proper officer.

12.—(1) If an office or employment of profit chargeable under Schedule E is executed by a deputy, the deputy, if he is in receipt of the profits thereof, shall pay the tax charged thereon and deduct it out of the profits of the office or employment.

9TH SCH. —*cont.*

(2) If the profits of any officer or officers are received by any other officer on his or their behalf, or as a fund to be divided among such officers, the officer receiving the same shall pay the tax charged thereon and deduct it out of the sums received before they are handed over or divided.

(3) In the case of non-payment of the tax, the said deputy or officer receiving the profits shall be liable to such distress as is prescribed by this Act against any person holding the office or employment, and to any other remedy and penalty herein provided.

13. Where deduction of tax is authorised to be made out of any sums, the deduction shall be made at such times in each year as the said sums are payable.

14. If any emoluments of any office or employment of profit, or any annuity, pension or stipend charged under Schedule E are charged with a sum payable to another person, such portion of the tax shall be deducted from that sum as the tax thereon would amount unto, and that person, or any agent or receiver on his behalf, shall allow the deduction on receipt of the residue of the sum payable.

15. If a deputy, clerk or other person is employed under the holder of an office or employment of profit, and his salary or wages are paid out of the emoluments thereof, the holder of the office may deduct out of the salary or wages payable by him such a portion of the tax charged on the emoluments of the office or employment of profit as the tax on the said salary or wages would amount unto, and the deduction shall be allowed upon receipt of the residue of the salary or wages.

16.—(1) The tax shall be assessed and charged by the respective Commissioners for all the offices in each department, in the place where the said Commissioners execute their offices, although certain of the offices in the same department may be executed elsewhere.

(2) A person chargeable in respect of an office or employment of profit shall be deemed to exercise it at the head office of the department under which it is held, and shall be assessed and charged at that head office, although the duties of the office or employment are performed, or any profits thereof are payable, elsewhere, whether within the United Kingdom or not.

(3) An office shall be deemed to belong to and shall be charged by or under the principal officers of the department by or under whom the appointment to the office is made, but if the appointment is made by an inferior officer of the department, such office shall be charged by the Commissioners by whom that inferior officer is chargeable in respect of his own office:

Provided that an officer who holds an appointment under the Great Seal or Privy Seal of England or Scotland, or an appointment under the Royal Sign Manual, or an appointment under the Treasury but not exercised in the Treasury, shall be assessed and charged in that department in which his office is exercised.

9TH SCH. —*cont.*

(4) Nothing in this paragraph shall limit the right given by this Act to any other Commissioners to assess and charge offices within their jurisdiction, although those offices may not be held under their appointment, or although the profits thereof may not be payable by them or by their order.

(5) Notwithstanding anything in this paragraph, a person may be assessed and charged under Schedule E by the Commissioners acting for any division in which he ordinarily resides or in which he is employed.

17. Where, owing to circumstances directly or indirectly connected with the war which began in the year nineteen hundred and thirty-nine, it is in the opinion of the Commissioners of Inland Revenue expedient that a person assessable under Schedule E should be assessed and charged under that Schedule in some division other than that in which he would be assessed and charged but for the provisions of this paragraph, he shall be assessed and charged accordingly:

Provided that a person assessed and charged in accordance with this paragraph shall, unless he appeals to the General Commissioners for the division in which he is assessed and charged, have the same rights of appeal to the same Commissioners as he would have had if he had been assessed and charged in the division in which he would have been assessable and chargeable if this paragraph had not been passed.

TENTH SCHEDULE

Sections 157 & 457.

WOMEN'S SERVICES

1. Member of Queen Alexandra's Royal Naval Nursing Service or any reserve thereof.

2. Member of the Women's Royal Naval Service.

3. Woman medical or dental practitioner serving in the Royal Navy or any naval reserve.

4. Member of Queen Alexandra's Imperial Military Nursing Service.

5. Member of the Auxiliary Territorial Service.

6. Woman employed with the Royal Army Medical Corps or the Royal Army Dental Corps with relative rank as an officer.

7. Member of the Women's Auxiliary Air Force.

8. Woman employed with the Medical Branch or the Dental Branch of the Royal Air Force with relative rank as an officer.

9. Member of the Voluntary Aid Detachments employed under the Admiralty, Army Council or Air Council.

ELEVENTH SCHEDULE

Sections 277, 333, 474 & 475.

TEMPORARY PROVISIONS AS TO MILLS, FACTORIES ALLOWANCES

PART I

INCOME TAX ACT, 1945, S. 7 (1) AND (2) AS AMENDED BY THE FINANCE ACT, 1950, S. 28

Cessation of mills, factories allowances.

7.—(1) Subject to the provisions of this section, no allowance shall be made under section fifteen of the Finance Act, 1937 (which provides for an allowance for depreciation of mills, factories and other similar premises), for the year of assessment in which the appointed day falls or any subsequent year of assessment.

(2) Notwithstanding anything in the preceding subsection, if an allowance falls to be made under the said section fifteen in respect of any premises in the case of any trade for the last year of assessment before that in which the appointed day falls, an allowance shall, by virtue of this subsection, be made under and subject to the provisions of the said section fifteen in respect of those premises for the year of assessment in which the appointed day falls and each of the next nine years of assessment in the case of every trade carried on thereon:

Provided that if, at any time in the year of assessment in which the appointed day falls or any of the next nine years of assessment, any person to whom an allowance would otherwise fall to be made under the said section for that year of assessment in respect of the premises, by notice in writing to the surveyor, elects that the said section fifteen shall no longer apply to the premises—

(*a*) no allowance shall be made under the said section fifteen for that or any subsequent year of assessment in the case of that person's trade; and

(*b*) no allowance shall be made under the said section fifteen for any year of assessment in the case of any trade carried on on those premises after that person's trade has ceased to be carried on thereon.

PART II

FINANCE ACT, 1937, S. 15, AS ADAPTED

Allowance for depreciation of mills, factories, etc.

15.—(1) In computing for any year of assessment the amount of profits or gains arising or accruing from any trade the profits of which are chargeable to tax under Case I of Schedule D, there shall be allowed a deduction of an amount hereafter provided in respect of the depreciation of any premises being mills, factories or other similar premises, wherever situate, which, during the period of computation, are owned by the person carrying on the trade and occupied by him for the purposes thereof.

11TH SCH. —*cont.*

(2) Where the premises—

(*a*) are assessable to tax under Schedule A ; and

(*b*) do not consist of or comprise electricity works or brickworks,

the amount of the deduction to be allowed under this section shall be an amount equal to the repairs allowance of the premises, or an amount equal to the appropriate fraction of the rating value of the premises, whichever is the less ; and for the purposes of this subsection the appropriate fraction of the rating value shall be taken to be, in the case of premises situate in the administrative county of London or in Scotland, one-sixth, and, in the case of other premises, one-fifth, of the rating value.

(3) Where the premises—

(*a*) are not assessable to tax under Schedule A ; or

(*b*) consist of or comprise electricity works or brickworks,

the amount of the deduction to be allowed under this section shall be an amount equal to one per cent. of the actual cost to the person carrying on the trade of any building (including the site thereof) which forms part of the premises, being either—

(i) a building which contains, and is used wholly or mainly for the purpose of operating, machinery worked by steam, electricity, water or other mechanical power ; or

(ii) a building the depreciation of which is substantially increased by the operation of machinery so worked on the premises in any such building as is mentioned in paragraph (i) of this subsection.

(4) Where the period of computation is less than twelve months, or the premises are not owned by the person carrying on the trade and occupied by him for the purposes thereof for the whole of the period of computation, the deduction to be allowed under the foregoing provisions of this section shall be proportionately reduced ; and where in the course of the period of computation there has been any alteration of the premises, or of the repairs allowance or rating value thereof, the amount of the deduction to be allowed under this section shall be the aggregate of the amounts of the deductions which would have been allowable thereunder if each part of the period of computation, before and after the alteration, had itself been a period of computation.

(5) A person occupying any premises as the tenant thereof shall be treated for the purposes of this section as if he were the owner thereof if, under the covenants to repair contained in the lease or agreement by virtue of which he occupies the premises, the whole of the burden of any depreciation of the premises falls upon him.

(6) For the purposes of this section—

(*a*) the expression " electricity works " means any building in which electrical energy is generated, converted or transformed for supply by way of trade ;

(*b*) the expression " period of computation ", in relation to any trade, means the period by reference to the profits or gains

11TH SCH. —*cont.*

of which the profits or gains arising or accruing from the trade are to be computed for the year of assessment in question;

(*c*) the expression "rating value", in relation to any premises, means—

(i) in the case of premises situate in England outside the administrative county of London or in Wales, the net annual value of the premises as appearing in the valuation list for the time being in force under the Local Government Act, 1948;

(ii) in the case of premises situate in the administrative county of London, the gross value of the premises as appearing in the valuation list for the time being in force under the said Act;

(iii) in the case of premises situate in Scotland, the gross annual value of the premises as appearing in the valuation roll for the time being in force;

(iv) in the case of premises situate in Northern Ireland, the net annual value of the premises as shown in the valuation lists for the time being in force under the Valuation Acts (Northern Ireland), 1852 to 1948, or in any provisional or revised valuation for the time being in force by virtue of any enactment pending the annual revision of valuation under the said Acts;

(*d*) the expression "repairs allowance", in relation to any premises, means the reduction authorised in respect of the premises for the purposes of sections ninety-nine and one hundred of the Income Tax Act, 1952.

Sections 307, 310 & 333, & Sch. XXII.

TWELFTH SCHEDULE

APPLICATION OF CHAPTER III OF PART X TO EXPENDITURE INCURRED BEFORE THE APPOINTED DAY

PART I

PRELIMINARY

1. The amount of expenditure which a person who, on the appointed day, was carrying on a trade which consisted of or included the working of a mine, oil well or other source of mineral deposits of a wasting nature is to be treated for certain purposes of Chapter III of Part X of this Act as having incurred on that day shall, except in the cases dealt with in Part III of this Schedule, be the amount specified in Part II thereof.

2. In the following provisions of this Schedule, the said expenditure is referred to as "the appointed day expenditure", the said person is referred to as "the trader", and the said Chapter III is referred to as "Chapter III".

PART II

PROVISIONS APPLICABLE WHERE PART III OF THIS SCHEDULE DOES NOT APPLY

3. Except in cases to which Part III of this Schedule applies, the amount of the appointed day expenditure shall be ascertained by—

(*a*) ascertaining the total expenditure to which Chapter III applies which was incurred by the trader before the appointed day for the purposes of the trade and in connection with the source; and

(*b*) subtracting therefrom the amounts specified in paragraph 4 of this Schedule; and

(*c*) applying the fraction specified in paragraph 5 of this Schedule to the result.

4. The said amounts are—

(*a*) where any asset representing any part of the expenditure incurred by the trader as aforesaid before the appointed day has, before the appointed day, been sold by him, the amount of the expenditure so incurred which is attributable to that asset; and

(*b*) where the assets representing the expenditure so incurred, not being assets sold by the trader before the appointed day, consist of or include buildings or structures, any relevant mills, factories or exceptional depreciation allowances made in respect of the buildings or structures for any year of assessment before that in which the appointed day falls.

5. The said fraction is the fraction of which—

(*a*) the numerator represents the total potential future output from the source, estimated as at the appointed day; and

(*b*) the denominator represents the sum of the total output from the source before the appointed day and the said total potential future output.

PART III

PROVISIONS APPLICABLE IN CERTAIN CASES WHERE ASSETS HAVE BEEN PURCHASED FROM A PREDECESSOR

6.—(1) Where, at or about the time when the trader began to work the source, he acquired from a predecessor in the working of the source assets representing expenditure to which Chapter III applies, incurred by that or any other predecessor in the working of the source, the amount of the appointed day expenditure shall be whichever of the amounts respectively specified in the two next following paragraphs is the smaller.

(2) In this and the following provisions of this Part of this Schedule, "predecessor in the working of the source" means a person who has, before the appointed day, carried on a trade which consisted of or included the working of the source but has, before that day, ceased to work it.

12TH SCH. —*cont.*

(3) In the following provisions of this Part of this Schedule, the assets mentioned in sub-paragraph (1) of this paragraph are referred to as " the acquired assets ".

7.—(1) The first of the amounts mentioned in the last preceding paragraph is the amount which results from—

(*a*) ascertaining the total expenditure to which Chapter III applies which was incurred either on the acquired assets by any predecessor in the working of the source for the purposes of his trade and in connection with that source or by the trader for the purposes of his trade and in connection with the source ; and

(*b*) subtracting therefrom the sums specified in sub-paragraph (2) of this paragraph ; and

(*c*) applying to the result the fraction specified in sub-paragraph (3) of this paragraph.

(2) The said sums are—

(*a*) where any of the acquired assets have, before the appointed day, been sold by the trader, so much of the said expenditure incurred by any predecessor in the working of the source as is attributable to that asset ;

(*b*) where any asset representing any part of the expenditure incurred by the trader as aforesaid before the appointed day has, before the appointed day, been sold by him, the amount of that expenditure which is attributable to that asset ; and

(*c*) where any of the acquired assets or any asset representing any such expenditure as aforesaid of the trader consists of buildings or structures (not being buildings or structures sold by the trader before the appointed day) any relevant mills, factories or exceptional depreciation allowances made in respect of the buildings or structures for any year of assessment before that in which the appointed day falls.

(3) The said fraction is the fraction of which—

(*a*) the numerator represents the total potential future output from the source, estimated as on the appointed day ; and

(*b*) the denominator represents the sum of the total output from the source before the appointed day and the said total potential future output.

8.—(1) The second of the said amounts is the amount which results from—

(*a*) adding the price paid by the trader for the acquired assets to all the expenditure to which Chapter III applies which he incurred for the purposes of the trade and in connection with the source between the time when he acquired those assets and the appointed day ; and

(*b*) subtracting from the total the sums specified in sub-paragraph (2) of this paragraph ; and

(*c*) applying to the result the fraction specified in sub-paragraph (3) of this paragraph.

12TH SCH. —*cont.*

(2) The said sums are—

(*a*) where any asset representing the expenditure mentioned in paragraph (*a*) of sub-paragraph (1) of this paragraph has, before the appointed day, been sold by the trader, the amount of that expenditure which is attributable to that asset; and

(*b*) where any of the acquired assets has, before the appointed day, been sold by the trader, the price paid by the trader for the asset; and

(*c*) where the assets representing that expenditure, not being assets sold by the trader before the appointed day, consist of or include buildings or structures, any relevant mills, factories or exceptional depreciation allowances made to him in respect of the buildings or structures for any year of assessment before the year in which the appointed day falls.

(3) The said fraction is the fraction of which—

(*a*) the numerator represents the total potential future output of the source, estimated as at the appointed day; and

(*b*) the denominator represents the sum of the total output from the source between the date of the acquisition of the acquired assets and the appointed day and the said total potential future output.

THIRTEENTH SCHEDULE

Sections 318 & 333.

EFFECT OF DEATHS, WINDINGS UP AND PARTNERSHIP CHANGES ON CERTAIN CHARGES IN RESPECT OF PATENT RIGHTS

1. Where a person on whom, by reason of the receipt of a capital sum, a charge falls or would otherwise fall to be made under section three hundred and eighteen of this Act dies or, being a body corporate, commences to be wound up—

(*a*) no sums shall be charged under the said section on that person for any year subsequent to that in which the death takes place or the winding up commences; and

(*b*) the amount falling to be charged for the year in which the death occurs or the winding up commences shall be increased by the total amounts which, but for the death or winding up, would have fallen to be charged for subsequent years:

Provided that, in the case of a death, the personal representatives may, by notice in writing served on the surveyor not later than twenty-one days after notice has been served on them of the charge falling to be made by virtue of this paragraph, require that the income tax (including surtax) payable out of the estate of the deceased by reason of the increase provided for by this paragraph shall be reduced so as not to exceed the total amount of income tax (including surtax) which would have been payable by him or out of his estate by reason of the operation of the said section three hundred and eighteen in relation to that sum, if, instead of the amount falling to be charged for the year in which the death occurs being increased by the whole amount of the sums charged

13TH SCH. —*cont.*

for subsequent years, the several amounts falling to be charged for the years beginning with that in which the capital sum was received and ending with that in which the death occurred had each been increased by the said whole amount divided by the number of those years.

2. Where, under the provisions of Chapter VI of Part X of this Act relating to partnerships, a charge under the said section three hundred and eighteen falls to be made on two or more persons jointly as being the persons for the time being carrying on a trade, and that trade is discontinued, the provisions of paragraph 1 of this Schedule shall have effect in relation to the discontinuance as they have effect where a body corporate commences to be wound up:

Provided that—

(*a*) the additional sum which, under the said paragraph, falls to be charged for the year in which the discontinuance occurs shall be apportioned among the members of the partnership immediately before the discontinuance, according to their respective interests in the partnership profits before the discontinuance, and each partner (or, if he is dead, his personal representatives) charged separately for his proportion; and

(*b*) each partner, or, if he is dead, his personal representatives, shall have the same right to require a reduction of the total income tax (including surtax) payable by him or out of his estate by reason of the increase as would have been exercisable by the personal representatives under the said paragraph 1 in the case of a death, and the proviso to the said paragraph shall have effect accordingly, but as if references to the amount of income tax (including surtax) which would have been payable by the deceased or out of his estate in the event therein mentioned were a reference to the amount of income tax (including surtax) which would in that event have fallen to be paid or borne by the partner in question or out of his estate.

3. In this Schedule, any references to the income tax (including surtax) paid or borne or payable or falling to be paid or borne by a person include, in cases where the income of a wife is deemed to be income of the husband, references to the income tax (including surtax) paid or borne, or payable or falling to be paid or borne, by his wife or her husband, as the case may be.

Sections 327, 329, 333, 339, 482 & 531.

FOURTEENTH SCHEDULE

SPECIAL PROVISIONS AS TO OPERATION OF PARTS X AND XI IN RELATION TO CERTAIN SALES

1. This Schedule has effect in relation to the sales specified in section three hundred and twenty-seven of this Act, that is to say, sales of any property where either—

(*a*) the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the

buyer has control, or both the seller and the buyer are bodies of persons and some other person has control over both of them ; or

(*b*) it appears with respect to the sale, or with respect to transactions of which the sale is one, that the sole or main benefit which, apart from the provisions of this Schedule, might have been expected to accrue to the parties or any of them was the obtaining of an allowance or deduction under Part X or Part XI of this Act.

References in this paragraph to a body of persons include references to a partnership.

2. Where the property is sold at a price other than that which it would have fetched if sold in the open market, then, subject to the following provisions of this Schedule, the like consequences shall ensue for the purposes of the said Parts X and XI, in their application to the income tax of all persons concerned, as would have ensued if the property had been sold for the price which it would have fetched if sold in the open market.

3.—(1) Subject to the provisions of this paragraph, where the sale is a sale of machinery or plant—

(*a*) no initial allowance shall be made to the buyer ; and

(*b*) subject to the provisions of paragraph 4 of this Schedule, if the price which the property would have fetched if sold in the open market is greater than the limit of recharge on the seller, paragraph 2 of this Schedule shall have effect as if for the reference to the price which the property would have fetched if sold in the open market there were substituted a reference to the said limit of recharge:

Provided that—

(i) this sub-paragraph shall not apply in relation to a sale of machinery or plant which has never been used if the business or part of the business of the seller was the manufacture or supply of machinery or plant of that class and the sale was effected in the ordinary course of the seller's business ; and

(ii) where the sale is one to which sub-paragraph (*a*) of paragraph 1 of this Schedule applies and took place before the appointed day, and the seller acquired the machinery or plant on or after the sixth day of April, nineteen hundred and forty-four, paragraph (*a*) of this sub-paragraph shall not apply.

(2) Where, in the case of any sale of machinery or plant—

(*a*) the sale is one to which sub-paragraph (*a*) of paragraph 1 of this Schedule applies and sub-paragraph (*b*) of the said paragraph 1 does not apply ; and

(*b*) an initial allowance fell to be made to the seller of the machinery or plant in respect of the capital expenditure which he incurred on the provision thereof ; and

(*c*) a balancing charge is made on the seller by reason of the sale ; and

14TH SCH. —*cont.*

(*d*) the price which the machinery or plant would have fetched if sold in the open market at the time of the sale exceeds three-fifths of the limit of recharge on the seller,

paragraph (*a*) of sub-paragraph (1) of this paragraph shall not apply, but the initial allowance to the buyer shall not exceed whichever of the three following amounts is the least, that is to say—

(i) the excess of the said price over three-fifths of the said limit of recharge;

(ii) the initial allowance which fell to be made to the seller as aforesaid; and

(iii) the amount on which a balancing charge is made on the seller as aforesaid:

Provided that where the capital expenditure referred to in paragraph (*b*) of this sub-paragraph was incurred before the sixth day of April, nineteen hundred and forty-nine, this sub-paragraph shall have effect as if for the words "three-fifths" in both places where they occur there were substituted the words "four-fifths".

(3) In this paragraph, "the limit of recharge" means, in relation to a person who sells machinery or plant—

(*a*) if he provided that machinery or plant for himself before the appointed day, the actual cost to him of the machinery or plant, including in that actual cost any expenditure in the nature of capital expenditure on machinery or plant by way of renewal, improvement or reinstatement;

(*b*) if he provided the machinery or plant for himself on or after the appointed day, the expenditure incurred by him on the provision thereof.

4.—(1) Where the sale is one to which sub-paragraph (*a*) of paragraph 1 of this Schedule applies and sub-paragraph (*b*) of that paragraph does not apply, and the parties to the sale by notice in writing to the surveyor so elect, the following provisions shall have effect—

(*a*) paragraph 2 of this Schedule shall have effect as if for the reference to the price which the property would have fetched if sold in the open market there were substituted a reference to that price or to the sum hereinafter mentioned, whichever is the lower; and

(*b*) paragraph (*b*) of sub-paragraph (1) of the last preceding paragraph shall not apply; and

(*c*) notwithstanding anything in the preceding provisions of this Schedule, such balancing charge, if any, shall be made on the buyer on any event occurring after the date of the sale as would have fallen to be made on the seller if the seller had continued to own the property and had done all such things and been allowed all such allowances or deductions in connection therewith as were done by or allowed to the buyer.

14TH SCH. —*cont.*

(2) The sum referred to in paragraph (*a*) of sub-paragraph (1) of this paragraph is—

(*a*) in the case of an industrial building or structure, the residue of the expenditure on the construction of that building or structure immediately before the sale, computed in accordance with the provisions of section two hundred and sixty-eight of this Act;

(*b*) in the case of machinery or plant, the amount of the expenditure on the provision thereof still unallowed immediately before the sale, computed in accordance with the provisions of section two hundred and ninety-seven of this Act;

(*c*) in the case of assets representing expenditure to which Chapter III of Part X of this Act applies, the residue of the expenditure attributable to those assets immediately before the sale, computed in accordance with the provisions of the said Chapter III; and

(*d*) in the case of patent rights, the amount of any capital expenditure on the acquisition thereof remaining unallowed, computed in accordance with the provisions of section three hundred and seventeen of this Act.

FIFTEENTH SCHEDULE

Sections 332 & 333.

SUPPLEMENTARY PROVISIONS AS TO ALLOWANCES FOR CONTRIBUTIONS TOWARDS THE EXPENDITURE OF OTHER PERSONS

1. Subject to the provisions of this Schedule, the amount of the allowances and the manner in which they are to be made shall be determined on the following basis—

(*a*) the asset shall be deemed to continue at all material times to be in use for the purposes of the trade;

(*b*) where the asset is machinery or plant and, when the contribution was made, the trade was carried on or to be carried on by a tenant of land in which the contributor has an interest, the contributor shall be deemed to have let the machinery or plant to the said tenant on such terms that the burden of the wear and tear thereof falls directly on the contributor.

2. Where, when the contribution was made, the trade for the purposes of which it was made was carried on or to be carried on by the contributor, the following provisions shall have effect on any transfer of the trade or any part of the trade—

(*a*) where the transfer is of the whole trade, the annual allowance for the year of assessment in which the transfer takes place and all subsequent years of assessment shall be made to the transferee;

(*b*) where the transfer is of part only of the trade, the provisions of sub-paragraph (*a*) of this paragraph shall have effect with respect to so much of the allowance as is properly referable to the part of the trade transferred.

15TH SCH. —*cont.*

3.—(1) Where, when the contribution was made, the trade was carried on or to be carried on by a tenant of land in which the contributor had an interest, the annual allowance for any year of assessment shall be made to the person who, at the end of that year, is entitled to the contributor's interest in the land, and the provisions of Part X of this Act defining, for the purposes of Chapter I thereof, " the relevant interest " shall, with the necessary modifications, apply in relation to a contribution made for the purposes of a trade carried on or to be carried on by a tenant of land as they apply in relation to expenditure incurred on the construction of a building or structure.

(2) Subsection (2) of section two hundred and sixty-six of this Act (which relates to the effect of sales on the amount of annual allowances) shall not apply in relation to annual allowances to be made in respect of contributions.

4. Paragraphs 2 and 3 of this Schedule shall not apply where the trade is husbandry in the United Kingdom or the occupation of woodlands in the United Kingdom, and in lieu thereof the provisions of subsection (4) of section three hundred and fourteen of this Act (which relate to the effect of transfers of land) shall apply with any necessary modifications.

Sections 347, 348 & 528 & Sch. XVII.

SIXTEENTH SCHEDULE

PROVISIONS AS TO RELIEF FROM INCOME TAX AND THE PROFITS TAX BY WAY OF CREDIT IN RESPECT OF FOREIGN TAX

Interpretation

1.—(1) In this Schedule, except where the context otherwise requires—

" the United Kingdom taxes " means income tax and the profits tax ;

" foreign tax " means, in relation to any territory arrangements with the Government of which have effect by virtue of section three hundred and forty-seven of this Act, any tax chargeable under the laws of that territory for which credit may be allowed under the arrangements ;

" foreign income tax " means any foreign tax which corresponds to income tax ;

" income ", in relation to the profits tax, means profits.

(2) Where arrangements having effect by virtue of the said section three hundred and forty-seven provide for any tax chargeable under the laws of the territory concerned being treated as income tax or as a profits tax, that tax shall, notwithstanding anything in the preceding provisions of this paragraph, be treated as foreign income tax or foreign tax other than foreign income tax, as the case may be.

(3) Any reference in this Schedule to foreign tax or foreign income tax shall be construed, in relation to credit to be allowed under any arrangements, as a reference only to tax chargeable under the laws of the territory with the Government of which the arrangements were made.

General

2.—(1) Subject to the provisions of this Schedule, where, under the arrangements, credit is to be allowed against any of the United Kingdom taxes chargeable in respect of any income, the amount of the United Kingdom taxes so chargeable shall be reduced by the amount of the credit.

(2) The credit to be allowed shall be first applied in reducing the amount of any profits tax chargeable in respect of the income and, so far as it cannot be so applied, in reducing the income tax chargeable in respect thereof.

(3) Nothing in this paragraph authorises the allowance of credit against any United Kingdom tax against which credit is not allowable under the arrangements.

Requirement as to residence

3. Credit shall not be allowed against the profits tax for any chargeable accounting period or against income tax for any year of assessment unless the person in respect of whose income the tax is chargeable is resident in the United Kingdom for that period or year.

Limit on total credit—the profits tax

4. The amount of the credit to be allowed against the profits tax in respect of any income for foreign tax shall not exceed the profits tax attributable to that income.

Limit on total credit—income tax

5.—(1) The amount of the credit to be allowed against income tax in respect of any income for foreign tax shall not exceed the sum which would be produced by computing the amount of that income in accordance with this Act, and then charging it to income tax for the year of assessment for which the credit is to be allowed, but at the following rate, that is to say—

(*a*) in the case of a person whose income is chargeable to income tax at the standard rate only, a rate ascertained by dividing the income tax payable by him for the year by the amount of his total income for the year ;

(*b*) in the case of a person part of whose total income is chargeable to income tax at a rate or rates in excess of the standard rate, the sum of the following rates—

(i) the rate which would have been the appropriate rate in his case if his income had been chargeable at the standard rate only ; and

16TH SCH. —*cont.*

(ii) the rate ascertained by dividing the surtax payable by him for the year by the amount of his total income for the year:

Provided that where, under the arrangements, credit is not to be allowed against surtax for the year, the rate shall be calculated in all cases as in the case of persons whose incomes are chargeable to income tax at the standard rate only, and where, under the arrangements, credit is not to be allowed except against surtax for the year, the rate shall be that ascertained by dividing the surtax payable by the person in question for the year by the amount of his total income for the year.

(2) For the purpose of determining the said rate, the tax payable by any person for any year shall be computed without regard to any relief in respect of life assurance premiums and without any reduction thereof for any credit allowed or to be allowed under any arrangements having effect by virtue of section three hundred and forty-seven of this Act, but shall be deemed to be reduced by any tax which, otherwise than under section one hundred and eighty-four of this Act, he is entitled to charge against any other person, and the total income of any person shall be deemed to be reduced by the amount of any income the income tax upon which he is entitled to charge as aforesaid.

6. Without prejudice to the provisions of the last preceding paragraph, the total credit to be allowed to a person against income tax for any year of assessment for foreign tax under all arrangements having effect by virtue of section three hundred and forty-seven of this Act shall not exceed the total income tax payable by him for that year of assessment, less any tax which, otherwise than under section one hundred and eighty-four of this Act, he is entitled to charge against any other person.

Effect on computation of income of allowance of credit

7.—(1) Subject to the provisions of this paragraph, where credit for foreign tax falls to be allowed against any of the United Kingdom taxes in respect of any income, no deduction for foreign tax (whether in respect of that or any other income) shall be made in computing the amount of that income for the purposes of the profits tax.

(2) Where the income includes a dividend and, under the arrangements, foreign tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be allowed against the United Kingdom taxes in respect of the dividend, the amount of the income shall, for the purposes of the profits tax, be treated as increased by the amount of the foreign tax not so chargeable which falls to be taken into account in computing the amount of the credit.

(3) Notwithstanding anything in the preceding provisions of this paragraph, where part of the foreign tax in respect of the income (including any foreign tax which, under sub-paragraph (2) of this paragraph, falls to be treated as increasing the amount of the income)

cannot be allowed as a credit against any of the United Kingdom taxes, the amount of the income shall be treated for the purposes of the profits tax as reduced by that part of that foreign tax.

8.—(1) Where credit for foreign tax falls to be allowed against any of the United Kingdom taxes in respect of any income, the following provisions of this paragraph shall have effect as respects the computation, for the purposes of income tax, of the amount of that income.

(2) Where the income tax payable depends on the amount received in the United Kingdom, the said amount shall be treated as increased by the amount of the credit allowable against income tax.

(3) Where sub-paragraph (2) of this paragraph does not apply—

(*a*) no deduction shall be made for foreign tax (whether in respect of the same or any other income); and

(*b*) where the income includes a dividend and under the arrangements foreign tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be allowed against the United Kingdom taxes in respect of the dividend, the amount of the income shall be treated as increased by the amount of the foreign tax not so chargeable which falls to be taken into account in computing the amount of the credit; but

(*c*) notwithstanding anything in the preceding provisions of this sub-paragraph, where any part of the foreign tax in respect of the income (including any foreign tax which, under paragraph (*b*) of this sub-paragraph, falls to be treated as increasing the amount of the income) either falls to be allowed as a credit against the profits tax, or cannot be allowed as a credit against any of the United Kingdom taxes, the amount of the income shall be treated for the purposes of income tax as reduced by that part of that foreign tax.

(4) In relation to the computation of the total income of a person for the purpose of determining the rate mentioned in paragraph 5 of this Schedule, the preceding provisions of this paragraph shall have effect subject to the following modifications—

(*a*) for the reference in sub-paragraph (2) to the amount of the credit allowable against income tax, there shall be substituted a reference to the amount of the foreign tax in respect of the income (in the case of a dividend, foreign tax not chargeable directly or by deduction in respect of the dividend being left out of account); and

(*b*) paragraphs (*b*) and (*c*) of sub-paragraph (3) shall not apply,

and subject to those modifications shall have effect in relation to all income in the case of which credit falls to be allowed for foreign tax under any arrangements for the time being in force by virtue of section three hundred and forty-seven of this Act.

16TH SCH. —*cont.*

Special provisions as to dividends

9. Where, in the case of any dividend, foreign tax not chargeable directly or by deduction in respect of the dividend is, under the arrangements, to be taken into account in considering whether any, and if so what, credit is to be allowed against the United Kingdom taxes in respect of the dividend, the foreign tax not so chargeable which is to be taken into account shall be that borne by the body corporate paying the dividend upon the relevant profits in so far as it is properly attributable to the proportion of the relevant profits which is represented by the dividend.

The relevant profits are—

(*a*) if the dividend is paid for a specified period, the profits of that period;

(*b*) if the dividend is not paid for a specified period, but is paid out of specified profits, those profits;

(*c*) if the dividend is paid neither for a specified period nor out of specified profits, the profits of the last period for which accounts of the body corporate were made up which ended before the dividend became payable:

Provided that if, in a case falling under sub-paragraph (*a*) or sub-paragraph (*c*) of this paragraph, the total dividend exceeds the profits available for distribution of the period mentioned in the said sub-paragraph (*a*) or the said sub-paragraph (*c*), as the case may be, the relevant profits shall be the profits of that period plus so much of the profits available for distribution of preceding periods (other than profits previously distributed or previously treated as relevant for the purposes of this paragraph) as is equal to the excess; and for the purposes of this proviso the profits of the most recent preceding period shall first be taken into account, then the profits of the next most recent preceding period, and so on.

Profits which have been treated as relevant for the purposes of paragraph 9 of the Seventh Schedule to the Finance (No. 2) Act, 1945, as well as profits which have been treated as relevant for the purposes of paragraph 9 of Part I of the Ninth Schedule to the Finance Act, 1947, shall be deemed for the purposes of this paragraph to be profits previously treated as relevant for the purposes of this paragraph.

10. Where—

(*a*) the arrangements provide, in relation to dividends of some classes, but not in relation to dividends of other classes, that foreign tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be allowed against the United Kingdom taxes in respect of the dividends; and

(*b*) a dividend is paid which is not of a class in relation to which the arrangements so provide,

then, if the dividend is paid to a company which controls, directly or indirectly, not less than one-half of the voting power in the

company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

11. Any relief granted under section two hundred and one of this Act (which provides for relief from income tax on dividends from companies resident abroad) shall, for the purposes of paragraph 2 of this Schedule, be deemed to reduce the amount of United Kingdom income tax chargeable in respect of the dividend in question.

Miscellaneous

12. Credit shall not be allowed under the arrangements against the United Kingdom taxes chargeable in respect of any income of any person if he elects that credit shall not be allowed in respect of that income.

13.—(1) Subject to the provisions of paragraph 15 of this Schedule, any claim for an allowance by way of credit for foreign tax in respect of any income shall be made to the surveyor not later than six years from the end of the relevant year of assessment, and, if the surveyor objects to any such claim, it shall be heard and determined by the Special Commissioners as if it were an appeal to them against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall, with the necessary modifications, apply accordingly.

(2) In this paragraph, "the relevant year of assessment" means, in relation to credit for foreign tax in respect of any income, the year of assessment for which that income falls to be charged to income tax or would fall so to be charged if any income tax were chargeable in respect thereof.

14.—(1) The provisions of this paragraph shall have effect where, by virtue of a notice given under section twenty-two of the Finance Act, 1937 (which relates to subsidiary companies), profits of a body corporate fall to be treated for any of the purposes of the enactments relating to the profits tax as profits of another body corporate:

Provided that this paragraph shall not apply where credit is not allowable under the arrangements against the profits tax.

(2) Any election under paragraph 12 of this Schedule as respects any income of the first mentioned body corporate and any claim for an allowance by way of credit for foreign tax in respect of any income of the first mentioned body corporate must be made jointly by both bodies corporate.

(3) If both bodies corporate jointly so elect, any credit falling to be allowed for foreign income tax in respect of income of the first mentioned body corporate shall, notwithstanding anything in paragraph 2 of this Schedule, be applied first in reducing the income tax chargeable in respect of that income.

15. Where the amount of any credit given under the arrangements is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in the United Kingdom or

16TH SCH. —*cont.*

under the laws of any other territory, nothing in this Act or in the enactments relating to the profits tax limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than six years from the time when all such assessments, adjustments and other determinations have been made, whether in the United Kingdom or elsewhere, as are material in determining whether any and if so what credit falls to be given.

Sections 348 & 528.

SEVENTEENTH SCHEDULE

UNILATERAL DOUBLE TAXATION RELIEF

PART I

PROVISIONS FOR CREDIT BY WAY OF UNILATERAL RELIEF

1. Credit for tax paid under the law of the territory outside the United Kingdom in respect of income arising in that territory shall be allowed against any United Kingdom income tax or profits tax chargeable in respect of that income:

Provided that—

(*a*) where the territory is the Isle of Man or any of the Channel Islands, the limitation to income arising in the territory shall not apply;

(*b*) where arrangements with the Government of the territory are for the time being in force by virtue of section three hundred and forty-seven of this Act, credit for tax paid under the law of the territory shall not be allowable under this paragraph in the case of any income if any credit for that tax is allowable under those arrangements in the case of that income.

2. Profits from or remuneration for personal or professional services performed in the territory shall be deemed to be income arising in the territory for the purpose of the preceding paragraph.

3. Where a dividend paid by a company resident in the territory is paid to a company resident in the United Kingdom which controls, directly or indirectly, not less than one-half of the voting power in the company paying the dividend, tax paid under the law of the territory by the first mentioned company in respect of its profits shall be taken into account in considering whether any, and if so what, credit is to be allowed in respect of the dividend.

4. The following provisions shall, without prejudice to the generality of the last preceding paragraph, have effect where the territory is within the Commonwealth territories—

(*a*) where the income arising in the territory is an ordinary dividend paid by a company which is resident in the territory, tax paid under the law of the territory by the company in respect of its profits shall be taken into account in considering whether any, and if so what, credit is to be allowed in respect of the dividend; and

(*b*) where the income arising in the territory is a dividend paid by a company resident in the territory on participating preference shares and represents both a dividend at the fixed rate to which the shares are entitled and an additional

participation in profits, sub-paragraph (*a*) of this paragraph shall apply in relation to so much of the dividend as represents the said additional participation in profits as if that part of the dividend were an ordinary dividend. 17TH SCH. —*cont.*

PART II

MODIFICATIONS OF SIXTEENTH SCHEDULE TO THIS ACT APPLICABLE TO UNILATERAL RELIEF

1. Notwithstanding anything in paragraph 3 of the Sixteenth Schedule to this Act (which provides that relief by way of credit shall be given only where the person in question is resident in the United Kingdom)—

(*a*) credit by way of unilateral relief for tax paid under the law of the Isle of Man or any of the Channel Islands may be allowed if the person in question is, for the chargeable accounting period or year of assessment in question, resident either in the United Kingdom or in the Isle of Man or the Channel Islands, as the case may be ;

(*b*) credit by way of unilateral relief for tax paid under the law of any territory in respect of income from an office or employment of profit the duties whereof are performed wholly or mainly in that territory may be allowed against income tax chargeable under Schedule E in respect of that income if the person in question is, for the year of assessment in question, resident either in the United Kingdom or that territory.

2. In sub-paragraph (3) of paragraph 7 of the said Sixteenth Schedule (which provides that tax which can be allowed as a credit neither against income tax nor against the profits tax shall be allowed as a deduction in computing the amount of the income chargeable to the profits tax), after the words " the amount of the income," where they last occur, there shall, in relation to credit by way of unilateral relief, be deemed to be inserted the words " of the trade or business in question for the chargeable accounting period next following the period on the income of which the foreign tax was paid ".

EIGHTEENTH SCHEDULE

Sections 349, 350 & 437.

AGREEMENTS, ETC., FOR AVOIDANCE OF DOUBLE TAXATION IN THE CASE OF THE REPUBLIC OF IRELAND

PART I

TEXT OF AGREEMENTS

[*Note.—Article 2 of the first agreement, which was superseded by Article 2 of the second agreement, is omitted*]

AGREEMENT MADE THE 14TH APRIL, 1926, BETWEEN THE BRITISH GOVERNMENT AND THE GOVERNMENT OF THE IRISH FREE STATE IN RESPECT OF DOUBLE INCOME TAX

The British Government and the Government of the Irish Free State, being desirous of concluding an Agreement for the reciprocal exemption from income tax and super-tax of persons who are resident

18TH SCH. —*cont.*

in Great Britain (including Northern Ireland) or in the Irish Free State but are not resident in both countries and for the reciprocal granting of relief from double taxation in respect of income tax (including super-tax) to persons who are resident in both countries, and being desirous of making such supplemental consequential and incidental provisions as appear necessary or proper for the purposes of such Agreement, have agreed as follows :—

1.—(*a*) Any person who proves to the satisfaction of the Commissioners of Inland Revenue that for any year he is resident in the Irish Free State and is not resident in Great Britain or Northern Ireland shall be entitled to exemption from British income tax for that year in respect of all property situate and all profits or gains arising in Great Britain or Northern Ireland and to exemption from British super-tax for that year.

(*b*) Any person who proves to the satisfaction of the Revenue Commissioners that for any year he is resident in Great Britain or Northern Ireland and is not resident in the Irish Free State shall be entitled to exemption from Irish Free State income tax for that year in respect of all property situate and all profits or gains arising in the Irish Free State, and to exemption from Irish Free State super-tax for that year.

(*c*) Exemption under this Article may be given either by discharge or by repayment of tax, or otherwise, as the case may require.

. . . . . .

3.—(*a*) Any person who is entitled to exemption from British income tax by virtue of Article 1 (*a*) of this Agreement in respect of property situate and profits or gains arising in Great Britain or Northern Ireland shall, if and so far as the Oireachtas of the Irish Free State so provides, and subject to any exemption or relief to which he may be entitled under the laws in force in the Irish Free State, be chargeable to Irish Free State income tax in respect of such property profits or gains.

(*b*) Any person who is entitled to exemption from Irish Free State income tax by virtue of Article 1 (*b*) of this Agreement in respect of property situate and profits or gains arising in the Irish Free State shall, if and so far as the British Parliament so provides, and subject to any exemption or relief to which he may be entitled under the laws in force in Great Britain and Northern Ireland, be chargeable to British income tax in respect of such property profits or gains.

(*c*) Any person who is entitled to relief by virtue of Article 2 of this Agreement shall, subject to such relief, be chargeable, if and so far as the British Parliament so provides, to British income tax in respect of property situate and profits or gains arising in the Irish Free State in like manner in all respects as if he were resident in Great Britain or Northern Ireland but not resident in the Irish Free State and shall, subject to such relief as aforesaid, be chargeable, if and so far as the Oireachtas of the Irish Free State so provides, to Irish Free State income tax in respect of property situate and profits or gains arising in Great Britain or Northern Ireland in like manner in all respects as if he were resident in the Irish Free State but not resident in Great Britain or Northern Ireland.

18TH SCH. —*cont.*

4. For the purpose of this Agreement a company, whether incorporated by or under the laws of Great Britain or of Northern Ireland or of the Irish Free State or otherwise, shall be deemed to be resident in that country only in which its business is managed and controlled.

5. The Commissioners of Inland Revenue and the Revenue Commissioners may from time to time make arrangements generally for carrying out this Agreement and may in particular make such arrangements as may be practicable to avoid the collection of both British and Irish Free State income tax on the same income without allowance for any relief due under this Agreement, and the Commissioners of Inland Revenue and the Revenue Commissioners may make such regulations as they respectively think fit for carrying out such arrangements.

6. The obligation as to secrecy imposed by any enactment with regard to income tax shall not prevent the disclosure by any authorised officer of the British Government to any authorised officer of the Government of the Irish Free State or by any authorised officer of the Government of the Irish Free State to any authorised officer of the British Government of such facts as may be necessary to enable full effect to be given to this Agreement.

7. Any question that may arise between the parties to this Agreement as to the interpretation of this Agreement or as to any matter arising out of or incidental to the Agreement shall be determined by such tribunal as may be agreed between them, and the determination of such tribunal shall, as between them, be final.

8. This Agreement shall be subject to confirmation by the British Parliament and by the Oireachtas of the Irish Free State and shall have effect only if and so long as legislation confirming the Agreement is in force both in Great Britain and Northern Ireland and in the Irish Free State.

Dated this fourteenth day of April, nineteen hundred and twenty-six.

(Signed)

WINSTON S. CHURCHILL,
Chancellor of the Exchequer.

EARNÁN DE BLAGHD,
Minister for Finance,
Saorstat Eireann.

AGREEMENT MADE THE 25TH DAY OF APRIL, 1928, BETWEEN THE BRITISH GOVERNMENT AND THE GOVERNMENT OF THE IRISH FREE STATE AMENDING THE AGREEMENT MADE ON THE 14TH DAY OF APRIL, 1926, BETWEEN THE SAID GOVERNMENTS IN RESPECT OF DOUBLE INCOME TAX

With a view to making such alterations in the Agreement made the 14th April, 1926, between the British Government and the Government of the Irish Free State in respect of Double Income Tax as may be necessary in consequence of the alterations in the British Income Tax Acts effected by the British Finance Act, 1927, and of the

18TH SCH. —*cont.*

alterations contemplated in the Irish Free State Income Tax Acts, it is hereby agreed between the said Governments that the said Agreement shall be amended as follows:—

1.—(*a*) In Article 1 (*a*) of the said Agreement the words "British income tax" shall as respects the year 1928-29 and any subsequent year be construed as meaning British income tax charged or chargeable at the standard rate and the expression "British super-tax" shall for the year 1928-29 include British sur-tax and shall for subsequent years mean British sur-tax.

(*b*) In Article 1 (*b*) of the said Agreement the expression "Irish Free State super-tax" shall for the year 1928-29 include Irish Free State sur-tax and shall for subsequent years mean Irish Free State sur-tax.

2. The following Article shall be substituted for Article 2 of the said Agreement:—

2.—(1) Relief from double taxation in respect of income tax (including sur-tax) in the case of any person who is resident both in Great Britain or Northern Ireland and in the Irish Free State shall be allowed from British income tax and Irish Free State tax respectively in accordance with and under the provisions of Section 27 of the Finance Act, 1920, provided that—

(*a*) the rate of relief to be allowed from British income tax shall be one-half of that person's appropriate rate of British income tax or one-half of his appropriate rate of Irish Free State tax, whichever is the lower;

(*b*) the rate of relief to be allowed from Irish Free State tax shall be one-half of that person's appropriate rate of British income tax or one-half of his appropriate rate of Irish Free State tax, whichever is the lower;

(*c*) the appropriate rate of British income tax for any year shall in the case of a person whose income is chargeable to British income tax at the standard rate only be a rate ascertained by dividing the amount of tax payable by him for that year in respect of his total income (before deduction of any relief granted in respect of life assurance premiums or any relief granted under the provisions of Section 27 of the Finance Act, 1920, as amended by this Article) by the amount of his total income and shall in the case of a person part of whose total income is chargeable to British income tax at a rate or rates in excess of the standard rate be the sum of the following rates:—

(i) the rate which would have been the appropriate rate in the case of that person if his income had been chargeable at the standard rate only, and

(ii) the rate ascertained by dividing the amount of the British sur-tax payable by that person for that year by the amount of his total income for that year;

(*d*) the appropriate rate of Irish Free State tax for any year shall in the case of a person whose income is chargeable in the Irish Free State to income tax only be a rate

18TH SCH. —*cont.*

ascertained by dividing the amount of tax payable by him for that year in respect of his total income (before deduction of any relief granted in respect of life assurance premiums or any relief granted under the provisions of Section 27 of the Finance Act, 1920, as amended by this Article) by the amount of his total income, and shall in the case of a person whose income is chargeable to Irish Free State sur-tax be the sum of the following rates:—

(i) the rate which would have been the appropriate rate in the case of that person if his income had been chargeable to income tax only, and

(ii) the rate ascertained by dividing the amount of the Irish Free State sur-tax payable by that person for that year by the amount of his total income for that year;

(*e*) relief under this Article from British income tax allowable to any person for any year shall be given as to such an amount as would be due if his income for the year were chargeable to British income tax at the standard rate only and to Irish Free State income tax only by repayment of or set off against the tax at the standard rate payable by him for that year, and as to any balance by repayment of or set off against any British sur-tax payable by him for that year;

(*f*) relief under this Article from Irish Free State tax allowable to any person for any year shall be given as to such an amount as would be due if his income for the year were chargeable to British income tax at the standard rate only and to Irish Free State income tax only by repayment of or set off against the income tax payable by him for that year, and as to any balance by repayment of or set off against any Irish Free State sur-tax payable by him for that year.

(2) Relief from double taxation to super-tax for the year 1928-29 in the case of any person who is resident both in Great Britain or Northern Ireland and in the Irish Free State shall be allowed, in accordance with and under the provisions of Section 27 of the Finance Act, 1920, so far as applicable, from British super-tax for that year and Irish Free State super-tax for that year respectively at one-half of the lower of the two following rates:—

(*a*) that person's rate of British super-tax for the year 1928-29 ascertained by dividing the amount of the super-tax payable by him for that year by the amount of his total income from all sources for that year as estimated for super-tax purposes,

(*b*) that person's rate of Irish Free State super-tax for the year 1928-29 ascertained by dividing the amount of the super-tax payable by him for that year by the amount of his total income from all sources for that year as estimated for super-tax purposes.

18TH SCH. —*cont.*

(3) For the purposes of this Article references to Section 27 of the Finance Act, 1920, shall in relation to British taxation be construed as references to that section subject to the amendments thereof effected by the British Finance Act, 1927, other than the amendment of the said section numbered (iv) in Part II of the Fifth Schedule to the said Act of 1927.

3. This Agreement shall be subject to confirmation by the British Parliament and by the Oireachtas of the Irish Free State and shall have effect only if and so long as legislation confirming the Agreement is in force both in Great Britain and Northern Ireland and in the Irish Free State.

Dated this 25th day of April, nineteen hundred and twenty-eight.

(Signed)

WINSTON S. CHURCHILL,
Chancellor of the Exchequer.

EARNÁN DE BLAGHD,
Minister for Finance,
Saorstat Eireann.

AGREEMENT BETWEEN THE UNITED KINGDOM GOVERNMENT AND THE EIRE GOVERNMENT AMENDING THE AGREEMENT OF 1926 (AS AMENDED BY THE AGREEMENT OF 1928) IN RESPECT OF DOUBLE INCOME TAX

With a view to making such alterations in the Agreement dated the 14th April, 1926 (as amended by the Agreement dated the 25th April, 1928) made between the British Government and the Government of the Irish Free State in respect of Double Income Tax as may be necessary in consequence of the alterations in the British Income Tax Acts effected by section 52 of the British Finance (No. 2) Act, 1945, it is hereby agreed between the United Kingdom Government and the Eire Government that the said Agreement (as amended as aforesaid) shall be further amended as follows:—

1. In Article 1 (*a*) of the said Agreement, the words "British income tax" shall, as regards any dividend in respect of which relief or repayment in respect of the tax deducted or authorised to be deducted therefrom is restricted by section 52 (2) (*a*) of the British Finance (No. 2) Act, 1945, to "the net United Kingdom rate" therein referred to, be construed as meaning British income tax at the said net United Kingdom rate applicable to such dividend for the purposes of the said section.

2. The rate of relief to be allowed from British income tax under Article 2 (1) (*a*) of the said Agreement shall, as regards any dividend such as is mentioned in Article 1 of this Agreement, not exceed, in the case of a person whose income is chargeable to British income tax at the standard rate only, the net United Kingdom rate applicable to such dividend for the purposes of the said section 52 (2) (*a*) and, in the case of a person part of whose total income for any year is chargeable to British income tax at a rate or rates in excess of the standard rate, the sum of the following rates:

(i) the said net United Kingdom rate, and

(ii) the rate ascertained by dividing the amount of the British sur-tax payable by that person for that year by the amount of his total income for that year. 18TH SCH. —*cont.*

3. This Agreement shall have effect for the year 1948-49 and subsequent years.

4. This Agreement shall be subject to confirmation by legislation both by the United Kingdom Parliament and by the Oireachtas, and shall have effect only if and so long as that legislation is in force.

Done in duplicate the 21st day of July 1947.

For the United Kingdom Government	For the Eire Government
HUGH DALTON,	PROINSIAS MAC AOGÁIN,
Chancellor of the Exchequer.	Minister for Finance.

PART II

SECTION TWENTY-SEVEN OF THE FINANCE ACT, 1920, AS IT APPLIES IN THE UNITED KINGDOM IN RELATION TO REPUBLIC OF IRELAND INCOME TAX

Relief in respect of Republic of Ireland income tax.

27.—(1) If any person who has paid, by deduction or otherwise, or is liable to pay, United Kingdom income tax for any year of assessment on any part of his income proves to the satisfaction of the Special Commissioners that he has paid Republic of Ireland income tax for that year in respect of the same part of his income, he shall be entitled to relief from United Kingdom income tax paid or payable by him on that part of his income at a rate thereon to be determined in accordance with the provisions in that behalf of Article 2 of the agreement dated the twenty-fifth day of April, nineteen hundred and twenty-eight, as amended by Article 2 of the agreement dated the twenty-first day of July, nineteen hundred and forty-seven, both of which agreements are set out in Part I of the Eighteenth Schedule to the Income Tax Act, 1952.

Any relief granted under section two hundred and one of the Income Tax Act, 1952 (which provides for relief from income tax on dividends from companies resident abroad), shall, for the purposes of this subsection, be deemed to reduce the tax paid or payable by the person to whom the relief is granted.

(2) Where a person has not established his claim to relief under this section for any year of assessment before the first day of January in that year, the relief shall be granted by way of repayment of tax.

. . . . . .

(4) Notwithstanding anything in the provisions of the Income Tax Act, 1952, and, in particular, notwithstanding anything in the provisions thereof applicable to Case IV or Case V of Schedule D, no deduction shall be made on account of the payment of Republic

18TH SCH. —*cont.*

of Ireland income tax in estimating income for the purposes of United Kingdom income tax, and where income tax has been paid or is payable in the Republic of Ireland either on the income out of which income subject to United Kingdom income tax arises or is received, or as a direct charge in respect of that income, the income so subject to United Kingdom income tax shall be deemed to be income arising or received after deduction of Republic of Ireland income tax and an addition shall, in estimating income for the purposes of the United Kingdom income tax, be made to that income of the proportionate part of the income tax paid or payable in the Republic of Ireland in respect of the income out of which that income arises or is received together with the full amount of any Republic of Ireland income tax directly charged or chargeable in the Republic of Ireland in respect of that income:

Provided that where any income arising or received as aforesaid consists of dividends which are entrusted to any person in the United Kingdom for payment and the Special Commissioners are satisfied that the person so entrusted is not in a position to ascertain the amount of the addition to be made under this subsection, the assessment and charge may be made on the amount of the dividends as received by the person so entrusted, but in any such case the amount of the addition shall be chargeable on the recipient of the dividends under Case VI of Schedule D.

In this subsection, the expression "dividends" includes any interest, annuities, dividends, shares of annuities, pensions, or other annual payments or sums in respect of which tax is charged under Schedule C or under Chapter IV of Part VII of the Income Tax Act, 1952.

. . . . . .

(7) The Commissioners of Inland Revenue may from time to time make regulations generally for carrying out the provisions of this section and may, in particular, by those regulations provide—

(*a*) for making such arrangements with the Government of the Republic of Ireland as may be necessary to enable the appropriate relief to be granted;

(*b*) for prescribing the year which, in relation to any Republic of Ireland income tax, is, for the purposes of relief under this section, to be taken as corresponding to the year of assessment for the purposes of United Kingdom income tax.

PART III

PROVISIONS FOR GIVING EFFECT TO AGREEMENTS SET OUT IN PART I OF THIS SCHEDULE

1. The provisions of this Part of this Schedule shall have effect for any year for which the agreements set out in Part I of this Schedule have effect, and the other provisions of this Act shall be modified accordingly.

2.—(1) Notwithstanding anything in sections one hundred and thirty-two to one hundred and thirty-four of this Act or in section four hundred and twenty-nine of this Act, but subject to the provisions of this paragraph, tax chargeable under Case IV or

18TH SCH. —*cont.*

Case V of Schedule D shall, in the case of property situate and profits or gains arising in the Republic of Ireland, be computed on the full amount of the income arising in the year of assessment, whether the income has been or will be received in the United Kingdom or not, subject, in the case of income not received in the United Kingdom—

(*a*) to the same deductions and allowances as if it had been so received; and

(*b*) to a deduction on account of any annual interest or any annuity or other annual payment payable out of the income to a person not resident in the United Kingdom,

and the provisions of this Act (including those relating to the delivery of statements) shall apply accordingly.

(2) Sub-paragraph (1) of this paragraph shall not apply—

(*a*) to any income which is immediately derived by a person from the carrying on by him of any trade, profession or vocation, either solely or in partnership; or

(*b*) to any income which arises from any office, employment or pension,

but the tax in respect of any such income arising in the Republic of Ireland shall be computed either on the full amount thereof arising in the year of assessment or on the full amount thereof on an average of such period as the case may require and as may be directed by the Commissioners, so that, according to the nature of the income, the tax may be computed on the same basis as that on which it would have been computed if the income had arisen in the United Kingdom, and subject in either case to a deduction on account of any annual interest or any annuity or other annual payment payable out of the income to a person not resident in the United Kingdom, and the provisions of this Act (including those relating to the delivery of statements) shall apply accordingly; and the person chargeable and assessable shall be entitled to the same allowances, deductions and reliefs as if the income had arisen in the United Kingdom.

(3) The provisions of sub-paragraph (2) of this paragraph shall also apply in the case of lands, tenements or hereditaments in the Republic of Ireland in the occupation of a person resident in the United Kingdom which, had they been situate in the United Kingdom, would have been chargeable to tax under Schedule A in respect of the property therein or under Schedule B in respect of the occupation thereof:

Provided that the income arising therefrom shall be taken to be an amount (subject to deduction as mentioned in the said sub-paragraph (2)) determined as follows, that is to say—

(*a*) where the tax would, in the circumstances aforesaid, have been chargeable under Schedule A, the amount shall be taken to be the annual value, as reduced for the purposes of collection, of the lands, tenements or hereditaments as ascertained for the year of assessment for the purposes of the charge to income tax under Schedule A in the Republic of Ireland;

18TH SCH. —*cont.*

(*b*) where the tax would, in the circumstances aforesaid, have been chargeable under Schedule B, the amount shall be taken to be the assessable value of the lands, tenements or hereditaments as ascertained for such year as aforesaid for the purposes of the charge to income tax under Schedule B in the Republic of Ireland.

(4) Notwithstanding anything contained in section one hundred and thirty-six of this Act, in estimating the amount of the annual profits or gains arising or accruing from any trade, profession or vocation, a deduction shall be allowed on account of lands, tenements, hereditaments or other premises situate in the Republic of Ireland and used in whole or in part for the purpose of that trade, profession or vocation, of an amount equal to the amount charged to tax under Case V of Schedule D by virtue of sub-paragraph (3) of this paragraph in respect of the income arising from such lands, tenements, hereditaments or other premises or the part so used.

3. The definition of " foreign life assurance fund " in section four hundred and thirty-seven of this Act shall have effect as if the expression " the United Kingdom " included the whole of Ireland.

4.—(1) Any claim for exemption from tax on the ground that the claimant is resident in the Republic of Ireland and is not resident in the United Kingdom shall be made to the Commissioners of Inland Revenue in such form as they may prescribe, and the said Commissioners shall, on proof of the facts to their satisfaction, allow the claim accordingly:

Provided that a claimant shall not be entitled to the exemption in respect of any income the tax on which he is entitled to charge against any other person, or to deduct, retain or satisfy out of any payment which he is liable to make to any other person.

(2) Any person who is aggrieved by the decision of the said Commissioners on a claim made by him as aforesaid may, by notice in writing to that effect given to the said Commissioners within twenty-one days from the date on which notice of the decision is given to him, make an application to have his claim heard and determined by the Special Commissioners.

(3) Where any such application as aforesaid is made, the Special Commissioners shall hear and determine the claim in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of this Act relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

5.—(1) Notice of any claim for relief under section twenty-seven of the Finance Act, 1920 (as set out in Part II of this Schedule), together with particulars of the claim, shall be given in writing to the surveyor.

(2) Where an objection is made by the surveyor to such a claim, the Special Commissioners shall hear and determine the claim in like manner as in the case of an appeal to them against an assessment under Schedule D, and the provisions of this Act relating to such an

appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications. 18TH SCH. —*cont.*

(3) The Special Commissioners in determining any such claim shall have power to determine the rate at which relief is to be given, the amount of the relief to be given and all questions whatsoever incidental to the determination of the matters as aforesaid.

6.—(1) Any person who is entrusted with the payment of any interest, dividends or other annual payments which are payable to any persons in the United Kingdom out of the public revenue of the Republic of Ireland, or out of or in respect of the stocks, funds, shares or securities of any Republic of Ireland company, society, adventure or concern, shall be relieved from the obligation imposed on him by Part IV or Chapter IV of Part VII of this Act, and the Eighth Schedule to this Act, to pay tax thereon on behalf of the persons entitled thereto as regards any such interest, dividends or other annual payments in respect of which he furnishes to the Commissioners of Inland Revenue, in such form and subject to such conditions as they may prescribe, a list containing—

(*a*) a full description of the interest, dividends or other annual payments; and

(*b*) the name and address of each person who is entitled thereto; and

(*c*) the amount thereof to which each such person is entitled.

(2) Any person entrusted with payment who by virtue of sub-paragraph (1) of this paragraph is relieved from the obligation to pay tax on interest, dividends or other annual payments shall be entitled to the like remuneration to which, if he had paid tax thereon, he would have been entitled under paragraph 5 of Part III of the Eighth Schedule to this Act.

(3) Any interest, dividends or other annual payments in respect of which the person entrusted with payment is by virtue of sub-paragraph (1) of this paragraph relieved from the obligation to pay tax shall be assessable and chargeable under Case IV or Case V of Schedule D, as the case may be.

(4) The Commissioners of Inland Revenue may make such regulations as may be necessary for the purposes of this paragraph.

NINETEENTH SCHEDULE

Sections 465, 466 & 467.

INCOME TAX RELIEFS IN CONNECTION WITH REDUNDANCY SCHEMES

PART I

PRELIMINARY

1.—(1) In this Schedule—

"scheme" means a scheme which is for the time being certified or has at any time been certified by the Board of Trade under section four hundred and sixty-three of this Act;

"payment" means a payment made under a scheme on or after the sixth day of April, nineteen hundred and forty-five,

19TH SCH. —*cont.*

being a payment made to a person carrying on a trade to which the scheme relates and not being a payment made by way of repayment of contributions;

" the person chargeable " means, in relation to any such payment, the person liable to pay any income tax which may fall to be paid by reason of the receipt of the payment;

" damage " includes any loss, liability, expense or other burden, and references to the amount of any damage are references to the sum which would be fair compensation for that damage;

" contribution " includes part of a contribution, but does not include any contribution made before the sixth day of April, nineteen hundred and forty-five, and " deductible contribution " means a contribution allowed to be deducted under the said section four hundred and sixty-three, any reduction thereof under Part III of this Schedule being left out of account; and

" asset " includes a part of an asset.

(2) For the purposes of this Schedule, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

PART II

RELIEF IN RESPECT OF CERTAIN PAYMENTS

2. The question whether any, and if so, what, relief is to be given shall be determined separately in relation to each payment made under the scheme in respect of the trade, but for the purpose of determining that question regard shall be had, as hereinafter provided, to the sum (hereafter in this Schedule referred to as " the total payment ") produced by adding the amount of the payment to the amount of any payments previously so made.

3. No relief shall be given in respect of the payment unless the person chargeable shows—

(*a*) the amount of the damage in respect of which the total payment has been made; and

(*b*) how much of that amount is referable to damage in respect of which no relief may be given under this Act.

4. No relief shall be given in respect of the payment unless the total payment, or the amount of the damage in respect of which the total payment has been made, whichever is the smaller, exceeds the aggregate amount of the deductible contributions which have been paid in furtherance of the scheme in respect of the trade in question before the payment is made, exclusive of any contributions which have been repaid before the payment is made.

5. The amount of the reduction to be made in respect of the payment shall be arrived at by—

(*a*) ascertaining the sum which bears to the excess mentioned in paragraph 4 of this Schedule the same proportion that

the amount mentioned in sub-paragraph (*b*) of paragraph 3 thereof bears to the amount mentioned in sub-paragraph (*a*) of the said paragraph 3; and

(*b*) deducting from the said sum the total amount of any reductions which have been or fall to be made under this Schedule in respect of payments previously made under the scheme in respect of the trade.

6.—(1) For the purposes of this Schedule, damage shall be deemed to be damage in respect of which relief may be given under this Act if and only if—

(*a*) the damage is attributable to any of the following events, that is to say, the demolition, destruction or putting out of use of any asset, or the disposition or termination of an interest in any asset, and, by reason of that event, an allowance falls to be made under Chapter I or Chapter II of Part X of this Act in charging the profits or gains of the trade; or

(*b*) the damage consists of any loss, liability, expense or other burden in respect of which an allowance may be made in computing the profits or gains of the trade for the purposes of this Act:

Provided that where an allowance under the said Chapter I in respect of any damage falls to be reduced by the fraction specified in subsection (4) of section two hundred and sixty-seven of this Act, the same fraction, and the same fraction only, of the amount of the damage shall be treated as being referable to damage in respect of which relief may be given under this Act.

(2) Where any event occurs which would give rise to an allowance under this Act in respect of any asset in charging or computing the profits or gains of a trade but for any of the following matters, that is to say—

(*a*) that there are no profits or gains against which the allowance could be made; or

(*b*) that account is required to be taken of allowances previously made or deemed to have been made in respect of the asset; or

(*c*) that account is required to be taken of any sum which falls to be written off the expenditure incurred on the asset for the purpose of determining whether any and if so what allowance may be given by reason of the event; or

(*d*) that account is required to be taken of any sum falling to be taken into account as sale, insurance, salvage or compensation moneys,

the like consequences shall ensue under this Schedule as if an allowance had fallen to be made by reason of that event.

(3) Where any damage is attributable to a permanent change in the purposes for which an asset is used, or the temporary or permanent putting out of use of an asset, the question whether the damage is damage in respect of which relief may be given under this Act shall be determined as if the damage had been attributable to a sale of the asset on the date upon which the change or putting out of use took place.

19TH SCH. —*cont.*

PART III

EXCLUSION OF RELIEF IN RESPECT OF CONTRIBUTIONS PAID AFTER RELIEF HAS BEEN GIVEN UNDER PART II OF THIS SCHEDULE

7. The provisions of this Part of this Schedule shall have effect where—

(*a*) a contribution is paid under a scheme in respect of a trade; and

(*b*) before the contribution is paid, payments have been made under the scheme to the person carrying on the trade; and

(*c*) reductions have been made, under the preceding provisions of this Schedule, in the amounts which, by reason of those payments, are to be treated as trading receipts of the trade.

8. There shall be ascertained—

(*a*) the total amount of the said reductions; and

(*b*) the sum by which that total would have been decreased if the contribution, and any previous contributions to which this Part of this Schedule applies, had been paid before any of the payments were made.

9. For the purpose of determining what deduction is to be made in respect of the contribution under section four hundred and sixty-three of this Act, the contribution shall be deemed to be reduced by the sum specified in sub-paragraph (*b*) of the last preceding paragraph, but—

(*a*) for the purpose of the application of that paragraph in relation to contributions subsequently paid under the scheme in respect of the trade, the total amount of the reductions referred to in that paragraph shall be treated as decreased by that sum; and

(*b*) for the purpose of the application of paragraph 5 of this Schedule in relation to payments subsequently made under the scheme in respect of the trade, the total amount of the reductions referred to in the said paragraph 5 shall be treated as decreased by the said sum.

10. When two or more contributions are paid at the same time, the provisions of this Part of this Schedule shall have effect as if they were a single contribution.

Sections 473 & 524.

TWENTIETH SCHEDULE

TREATMENT OF FARM ANIMALS, ETC. FOR INCOME TAX AND PROFITS TAX PURPOSES

The General Rule

1.—(1) Subject to the provisions of this Schedule, animals kept by a farmer for the purposes of his farming shall be treated for the relevant tax purposes as trading stock:

Provided that animals forming part of production herds with respect to which an election made under paragraph 2 of this Schedule has effect shall not be treated for the said purposes as trading stock but shall be treated for the said purposes in accordance with the rules set out in paragraph 3 of this Schedule.

(2) An election under paragraph 2 of this Schedule is hereafter in this Schedule referred to as "an election for the herd basis".

Elections for the herd basis

2.—(1) An election for the herd basis shall apply to all production herds of a particular class kept by the farmer making the election, including herds which he has ceased to keep before the making of the election or first begins to keep after the making thereof.

(2) An election for the herd basis must be made in writing to the surveyor and must specify the class of herds to which it relates.

(3) An election for the herd basis shall only be valid if made not later than twelve months after the end of the first year of assessment after the year 1946-47 for which the farmer making the election is chargeable under Case I of Schedule D to tax in respect of the profits or gains of his farming, or is given relief under section three hundred and forty-one of this Act in respect of his farming, being profits or gains, or, as the case may be, relief, the amount of which is computed by reference to the facts of a period during the whole or some part of which the farmer kept a production herd of the class in question:

Provided that where that farmer kept a production herd of the class in question at any time during the year ending with the fifth day of April, nineteen hundred and forty-seven, for the purpose of any farming the profits or gains of which were chargeable to income tax under Case I of Schedule D for the year 1947-48, the election shall only be valid if made not later than the fifth day of April, nineteen hundred and forty-eight.

(4) An election for the herd basis shall be irrevocable and shall have effect for the purposes of income tax for the said first year of assessment and all subsequent years of assessment, and for the purposes of the profits tax for all chargeable accounting periods not falling wholly before the period by reference to the facts of which the profits or gains are computed for the purposes of income tax for the said first year of assessment.

(5) Without prejudice to the application of the transitional provisions contained in Part XXVI of this Act in relation to references to provisions of this Act contained in sub-paragraph (3) of this paragraph—

(*a*) any year before the year 1949-50 for which a farmer was charged to tax under Rule 4 of the Rules applicable to Case III of Schedule D contained in the First Schedule to the Income Tax Act, 1918, in respect of the profits of his farming shall, for the purposes of the references in the said sub-paragraph (3) (including the reference in the proviso thereto) to years for which a farmer is or was chargeable under Case I of Schedule D to tax in respect of the profits or gains of his farming, be deemed to have been such a year;

(*b*) any year before the year 1949-50 for which a farmer was given relief under Rule 6 of the Rules applicable to Schedule B contained in the First Schedule to the Income Tax Act, 1918, shall be treated for the purposes of the said sub-paragraph (3) as if it were a year for which he had been given relief under section three hundred and forty-one of this Act.

20TH SCH. —*cont.*

3.—(1) Where an election for the herd basis has effect, the consequences for the relevant tax purposes shall be as provided by the following provisions of this paragraph.

(2) The initial cost of the herd and, subject to the provisions of this paragraph as to replacements, the cost of any animal added to the herd, shall not be deducted as an expense, and the value of the herd shall not be brought into account.

(3) Where an animal which has theretofore been treated as part of the trading stock of the farmer is added to the herd otherwise than by way of replacement, there shall be included as a trading receipt—

(*a*) in the case of an animal bred by the farmer, a sum equal to the cost of breeding it and rearing it to maturity; and

(*b*) in any other case, a sum equal to the initial cost to the farmer of acquiring the animal, together with any cost incurred by him in rearing it to maturity.

(4) Where an animal forming part of the herd dies or ceases to form part thereof and is replaced therein by another animal, any proceeds of sale of the animal which dies or ceases to form part of the herd shall be included as a trading receipt, and the cost of the animal which replaces it, except in so far as that cost consists of such costs as are allowable apart from the provisions of this Schedule as deductions in computing profits or gains of farming for the purposes of assessments under Case I of Schedule D, shall be deducted as an expense:

Provided that—

(*a*) where the second-mentioned animal is of better quality than the animal which it replaces, the amount deducted shall not exceed the amount which it would have been necessary to expend in order to acquire an animal of the same quality as the animal which is replaced; and

(*b*) where the animal which is replaced was slaughtered by the order of any Ministry, Government department or local or public authority under the law relating to diseases of animals, and the animal which replaces it is of worse quality, the amount included as a trading receipt shall not exceed the amount allowable as a deduction.

(5) Where the herd is sold as a whole and another production herd of the same class is acquired, the preceding provisions of this paragraph shall apply as though there had been sold from the original herd, and replaced therein, a number of animals equal to the number in the original herd or in the newly acquired herd, whichever is the less.

(6) If (either all at once or over a period not exceeding twelve months) either—

(*a*) the whole of a herd is sold in circumstances in which sub-paragraph (5) of this paragraph does not apply; or

(*b*) a part of a herd is sold on a substantial reduction being made in the number of animals in the herd,

any profit or loss arising from the transaction shall not be taken into account:

Provided that where, within five years of the sale, the seller acquires or begins to acquire another production herd of the class

in question or, as the case may be, he acquires or begins to acquire animals to replace the part of the herd in question—

(i) sub-paragraphs (4) and (5) of this paragraph shall apply to the acquisition or replacement, except that, if the sale was one which the seller was compelled to effect by causes wholly beyond his control, the amount included as a trading receipt in respect of any animal sold which is replaced by an animal of worse quality shall not exceed the amount allowable as a deduction in respect of the said animal of worse quality ; and

(ii) for the purposes of the application of those sub-paragraphs, the proceeds of sale of the animals comprised in the original herd or part of a herd shall be brought into account as if they had been respectively received at the times of the corresponding acquisitions.

(7) If an animal forming part of the herd is sold and neither sub-paragraph (4) nor sub-paragraph (5) nor sub-paragraph (6) of this paragraph applies, any profit or loss arising from the transaction shall be included or deducted, as the case may be ; and for the purposes of this sub-paragraph, the said profit or loss shall be computed by comparing—

(*a*) in the case of an animal bred by the farmer, the cost of breeding it and rearing it to maturity ; and

(*b*) in any other case, a sum equal to the initial cost to the farmer of acquiring the animal (or, in the case of an animal acquired otherwise than for valuable consideration, its market value when it was acquired by the farmer) together, in both cases, with any cost incurred by him in rearing it to maturity,

with the proceeds of the sale.

(8) Where the herd is sold as a whole, and another production herd of the same class is acquired, and the number of animals in the newly acquired herd is less than the number in the original herd, and the difference is not substantial, sub-paragraph (6) of this paragraph shall not apply, and sub-paragraph (7) of this paragraph shall apply to a number of animals in the original herd equal to the difference.

(9) The preceding provisions of this paragraph shall apply in relation to the death or destruction of animals as they apply in relation to the sale of animals, as if any insurance or compensation moneys received by reason of the death or destruction thereof were proceeds of sale, and any references in this paragraph to the proceeds of sale of an animal include references to any proceeds of sale of its carcase or any part thereof.

Provisions applicable to special cases

4. A farmer who, having kept a production herd of a particular class, ceases altogether to keep herds of that class for a period of at least five years shall, as respects production herds kept by him after the end of that period, be treated as if he had never kept any production herds of that class before the end of that period.

20TH SCH. —*cont.*

5.—(1) Where a farmer transfers to another person all or any of the animals which form part of a production herd otherwise than by way of sale, or by way of sale but for a price other than that which they would have fetched if sold in the open market, and either—

(*a*) the transferor is a body of persons over whom the transferee has control, or the transferee is a body of persons over whom the transferor has control, or both the transferor and the transferee are bodies of persons and some other person has control over both of them ; or

(*b*) it appears with respect to the transfer, or with respect to transactions of which the transfer is one, that the sole or main benefit or one of the main benefits which, apart from the provisions of this paragraph, might have been expected to accrue to the parties or any of them was a benefit resulting from the obtaining of a right to make an election for the herd basis, or from such an election having effect or ceasing to have effect, or from such an election having a greater effect or a less effect,

then the like consequences shall ensue for all relevant tax purposes in relation to all persons concerned as would have ensued if the animals had been sold for the price which they would have fetched if sold in the open market.

(2) In this paragraph, " body of persons " includes a partnership and " control " has the meaning assigned to it by subsection (1) of section three hundred and thirty-three of this Act.

Savings, interpretation and application to trades other than farming, etc.

6. Nothing in this Schedule applies to any animals kept wholly or mainly for the work they do in connection with the carrying on of the farming.

7.—(1) In this Schedule, " herd " includes a flock, and any other collection of animals, however named.

(2) For the purposes of this Schedule, immature animals kept in a herd shall not be treated as forming part of the herd unless the following conditions are fulfilled, that is to say, unless—

(*a*) the land on which the herd is kept is such that animals which die or cease to form part of the herd cannot be replaced except by animals bred and reared on that land ; and

(*b*) the immature animals in question are bred in the herd, are maintained therein for the purpose of replacement and are necessarily maintained for that purpose,

and references in this Schedule to herds shall be construed accordingly, and references therein to an animal being added to a herd include references to an immature animal which is kept in the herd becoming a mature animal:

Provided that not more immature animals shall in any case be treated as forming part of a herd than are required to prevent a fall in the numbers of the herd.

Female animals shall be treated for the purposes of this Schedule as becoming mature when they produce their first young.

(3) In this Schedule, " a production herd " means, in relation to a farmer, a herd of animals of the same species (irrespective of breed) kept by him wholly or mainly for the sake of the products which they produce for him to sell, being products obtainable from the living animal.

In this sub-paragraph, " product obtainable from the living animal " means—

(*a*) the young of the animal ; or

(*b*) any other product obtainable from the animal, not being a product obtainable only by slaughtering the animal itself.

(4) For the purposes of this Schedule, production herds kept by a farmer shall be deemed to be of the same class if and only if all the animals kept in the herds are of the same species (irrespective of breed) and the products produced for him to sell for the sake of which (either wholly or mainly) the herds are kept by him are of the same kinds in the case of all the herds ; and elections for the herd basis shall be framed accordingly.

(5) Any reference to profits or gains chargeable to income tax under Schedule D includes a reference to profits or gains which would be so chargeable if there were any such profits or gains for the year of assessment in question.

8.—(1) The preceding provisions of this Schedule shall, with the necessary adaptations, apply in relation to trades other than farming, and trades consisting only in part of farming, as they apply in relation to farming, and references to farmers shall be construed accordingly.

(2) The said provisions (both in relation to farming and in relation to other trades) shall apply in relation to living creatures other than animals as they apply in relation to animals.

Laying birds shall be treated for the purposes of this Schedule as becoming mature when they first lay.

(3) The provisions of this Schedule shall (both in relation to farming and in relation to other trades) apply, with the necessary adaptations, in relation to animals or other creatures kept singly as they apply in relation to herds.

(4) Nothing in this Schedule shall apply in relation to any animal or other creature kept wholly or mainly for public exhibition or racing or other competitive purposes.

Supplemental

9. Where an election for the herd basis is made, every person carrying on any farming or other trade affected by the election shall, if required to do so by notice from the surveyor, make and deliver to the surveyor, within the time specified in the notice, such returns as to, and as to the products of, the animals or other creatures kept by him for the purposes of the trade as may be required by the notice, and the provisions of subsections (3) to (5) of section twenty-five of this Act (which relates to failure to deliver proper

20TH SCH. —*cont.*

lists, declarations and statements) shall apply in relation to any such return as they apply in relation to the lists, declarations and statements therein referred to.

10.—(1) The provisions of this paragraph shall have effect where, after an assessment for a year or period has become final and conclusive, an election for the herd basis has effect for the purposes of income tax or, as the case may be, the profits tax, for that year or period.

(2) All such additional assessments and repayments of tax shall be made as are necessary to give effect to the election.

(3) The provisions of the Sixth Schedule to this Act shall apply to any claims for relief from income tax by reason of the operation of the election:

Provided that—

(*a*) a claim for any such relief shall be made in such form as the Commissioners of Inland Revenue may direct, and shall be delivered to the surveyor; and

(*b*) where the surveyor objects to any such claim it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply; and

(*c*) any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (*b*) of this proviso shall have effect accordingly.

(4) Any claim for relief from the profits tax by reason of the operation of the election shall be made in writing to the Commissioners of Inland Revenue, and the provisions of Part II of the Fifth Schedule to the Finance Act, 1937 (which relate to appeals against assessments to the profits tax), including the provisions thereof enabling the Commissioners to make regulations, shall, with the necessary modifications, apply in relation to any determination by the Commissioners of any such claim.

Section 480.

TWENTY-FIRST SCHEDULE

PROVISIONS AS TO ARRANGEMENTS FOR SPECIAL RESERVE FUNDS IN RELATION TO LLOYD'S AND OTHER UNDERWRITERS

Adherence to, and withdrawal from, arrangements

1.—(1) The arrangements must provide that an underwriting member who wishes to elect to take advantage of the arrangements shall do so by giving notice in writing to the surveyor and to such other persons as may be specified in the arrangements.

(2) Any such notice as aforesaid is referred to in the following provisions of this Schedule as a notice of adherence, and, in the said provisions, "the underwriter" means an underwriting member who has given such a notice.

2.—(1) The arrangements must enable the underwriter, if he thinks fit so to do, by giving notice in writing to the surveyor and to such other persons as may be specified in the arrangements, to withdraw from the arrangements to the extent appearing from the following provisions of this Schedule.

(2) Any such notice as aforesaid is referred to in the following provisions of this Schedule as a notice of withdrawal.

3. Where the underwriter has given a notice of withdrawal, he shall not be entitled to give another notice of adherence.

Setting up and management of, and payments into and out of, special reserve funds

4. The arrangements must provide for the setting up, in relation to the underwriter, of a special reserve fund vested in trustees who have control over it and power to invest the capital thereof and to vary the investments:

Provided that where part of the business of the underwriter is carried on through an underwriting agent and part thereof is not so carried on, or where different parts of his business are carried on through different underwriting agents, the arrangements may provide for separate special reserve funds being constituted in relation to the different parts of his business.

5. The arrangements must provide for the income arising from the investments of the underwriter's special reserve fund or funds being held on trust for the underwriter, his personal representatives or assigns.

6.—(1) The arrangements must be such as to secure that if, for an underwriting year corresponding to a year of assessment to which this paragraph applies, the underwriter makes a profit from his business, he has the right to make, into his special reserve fund or funds, payments the gross amount of which is not in the aggregate greater than one thousand five hundred pounds or one-quarter of that profit, whichever is the less:

Provided that—

(*a*) no such payment shall be made after the expiration of six months from the date as at which the accounts of the business for that underwriting year are deemed by the Commissioners of Inland Revenue for the purposes of the arrangements to be closed, or such longer period as those Commissioners may allow;

(*b*) where the underwriter carries on his business during part only of that year of assessment, the maximum gross amount of the said payments shall be reduced by the application thereto of the proportion which the part of that year of assessment for which he is entitled to profits from the business bears to a full year.

(2) Subject to the provisions of paragraph 12 of this Schedule (which relates to the effect of the cancellation by the Commissioners

21ST SCH. —*cont.*

of Inland Revenue or the Board of Trade of their approval or certificate with respect to the arrangements), the years of assessment to which this paragraph applies are all years of assessment during the whole or any part of which the underwriter continues to carry on his business subsequent to the year of assessment during which the notice of adherence is given :

Provided that—

(*a*) in no case shall this paragraph apply to the year of assessment in which the underwriter commences to carry on his business or to the year of assessment next following that year ;

(*b*) where the underwriter gives a notice of withdrawal, the last year of assessment to which this paragraph applies shall, subject to the provisions of the said paragraph 12, be the year of assessment corresponding to the underwriting year the accounts for which are deemed by the Commissioners of Inland Revenue for the purposes of the arrangements to be closed as at a date falling within the year of assessment preceding that in which the notice of withdrawal is given.

(3) In sub-paragraph (1) of this paragraph, " profit " means a profit computed in the manner in which the profits or gains of the business of the underwriting year in question would fall to be computed under Case I of Schedule D if—

(*a*) income arising from the investments forming part of the premiums trust fund of the underwriter, his special reserve fund or funds and any other fund required or authorised by the rules of Lloyd's or the association in question, or required by the underwriting agent through whom the business or any part thereof is carried on, to be kept in connection with the business fell to be taken into account ; and

(*b*) all shares of the profits of the business and all charges related to those profits or to the said income, being shares and charges payable to persons other than the underwriter and not otherwise taken into account, fell to be deducted.

7.—(1) The arrangements must be such as to secure that, if it is certified that the underwriter has sustained a loss in his business for an underwriting year subsequent to that which corresponds to the first year of assessment to which paragraph 6 of this Schedule applies, there shall be made into his premiums trust fund, out of the capital of his special reserve fund or funds, payments the gross amount of which is equal in the aggregate to the certified amount of the loss :

Provided that if the capital of his special reserve fund or funds, reduced by so much thereof as represents sums paid into it or them as a consequence of a profit for a year later than the year of the loss, is less than the net amount of the payments required to be made by this sub-paragraph, the said payments shall be reduced so that the net amount thereof is equal to the capital of the said fund or funds as so reduced.

(2) In this paragraph, " loss " means a loss computed in the manner in which the profits or gains of the business of the underwriting year

in question would fall to be computed under sub-paragraph (3) of the last preceding paragraph:

Provided that where, under any arrangement between the underwriter and another person which provides for the sharing of losses, any amount is paid to the underwriter by that person as that person's share of a loss for that year, the loss, as computed for the purposes of this paragraph, shall be reduced by that amount.

(3) In this paragraph, "certified" means certified by a certificate of the surveyor:

Provided that—

(*a*) no certificate shall be given by the surveyor until twenty-eight days have elapsed from the date on which he has given to the underwriter or his personal representatives notice in writing stating his intention to give a certificate and stating the amount which he proposes to specify therein as the amount of the loss;

(*b*) the underwriter or his personal representatives may, on giving notice in writing to the surveyor within the said twenty-eight days, appeal to the Special Commissioners;

(*c*) where notice is so given by the underwriter or his personal representatives, the surveyor shall not without the consent of the underwriter or his personal representatives give any certificate until after the hearing of the appeal; and

(*d*) on the hearing of the appeal, the Special Commissioners may direct the surveyor not to give a certificate or to give it with such an amount specified therein as the amount of the loss as may be specified in the direction.

8. The arrangements must provide that, on the underwriter ceasing to carry on his business, the capital of his special reserve fund or funds, so far as not required for giving effect to the requirements of the last preceding paragraph, shall be paid over to the underwriter or his personal representatives or assigns.

Income tax consequences

9.—(1) Where such a payment as is mentioned in sub-paragraph (1) of paragraph 6 of this Schedule is made into a special reserve fund of an underwriter by reason of the making by him of a profit for an underwriting year—

(*a*) the payment shall be deemed for all income tax purposes to be an annual payment chargeable to income tax by way of deduction and payable and paid in the year of assessment corresponding to that underwriting year; and

(*b*) the sum actually paid shall be deemed for the purposes of this Schedule and for all income tax purposes to be a net amount corresponding to a gross amount from which income tax has been duly deducted at the standard rate for that year of assessment.

21ST SCH. —*cont.*

(2) Where such a payment as is mentioned in sub-paragraph (1) of paragraph 7 of this Schedule is made out of a special reserve fund of an underwriter into a premiums trust fund of his by reason that he has sustained a loss for an underwriting year—

(*a*) the payment shall be deemed for all income tax purposes—

(i) to be an annual payment chargeable to income tax by way of deduction and paid out of profits or gains brought into charge to tax ; and

(ii) to have been payable and paid to the underwriter ; and

(iii) to have been payable and paid to him on the last day of the year of assessment which immediately preceded the year of assessment corresponding to that underwriting year or, if he ceased to carry on his business before that day, on the last day on which he carried on his business ; and

(*b*) the sum actually paid shall be deemed for the purposes of this Schedule and for all income tax purposes to be a net amount corresponding to a gross amount from which income tax has been duly deducted at the standard rate for the year of assessment in which the payment is deemed as aforesaid to have been payable and paid.

(3) Where the underwriter ceases to carry on his business before his death and, under so much of the arrangements as gives effect to paragraph 8 of this Schedule, a sum is paid to him or his personal representatives or assigns—

(*a*) the payment shall be deemed for all income tax purposes—

(i) to be an annual payment chargeable to income tax by way of deduction and paid out of profits or gains brought into charge to tax ; and

(ii) to have been payable and paid to the underwriter ; and

(iii) to have been payable and paid to him on the last day on which he carried on his business ; and

(*b*) the sum actually paid shall be deemed for the purposes of this Schedule and for all income tax purposes to be a net amount corresponding to a gross amount from which income tax has been duly deducted at the standard rate for the year of assessment in which the payment is deemed as aforesaid to have been payable and paid.

(4) Neither the arrangements, nor any disposition, trust, covenant, agreement or arrangement entered into for the purposes thereof, shall be treated as included in the expression " settlement " for the purposes of Chapter III or Chapter V of Part XVIII of this Act, and nothing in section two hundred and thirty-eight of this Act shall be construed as applying to the payments referred to in sub-paragraphs (2) and (3) of this paragraph.

Profits tax consequences

10.—(1) Section thirty-one of the Finance Act, 1947 (which exempts individuals from the profits tax) shall not apply in relation to the business of the underwriter carried on in, or in any part of, an underwriting year which ends in any such year of assessment as is hereafter referred to in this sub-paragraph, and, accordingly, any accounting periods of that business which consist of or fall within any such underwriting year as aforesaid (hereafter in this paragraph referred to as "chargeable accounting periods to which this paragraph applies") shall be chargeable accounting periods.

The years of assessment hereinbefore referred to are those which respectively correspond to an underwriting year as to which the following conditions are fulfilled, that is to say—

(*a*) that the underwriter was carrying on his business therein; and

(*b*) that either—

(i) by reason of making a profit therefor, he had a right to make a payment or payments into his special reserve fund or funds; or

(ii) he would have had such a right if he had made such a profit.

(2) In computing for profits tax purposes the profits of the business of the underwriter for a chargeable accounting period to which this paragraph applies, a deduction shall be made (as if for the remuneration of a person employed for the purposes of the business) of two thousand five hundred pounds or fifteen per cent. of the profits of the business computed apart from the deduction, whichever is the greater, so, however, that the deduction shall not exceed fifteen thousand pounds:

Provided that, in relation to a chargeable accounting period of less than twelve months, any reference in this sub-paragraph to two thousand five hundred pounds or fifteen thousand pounds shall be construed as a reference to a sum which bears the same proportion to two thousand five hundred pounds or fifteen thousand pounds, as the case may be, as the length of the period bears to twelve months.

(3) The reference to income from investments or other property in the opening words of sub-paragraph (1) of paragraph 7 of the Fourth Schedule to the Finance Act, 1937 (as amended by section thirty-two of the Finance Act, 1947) shall, in relation to the business of the underwriter for a chargeable accounting period to which this paragraph applies, be construed as a reference to the income arising from investments in his premiums trust fund, his special reserve fund or funds and any other fund required or authorised by the rules of Lloyd's or the association in question, or required by the underwriting agent through whom the business or any part thereof is carried on, to be kept in connection with the business, and paragraph (*c*) of that sub-paragraph shall not apply to any such income.

21ST SCH. —*cont.*

(4) Notwithstanding anything in paragraph (*b*) of sub-paragraph (3) of paragraph 2 of the said Fourth Schedule, " relevant accounting period " in sub-paragraph (2) of that paragraph shall, in relation to the business of the underwriter for any chargeable accounting period to which this paragraph applies, mean any chargeable accounting period to which this paragraph applies.

(5) Subject to the provisions of this sub-paragraph, the references in section thirty of the Finance Act, 1947, to the net relevant distributions to proprietors shall, in relation to the business of the underwriter for a chargeable accounting period to which this paragraph applies, be construed as if—

(*a*) the references in section thirty-four of that Act to any body corporate, unincorporated society or other body included references to the underwriter ; but

(*b*) the reference in the said section thirty-four to the gross relevant distributions to proprietors (as defined by section thirty-five of that Act) were a reference to the amount of the profits for that chargeable accounting period, computed without abatement and including franked investment income, less the profits tax payable for that period, and less also the gross amount of any payment into a special reserve fund made by reason of a profit for that period :

Provided that where there has been a loss for any previous chargeable accounting period to which this paragraph applies, the reference in paragraph (*b*) of this sub-paragraph to the amount of the profits computed without abatement and including franked investment income shall be construed as a reference to what that amount would have been if sub-paragraph (2) of paragraph 2 of the Fourth Schedule to the Finance Act, 1937 (which authorises losses to be carried forward and deducted from profits for subsequent chargeable accounting periods) had applied only to losses if and in so far as they exceeded the aggregate of the gross amounts of the payments, if any, made out of special reserve funds into premiums trust funds as the result of losses sustained in the business for the years in question.

(6) Nothing in paragraph 9 of this Schedule shall be construed as requiring or authorising any payment into or out of a special reserve fund to be taken into account in computing for profits tax purposes the profits for a chargeable accounting period to which this paragraph applies.

Supplemental

11. The arrangements may from time to time be varied with the consent of the Commissioners of Inland Revenue and the Board of Trade.

12. If, after giving notice in writing of their intention so to do to the Committee of Lloyd's or the managing body of whatever other association of underwriters is in question, the Commissioners of Inland

Revenue or the Board of Trade cancel the approval or certificate which they have given with respect to the arrangements—

(*a*) no underwriting member may give a notice of adherence to the arrangements after the date of the cancellation ; and

(*b*) paragraph 6 of this Schedule shall not apply, in the case of any underwriter, to any year of assessment after the year of assessment in which the approval or certificate is cancelled.

13.—(1) In this Schedule—

" business ", in relation to the underwriter, means his underwriting business as a member of Lloyd's or of whatever other association of underwriters is in question, whether carried on personally or through an underwriting agent, and does not include any other business carried on by him, and in particular, where he is himself an underwriting agent, does not include his business as such an agent ;

" net amount " and " gross amount ", in relation to any payment, mean respectively the sum actually paid and the sum which, after deduction of income tax, is equal to the sum actually paid ;

" premiums trust fund " means such a trust fund as is referred to in paragraph 1 of the Eighth Schedule to the Assurance Companies Act, 1909, as amended by paragraph 3 of Part II of the Second Schedule to the Assurance Companies Act, 1946 ;

" underwriting year " means, in relation to the business of the underwriter as a member of Lloyd's, the calendar year, and, in relation to the business of the underwriter as a member of any other association of underwriters, the period of twelve months for which, under the rules or practice of that association, the accounts of the business of the underwriter fall to be made up.

(2) For the purpose of construing any reference in this Schedule to the year of assessment which corresponds to an underwriting year or to the underwriting year which corresponds to a year of assessment, an underwriting year and a year of assessment shall be deemed to correspond to each other in the case of an underwriter if, assuming that there were no question arising in connection with the commencement or cessation of the business of that underwriter, that underwriting year is the period on the profits or gains of which income tax for that year of assessment would fall to be computed under Case I of Schedule D in respect of that business.

Sections 333, 340 & 484.

TWENTY-SECOND SCHEDULE

INCOME TAX IN RELATION TO ASSETS TRANSFERRED UNDER THE COAL INDUSTRY NATIONALISATION ACT, 1946

PART I

INTERPRETATION

1. In this Schedule—

"the Board" means the National Coal Board;

"relevant property" means property which, or an interest in which, vests in the Board by virtue of section five or section six of the Coal Industry Nationalisation Act, 1946, or by virtue of section forty-four of, and the Third Schedule to, that Act, being property which, or, as the case may be, an interest in which, was, immediately before the vesting, an asset of a colliery concern, a subsidiary of a colliery concern, a body administering a scheme under Part I of the Coal Mines Act, 1930, or the South Yorkshire Mines Drainage Committee; and "relevant building or structure" and "relevant machinery or plant" shall be construed accordingly;

"vest" means vest in the Board under the said section five, the said section six, or the said section forty-four and the said Third Schedule;

"the vesting date" means, in relation to any relevant property, the date of the vesting of that property or of any interest therein, as the case may be;

"the transferor" means, in relation to any relevant property, the person who immediately before the vesting date owned the property or, as the case may be, the interest in the property which vests.

2. The provisions of Chapter VI of Part X of this Act shall, so far as applicable, apply in relation to the provisions of this Schedule as they apply in relation to other provisions of that Part of this Act.

PART II

LIABILITY TO INCOME TAX OF THE TRANSFEROR

1. The provisions of this Part of this Schedule shall have effect for the purpose of computing the liability of the transferor to income tax for any year of assessment.

2.—(1) Chapters I, III and V, and, so far as it relates to initial allowances, balancing allowances and balancing charges, Chapter II of Part X of this Act, and Part XI of this Act, shall be deemed never to have applied in relation to the relevant property or any expenditure represented thereby.

(2) Subsection (2) of section two hundred and ninety-six of this Act (which provides for the giving, at the option of the person carrying on a trade, of an obsolescence allowance in respect of

machinery or plant provided before the appointed day) shall have effect in relation to the relevant property as if the words " provided before the appointed day " and the words " and by notice in writing to the surveyor so elects " were omitted.

(3) Section two hundred and ninety-eight of this Act (which provides for annual allowances to lessors of machinery and plant in certain circumstances) shall not apply in relation to the relevant property, but where the relevant property is machinery or plant which is let by the transferor upon such terms that the burden of maintaining and restoring it falls upon him, he shall be entitled, on presenting a claim to the General or Special Commissioners, to have repaid to him such a portion of the sum assessed and charged in respect of the machinery or plant, and deducted by the lessee on payment of the rent, as shall represent the tax upon an amount which the Commissioners consider just and reasonable as representing the diminished value by reason of wear and tear of the machinery or plant during the year;

Provided that no such claim shall be allowed unless made within twelve months after the expiration of the year of assessment.

PART III

LIABILITY TO INCOME TAX OF THE BOARD

General

1. The provisions of this Part of this Schedule shall have effect for the purpose of computing the liability of the Board to income tax for any year of assessment.

2. In relation to any relevant property, the vesting date or the date on which the property is first used for the purposes of the trade of the Board, whichever is the earlier, shall be treated as substituted for the sixth day of April, nineteen hundred and forty-six, as the appointed day for the purposes of Parts X and XI of this Act, and references in this Schedule to the appointed day shall be construed accordingly.

3. The vesting of, or of an interest in, any relevant property shall not be treated as a sale, or as a purchase, for any of the purposes of Chapters I, II, III and V of Part X of this Act or for any of the purposes of Part XI of this Act.

Industrial Buildings and Structures, etc.

4. For the purposes of section two hundred and sixty-five of this Act, any capital expenditure incurred by the transferor on the construction of a relevant building or structure which was to be an industrial building or structure occupied for the purposes of a trade carried on by the transferor shall be treated as if the expenditure had been incurred by the Board and as if the building or structure was to have been an industrial building or structure occupied for the purposes of the corresponding trade carried on by the Board.

5. For the purposes of subsection (6) of section two hundred and sixty-seven of this Act, any relevant mills, factories or exceptional

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depreciation allowances made to the transferor in respect of any relevant building or structure shall be treated as having been made to the Board.

6. Any relevant mills, factories and exceptional depreciation allowances made in respect of any relevant building or structure to the transferor for the year of assessment in which the appointed day falls shall be treated for the purposes of subsection (4) of section two hundred and sixty-five and subsection (6) of section two hundred and sixty-eight of this Act as if they had been made for a year of assessment before that in which the appointed day falls.

Machinery and Plant

7.—(1) The provisions of this paragraph shall have effect for the purpose of determining whether any, and if so what, deduction, allowance or charge is to be allowed or made under Chapter II of Part X of this Act in respect of any relevant machinery or plant.

(2) Any expenditure incurred by the transferor on the provision of the machinery or plant for the purposes of his trade shall be treated as if it had been incurred by the Board on the provision thereof for the purposes of their corresponding trade:

Provided that this sub-paragraph shall not apply so as to enable an initial allowance to be made to the Board in respect of any such expenditure, and the initial allowance, if any, in respect thereof shall be such as is provided for by sub-paragraph (4) of this paragraph.

(3) Any allowances or deductions made or allowed in respect of, or of any expenditure on, the machinery or plant to the transferor shall be treated as if they had been made or allowed to the Board, and, for the purposes of subsection (1) of section two hundred and eighty-eight of this Act, any such allowances or deductions made or allowed for the year of assessment in which the appointed day falls shall be treated as if they had been made or allowed for a year of assessment previous to that year.

(4) Where, on or after the sixth day of April, nineteen hundred and forty-four, but before the appointed day, the transferor incurs any capital expenditure on the provision of the machinery or plant for the purposes of his trade, the Board shall be treated for the purposes of subsection (1) of section two hundred and seventy-nine of this Act as having incurred, on the appointed day, capital expenditure on the provision thereof for the purposes of their corresponding trade equal to the amount of that expenditure less the total amount of any annual allowances made to the transferor in respect of the machinery or plant under Chapter II of Part X of this Act for the year of assessment in which the appointed day falls or any previous year of assessment, and of any relevant exceptional depreciation allowances made to him in respect thereof for any such previous year:

Provided that—

(*a*) this sub-paragraph shall not apply to any expenditure on the provision of machinery or plant if, on the appointed day, the machinery or plant is out of use as being worn out or obsolete or otherwise useless or no longer required;

(*b*) in applying the provisions of subsection (5) of the said section two hundred and seventy-nine, regard shall be had to the date when the transferor incurred the expenditure and not to the date on which the Board is to be treated as having incurred the expenditure.

In this sub-paragraph, the reference to annual allowances made under Chapter II of Part X of this Act includes a reference to any deductions allowed under Rule 6 of the Rules applicable to Cases I and II of Schedule D contained in the First Schedule to the Income Tax Act, 1918, and any additional deductions allowed under section eighteen of the Finance Act, 1932, as amended by section twenty-two of the Finance Act, 1938.

(5) Nothing in this paragraph shall be construed as allowing any allowance made to the transferor to which full effect could not be given owing to an insufficiency of profits or gains of the transferor to be added to or form part of any allowance made to the Board.

(6) The references in this paragraph to expenditure incurred by the transferor on the provision of the machinery or plant for the purposes of his trade include references to any such expenditure incidental to the provision thereof as is mentioned in section three hundred of this Act.

Allowances and Charges under Chapter III of Part X of this Act

8. Section three hundred and six of this Act shall apply in relation to any expenditure incurred on or after the sixth day of April, nineteen hundred and forty-four, but before the appointed day, by the transferor for the purposes of a trade as if it had been incurred by the Board on the appointed day for the purposes of their corresponding trade:

Provided that—

(*a*) in the case of expenditure on a building or structure, the amount by reference to which the initial allowance is to be calculated shall, instead of being the amount of the expenditure, be the amount of the expenditure less any relevant mills, factories and exceptional depreciation allowances made in respect of the building or structure to the transferor for the year of assessment in which the appointed day falls or any previous year of assessment;

(*b*) no initial allowance shall be made in respect of any expenditure if the asset representing the expenditure has been sold by the transferor between the date when the expenditure was incurred and the appointed day;

(*c*) in applying the proviso to the said section three hundred and six, regard shall be had to the date when the transferor incurred the expenditure and not to the date on which the Board is to be treated as having incurred the expenditure.

9. Where the appointed day is after the end of the year 1946-47, paragraph (*c*) of subsection (5) of section three hundred and seven of this Act shall not apply.

10. In the application of the Twelfth Schedule to this Act to expenditure on or in connection with any relevant property—

(*a*) references in Parts II and III of that Schedule to the trader shall be construed as references to the transferor; and

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(*b*) references in Part III of that Schedule to any predecessor in the working of the source shall be construed as not including references to the transferor; and

(*c*) references in Parts II and III of that Schedule to any relevant mills, factories or exceptional depreciation allowances for any year of assessment before that in which the appointed day falls shall be deemed to include references to any relevant mills, factories or exceptional depreciation allowances for the year of assessment in which the appointed day falls.

Patent Rights

11. Where the relevant property consists of patent rights, any capital expenditure incurred by the transferor on the purchase thereof which was incurred on or after the sixth day of April, nineteen hundred and forty-six, shall be treated for the purposes of Chapter V of Part X of this Act as if it had been incurred by the Board on the appointed day:

Provided that where, after the purchase of those rights by the transferor, part thereof has been sold by him, the said expenditure shall be treated as reduced by the net proceeds of the sale, so far as they consist of capital sums.

12. Where the relevant property consists of patent rights, any sale of those rights to the transferor, being a sale on or after the sixth day of April, nineteen hundred and forty-six, shall be left out of account for the purposes of section three hundred and nineteen of this Act.

13. Section three hundred and twenty-two of this Act shall apply for the interpretation of the two last preceding paragraphs as it applies for the interpretation of Chapter V of Part X of this Act.

Scientific Research Expenditure

14. Where, on or after the first day of January, nineteen hundred and thirty-seven, and before the appointed day, the transferor incurred expenditure of a capital nature on scientific research related to his trade and that expenditure is represented by any relevant property, the provisions of Part XI of this Act shall apply as if that expenditure had been made by the Board immediately after the appointed day for the purposes of their corresponding trade:

Provided that that expenditure shall be treated as reduced by the aggregate amount of all allowances made to the transferor in respect of the property for the year of assessment in which the appointed day falls and previous years of assessment, being such allowances as are mentioned in paragraphs (*a*) to (*d*) of the proviso to section three hundred and thirty-eight of this Act.

15. Any reference in paragraph 14 of this Part of this Schedule to scientific research related to a trade has the meaning assigned to such references by section three hundred and forty of this Act.

TWENTY-THIRD SCHEDULE

Sections 489 & 528.

SPECIAL PROVISIONS APPLICABLE TO NORTHERN IRELAND

PART I

PROCEDURE, APPEALS AND POWERS OF COMMISSIONERS AND OFFICERS

Procedure for Assessment

1. Assessments under Schedules A and B—

(*a*) shall be made by the surveyors or other officers acting in that behalf under the direction of the Commissioners of Inland Revenue; and

(*b*) shall be made for and comprise the respective premises which are situate in an administrative county, county borough, county district or such other district as the said Commissioners shall direct; and

(*c*) shall be signed by the Special Commissioners.

2.—(1) Assessments under Schedules D and E shall be made by such surveyors or other officers as the Commissioners of Inland Revenue shall appoint in that behalf.

(2) The Special Commissioners shall—

(*a*) sign and allow the assessments; and

(*b*) appoint the times and places for hearing appeals against the assessments; and

(*c*) cause due notice of every such assessment and the amount thereof and of the time and place for hearing any appeal against the same to be given by an officer of Inland Revenue to each person assessed.

(3) As respects assessments under Schedule E, this paragraph shall have effect subject to any regulations under section one hundred and fifty-seven of this Act for the time being in force.

Powers of Special Commissioners, surveyors, collectors and other officers

3.—(1) The following persons, that is to say—

(*a*) the Special Commissioners acting in relation to the signing or allowing of any assessment, to the hearing and determining of any appeal, and to the making and signing of any warrant for levying the tax and sums of money charged; and

(*b*) all surveyors and other officers acting in relation to the making of any assessment, or to the assessing or charging any person therein or thereby; and

(*c*) all collectors,

shall respectively have, use and exercise all such and the like powers and authorities as any General Commissioners, Special Commissioners or Additional Commissioners, and as any surveyors, collectors or

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other officers respectively have, or may use or exercise, in England in relation to the making or allowing of any assessment under this Act, or to the assessing or charging of any person, or to the hearing or determining of any appeal, or the collecting, levying, distraining for or otherwise recovering of the tax, so far as such powers and authorities, or any of them, are applicable, or may be adapted, to the performance of similar acts, matters and things in Northern Ireland.

(2) In addition to the aforesaid powers, any power which, in England, may be exercised by the General Commissioners may, in Northern Ireland, be exercised by the Special Commissioners.

Appeals

4.—(1) All appeals against assessments shall be heard and determined by the Special Commissioners, and their determination on any such appeal shall be final and conclusive, unless the person assessed requires that his appeal shall be reheard as hereinafter provided, or unless, under the provisions of this Act, a case is required to be stated for the opinion of the High Court, and, in default of appeal by a person to whom notice of assessment, and of the time and place for hearing appeals, has been given, the assessment made on him shall be final and conclusive.

(2) Any person who is aggrieved by the determination of the Special Commissioners in any appeal against an assessment made upon him may, on giving notice in writing to the surveyor, within ten days after such determination, require that his appeal shall be reheard by the recorder or county court judge, as the case may be, having jurisdiction in the place where the assessment was made, and the Special Commissioners shall transmit to the said recorder or county court judge, as the case may be, any statement or schedule in their possession which was delivered to them for the purposes of the appeal.

(3) The said recorder or county court judge shall, with all convenient speed, rehear and determine the appeal, and shall have and exercise the same powers and authorities in relation to the assessment appealed against, the determination, and all matters consequent thereon, as the Special Commissioners might have and exercise, and his determination thereon shall be final and conclusive.

(4) The recorder or county court judge shall make a declaration in the form of the declaration required to be made by a Special Commissioner as set out in Part I of the Second Schedule to this Act.

Claims for relief or repayment

5. Subject to the provisions of this paragraph, claims for relief under Part VIII of this Act, and all claims for the repayment of tax under this Act, shall be made in such manner and form as the Commissioners of Inland Revenue may prescribe, and shall be made to, and finally determined by, the Special Commissioners:

Provided that—

(*a*) in the case of claims under any of the following provisions of this Act, that is to say, sections sixty-six, one hundred and twenty, one hundred and eighty-one, one hundred and

ninety, one hundred and ninety-five, two hundred, two hundred and one and two hundred and twenty-seven, paragraph (*a*) of subsection (1) of section four hundred and forty-three, sections four hundred and forty-seven to four hundred and forty-nine, and section four hundred and seventy-one, this paragraph shall not apply and the procedure shall be the same in Northern Ireland as in Great Britain; and

(*b*) in the case of claims to which the Sixth Schedule to this Act is applied by any provision of this Act, this paragraph shall have effect subject to so much of that provision as requires—

(i) that the claim shall be delivered to the surveyor and shall be made in such form as the Commissioners of Inland Revenue may direct; and

(ii) that where the surveyor objects to any such claim, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of this Act relating to the statement of a case for the opinion of the High Court on a point of law shall apply.

Administration of Oaths

6. A justice of the peace may administer any oath required or permitted by this Act to be taken before a Commissioner or justice by any officer or person in any matter touching the execution of this Act.

PART II

SCHEDULES A & B AND SPECIAL PROVISIONS AS TO RENTS

Persons chargeable

1.—(1) Tax under Schedule A shall be charged upon the landlord or immediate lessor of a tenement or rateable hereditament, but may, if it appears to the Special Commissioners to be necessary or proper, be charged upon the person rated to poor rates in respect of any such property.

(2) Tax under Schedule B shall be charged upon the occupier of a tenement or rateable hereditament.

Poor rate valuations to be taken as annual values

2.—(1) Subject to the following provisions of this Part of this Schedule, the annual value of all tenements and rateable hereditaments with reference to which tax is to be charged under Schedules A and B shall be ascertained according to the respective surveys and valuations from time to time in force for the purposes of poor rates:

Provided that the annual value of lands for the purposes of Schedule B shall be taken to be the purchase annuity payable under

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the Land Purchase Acts, or any of them, in any case in which it is shown that the purchase annuity is less than the annual value according to the survey or valuation aforesaid.

(2) Where, under section eight of the Valuation Acts Amendment Act (Northern Ireland), 1932, contiguous hereditaments in the occupation of one and the same occupier are valued as one rateable hereditament although held under two or more immediate lessors under different contracts of tenancy, the annual value of that rateable hereditament ascertained in accordance with the valuation shall be apportioned by the surveyor, after consultation with the Commissioner of Valuation, between the said contiguous hereditaments.

(3) Where tax is chargeable under Schedule B in respect of part, but not the whole, of a hereditament which under the Valuation Acts Amendment Act (Northern Ireland), 1932, is valued as one rateable hereditament, or to which an annual value has been apportioned under sub-paragraph (2) of this paragraph, the annual value of the hereditament ascertained in accordance with the valuation or so apportioned thereto shall be apportioned or re-apportioned, as the case may be, by the surveyor, after consultation with the Commissioner of Valuation, between the part of the hereditament in respect of which tax is so chargeable and the remainder thereof.

(4) If any difference arises as regards any apportionment or re-apportionment made by the surveyor under sub-paragraph (2) or sub-paragraph (3) of this paragraph, it shall be referred to the Special Commissioners, who may revise the apportionment or re-apportionment as they think fit, and their determination thereon shall be final.

(5) Where an annual value is apportioned or re-apportioned between hereditaments or parts of hereditaments under sub-paragraph (2), sub-paragraph (3) or sub-paragraph (4) of this paragraph, then, for the purposes of this Part of this Schedule, each of those hereditaments or parts, as the case may be, shall be deemed to be a separate hereditament, and the annual value apportioned to it shall be deemed to have been ascertained according to the survey and valuation in force for the purposes of poor rates.

(6) Where a person receives rent in respect of any hereditament which, by virtue of section two of the Valuation (Ireland) Act, 1854, is for the time being exempt from assessment for poor rates, tax under Schedule A shall be assessed and charged on him upon the full amount of the rent, less any sum liable to be paid or allowed by way of deduction from the rent under subsection (2) of section seven of the Valuation Acts Amendment Act (Northern Ireland), 1932.

Relief by way of reduction of annual value in certain cases

3.—(1) In the event of an appeal by a person who considers himself aggrieved by an assessment under Schedule A or Schedule B, if it is proved to the satisfaction of the Special Commissioners by whom the appeal is heard, or the recorder or county court judge by whom the appeal is reheard, as the case may be, that the annual

value on which the assessment is based exceeds the annual rent at which the property in respect of which the assessment is made is worth to be let from year to year, relief shall be given by reducing the assessment and charging the tax on the amount on which it would have been charged if that rent had been adopted as the basis of the assessment instead of such annual value.

(2) If such annual rent at which the property is worth to be let from year to year exceeds the actual rent payable yearly by the tenant or occupier, the landlord or immediate lessor shall be assessed and charged under Schedule A on the amount of such actual rent only, and the tenant or occupier shall be assessed and charged under Schedule A on the difference.

Production of copies of poor rates and valuations

4.—(1) For the purpose of assessing tax chargeable under Schedules A and B, the secretary, or person acting as such, to the county council of an administrative county and the town clerk, clerk, or person acting as such, to a county borough or an urban district council shall, when required by the Commissioners of Inland Revenue, transmit to them at such office of the said Commissioners as those Commissioners may direct, true copies of the last poor rates made by the county council, county borough council or urban district council for their respective rating areas or any part thereof.

(2) The Commissioners of Inland Revenue shall pay to the said persons respectively the expenses of making all such copies, not exceeding the rate of two shillings and sixpence for every one hundred ratings.

(3) If any such person as aforesaid neglects to transmit such copies, after being required to do so by the Commissioners of Inland Revenue, he shall, for every such neglect, forfeit the sum of fifty pounds.

5.—(1) Every person shall, at the request of any surveyor or other officer acting in the execution of this Act, produce to him any survey or valuation on which the rates for any administrative county, county borough, urban district or part thereof are assessed or made, or any rate or assessment made under any Act relating to poor rates, which is in his custody or possession, and permit the surveyor or other officer to inspect the same and to take copies thereof, or extracts therefrom, without any payment.

(2) Any such person who, on request as aforesaid, refuses to produce any survey, valuation, rate or assessment which is in his custody or possession, or to permit the inspection thereof, or the taking of such copies thereof or extracts therefrom as the surveyor or other officer may think fit, shall, for every such refusal, forfeit the sum of fifty pounds.

Power to direct revaluation

6.—(1) If in any case it appears to the Commissioners of Inland Revenue that any valuation for the purposes of poor rates which is for the time being in force is not correct (having reference to the

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principles according to which the same ought by law to have been made) with respect to all or any of the tenements or rateable hereditaments included therein, they may direct the Commissioner of Valuation to make or cause to be made, for the purposes of income tax, a revaluation of those tenements or rateable hereditaments in accordance with the principles prescribed by law, and the Commissioner of Valuation shall, with all convenient speed, make the revaluation or cause it to be made accordingly, and shall sign it and transmit it to the said Commissioners.

(2) Tax chargeable under Schedules A and B shall, after any such revaluation, be assessed and charged in accordance therewith.

(3) A person assessed in accordance with any such revaluation may, if aggrieved thereby, appeal against the assessment on the ground that the revaluation is incorrect, and the Special Commissioners by whom any such appeal is heard, or the recorder or county court judge by whom any such appeal is reheard, may alter the revaluation and the assessment, and make such an order with reference thereto, as they or he may think fit.

Allowances under Schedule A for poor rates payable by landlord

7. In assessing tax chargeable under Schedule A on the landlord or immediate lessor—

(*a*) if the amount or annual value on which the assessment is made is not less than the annual rent reserved or payable to him for the premises in respect of which the assessment is made, an allowance or abatement shall be made in respect of the amount of poor rates paid or borne by him for the same premises in the preceding year; and

(*b*) if the amount or annual value on which the assessment is made is less than the said rent, an allowance or abatement shall be made of the sum by which the amount of the poor rate, added to the sum on which the assessment is made, exceeds that rent.

Collection and recovery of tax

8.—(1) Tax under Schedules A and B may be collected, recovered and levied by the collector by distress from the person charged, or from the occupier of the property charged, or upon the premises in respect of which the assessment is made, and all goods and chattels, to whomsoever the same may belong, found upon any such premises may be distrained and sold for the recovery of any such tax; or such tax or any arrears thereof may be collected, recovered and levied in the same manner as other tax charged in Northern Ireland under this Act may be collected, recovered and levied.

(2) Provided that tax charged under Schedule A in respect of any tenement or hereditament may be collected, recovered and levied by the collector from the landlord or immediate lessor of the premises charged, whether he be named in the assessment or not.

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(3) Where an assessment under Schedule A has been made on the tenant or occupier of premises charged, the landlord or immediate lessor shall only be liable to proceedings under sub-paragraph (2) of this paragraph in default of payment by the tenant or occupier and for so much only of the tax charged as is chargeable in respect of the rent payable yearly to him for the premises charged.

Relief where rent is irrecoverable

9.—(1) If any landlord or immediate lessor of any tenement or hereditament charged to tax under Schedule A has paid the same and proves, to the satisfaction of the Special Commissioners, that the rent, or any part thereof, due or payable to him in respect of that tenement or hereditament for the period for which that tax was charged has been wholly and irrecoverably lost by reason of—

(*a*) the bankruptcy, insolvency or absconding of the tenant or occupier by whom such rent was payable; or

(*b*) the fraudulent assignment or removal of his goods by the said tenant or occupier; or

(*c*) the tenement or hereditament being left waste and unoccupied,

he shall be entitled to be repaid such proportion of the said tax as he shall have paid in respect of the rent so lost, and the said Commissioners shall issue an order for repayment, in like manner as in other cases of repayment.

(2) Any such claim for repayment shall be made within one year after the expiration of the year of assessment.

Effect of deductions from rent, etc. for poor rates

10.—(1) Where a person liable to tax under Schedule A is authorised under this Act to retain tax from any annual payment made by him from which he is by law entitled to deduct any sum on account of poor rates, the tax to be retained shall be calculated by reference to the net sum payable by him after the allowance for poor rates.

(2) In computing the income of any person for the purposes of this Act, the computation, so far as concerns any rent derived from tenements or hereditaments chargeable under Schedule A, shall be made after allowing for the amount of any poor rates chargeable on that rent by way of deduction or otherwise.

Power to deduct tax from certain statutory rentcharges

11. Where, under the Landed Property Improvement (Ireland) Act, 1847, or any Act amending that Act, an advance of public money to promote the improvement of lands has been made by way of loan, and the repayment thereof has been secured by a rentcharge upon the lands to be paid for a term of years, by which

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the principal sum advanced will eventually be repaid with interest, the person paying any such rentcharge may deduct and retain out of it so much of the tax under Schedule A charged in respect of the lands as represents the tax on one-third, and no more, of the amount payable at the standard rate for the year in which the amount payable becomes due, and the collectors and receivers of such rentcharges shall allow such deduction upon receipt of the residue of such rentcharge then due.

Saving with respect to actions of ejectment

12. Unless other provision is made in that behalf by any enactment, an action of ejectment for non-payment of rent shall not be defeated on the ground that the person liable to pay the rent is entitled under this Act to a deduction which would reduce the amount due by him below a year's rent.

Section 524.

TWENTY-FOURTH SCHEDULE

DECLARATIONS AND STATEMENTS OF TOTAL INCOME

First.—Declaration of the amount of value of property or profits or gains returned, or for which the person in question has been or is liable to be assessed.

Second.—Declaration of the amount of rents, interest, annuities or other annual payments, in respect of which the person in question is liable to allow the tax, with the names of the respective persons by whom such payments are to be made, distinguishing the amount of each payment.

Third.—Declaration of the amount of interest, annuities or other annual payments to be made out of the property or profits or gains assessed on the person in question, distinguishing each source.

Fourth.—Statement of the amount of income derived according to the three preceding declarations.

Fifth.—Statement of any tax which the person in question may be entitled to deduct, retain or charge against any other person.

TWENTY-FIFTH SCHEDULE

Sections 527, 528, 530 & 531

ENACTMENTS REPEALED

PART I

ENACTMENTS OF THE PARLIAMENT OF THE UNITED KINGDOM

Session and chapter	Short title	Extent of repeal
8 & 9 Geo. 5. c. 40.	The Income Tax Act, 1918	The whole Act.
9 & 10 Geo. 5. c. 32.	The Finance Act, 1919 ...	Part II.
10 & 11 Geo. 5. c. 18.	The Finance Act, 1920 ...	Part II. Section sixty-one, so far as it relates to income tax. The Third Schedule.
11 & 12 Geo. 5. c. 32.	The Finance Act, 1921 ...	Part II. In the Second Schedule, paragraph 7 of Part IV.
12 & 13 Geo. 5. c. 17.	The Finance Act, 1922 ...	Part II. The First Schedule.
13 & 14 Geo. 5. c. 14.	The Finance Act, 1923 ...	Part II.
14 & 15 Geo. 5. c. 21.	The Finance Act, 1924 ...	Part II.
15 & 16 Geo. 5. c. 36.	The Finance Act, 1925 ...	Part II. Section twenty-six.
16 & 17 Geo. 5. c. 22.	The Finance Act, 1926 ...	Parts III and IV. The Second, Third and Fourth Schedules.
17 & 18 Geo. 5. c. 10.	The Finance Act, 1927 ...	Parts II and III. The Fifth Schedule.
18 & 19 Geo. 5. c. 17.	The Finance Act, 1928 ...	Part II. Subsection (1) of section thirty. The Fourth Schedule.
19 & 20 Geo. 5. c. 25.	The Local Government (Scotland) Act, 1929.	Subsection (4) of section two.
20 & 21 Geo. 5. c. 28.	The Finance Act, 1930 ...	Part II. The First Schedule.
21 & 22 Geo. 5. c. 28.	The Finance Act, 1931 ...	Part II. Section thirty-seven, so far as it relates to income tax.
21 & 22 Geo. 5. c. 49.	The Finance (No. 2) Act, 1931.	Part II. Section sixteen. Subsection (2) of section twenty-two. Section twenty-three. The Third and Fourth Schedules.
22 & 23 Geo. 5. c. 25.	The Finance Act, 1932 ...	Part II.
23 & 24 Geo. 5. c. 19.	The Finance Act, 1933 ...	Part II.
24 & 25 Geo. 5. c. 32.	The Finance Act, 1934 ...	Part II.

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Session and chapter	Short title	Extent of repeal
25 & 26 Geo. 5. c. 24.	The Finance Act, 1935 ...	Part II.
26 Geo. 5 & 1 Edw. 8. c. 2.	The Government of India Act, 1935.	In subsection (5) of section two hundred and seventy-three, from the beginning to the words "United Kingdom, and".
26 Geo. 5 & 1 Edw. 8. c. 34.	The Finance Act, 1936 ...	Part II. The Second Schedule.
26 Geo. 5 & 1 Edw. 8. c. 43.	The Tithe Act, 1936 ...	Subsections (5) and (6) of section thirteen.
1 Edw. 8 & 1 Geo. 6. c. 54.	The Finance Act, 1937 ...	Part II. Section twenty-five. The Third Schedule.
1 & 2 Geo. 6. c. 46.	The Finance Act, 1938 ...	Parts II, III and IV. The Third Schedule.
2 & 3 Geo. 6. c. 41.	The Finance Act, 1939 ...	Part II.
2 & 3 Geo. 6. c. 49.	The House of Commons Members' Fund Act, 1939.	Subsections (4) and (5) of section one.
2 & 3 Geo. 6. c. 109.	The Finance (No. 2) Act, 1939.	Part II. Subsection (1) of section eighteen. The Sixth Schedule.
2 & 3 Geo. 6. c. 117.	The National Loans Act, 1939.	Paragraph 4 of the Second Schedule.
3 & 4 Geo. 6. c. 29.	The Finance Act, 1940 ...	Part II. Subsection (2) of section sixty. Paragraph 9 of Part IV of the Fifth Schedule.
3 & 4 Geo. 6. c. 48.	The Finance (No. 2) Act, 1940.	Part II. The Fifth Schedule.
4 & 5 Geo. 6. c. 30.	The Finance Act, 1941 ...	Part II. Section forty-seven. The First Schedule.
5 & 6 Geo. 6. c. 21.	The Finance Act, 1942 ...	Part III. In section forty-two, the words "income tax and". Part I of the Tenth Schedule.
6 & 7 Geo. 6. c. 28.	The Finance Act, 1943 ...	Part II. Subsection (2) of section twenty-eight. The Sixth Schedule.
6 & 7 Geo. 6. c. 45.	The Income Tax (Employments) Act, 1943.	The whole Act.
7 & 8 Geo. 6. c. 12.	The Income Tax (Offices and Employments) Act, 1944.	The whole Act.
7 & 8 Geo. 6. c. 23.	The Finance Act, 1944 ...	Parts III and IV.
8 & 9 Geo. 6. c. 24.	The Finance Act, 1945 ...	Sections three and four.
8 & 9 Geo. 6. c. 32.	The Income Tax Act, 1945	The whole Act.

25TH SCH. —*cont.*

Session and chapter	Short title	Extent of repeal
9 & 10 Geo. 6. c. 13.	The Finance (No. 2) Act, 1945.	Part II. Part IV, so far as it relates to income tax. Part V, except subsection (3) of section fifty-one, section fifty-four, and, so far as they relate to estate duty, subsection (1) of section fifty-five and section fifty-six. Sections fifty-eight and fifty-nine, so far as they relate to income tax. In subsection (1) of section sixty, the words " collectors of taxes and " (in both places) and the words " income tax and ". The Fourth Schedule. The Sixth and Eighth Schedules, so far as they relate to income tax. In the Ninth Schedule, paragraphs 1 and 2 so far as they relate to income tax, and paragraph 3.
9 & 10 Geo. 6. c. 27.	The Bank of England Act, 1946.	In paragraph 10 of the First Schedule, the figure " 4 ".
9 & 10 Geo. 6. c. 59.	The Coal Industry Nationalisation Act, 1946.	In subsection (8) of section thirty-three, the figure " 4 ".
9 & 10 Geo. 6. c. 62.	The National Insurance (Industrial Injuries) Act, 1946.	Subsection (6) of section eighty-three.
9 & 10 Geo. 6. c. 64.	The Finance Act, 1946 ...	Part III. Section fifty-eight, so far as it relates to income tax. Sections fifty-nine to sixty-one. In section sixty-two, subsections (1), (4) and (5). The Sixth Schedule.
9 & 10 Geo. 6. c. 67.	The National Insurance Act, 1946.	In the Eleventh Schedule, so much of Part IV as amends section thirty-three of the Finance Act, 1921.
9 & 10 Geo. 6. c. 82.	The Cable and Wireless Act, 1946.	In paragraph 6 of the Second Schedule, the figure " 4 ".
10 & 11 Geo. 6. c. 35.	The Finance Act, 1947 ...	Part III. Sections sixty-six and sixty-seven. The Seventh, Ninth and Tenth Schedules.
10 & 11 Geo. 6. c. 51.	The Town and Country Planning Act, 1947.	In subsection (8) of section sixty-six, the figure " 4 ".
10 & 11 Geo. 6. c. 53.	The Town and Country Planning (Scotland) Act, 1947.	In subsection (8) of section sixty-three, the figure " 4 ".

25TH SCH. —*cont.*

Session and chapter	Short title	Extent of repeal
11 & 12 Geo. 6. c. 7.	The Ceylon Independence Act, 1947.	Paragraph 3 of the Second Schedule.
11 & 12 Geo. 6. c. 9.	The Finance (No. 2) Act, 1947.	In section eight, in subsection (1), the words " to income tax made under Schedule D, or any assessment to surtax "; in subsection (4), the words " year of assessment or ", the words " year or ", the words " to surtax or ", the words " surtax or " (in the second place where these words occur), the words " as the case may be ", the word " or " at the end of paragraph (*b*) and the whole of paragraph (*c*); in subsection (5), the words " years of assessment or ".
11 & 12 Geo. 6. c. 49.	The Finance Act, 1948 ...	Parts III and IV. In subsection (1) of section seventy-nine, the words " the Income Tax Acts and " and the words " income tax and ". The Ninth Schedule.
12, 13 & 14 Geo. 6. c. 44.	The Superannuation Act, 1949.	Section forty-nine.
12, 13 & 14 Geo. 6. c. 47.	The Finance Act, 1949 ...	Part II. Section fifty. In subsection (1) of section fifty-one, the words " income tax other than surtax, surtax ". The Sixth and Tenth Schedules.
12, 13 & 14 Geo. 6. c. 99.	The Married Women (Maintenance) Act, 1949.	Section three.
14 Geo. 6. c. 15	The Finance Act, 1950 ...	Part II. Section thirty-six. Section thirty-seven, so far as it relates to income tax. In section thirty-eight, in subsection (1), the words " income tax and ", and the whole of subsection (3). Section forty-one, so far as it relates to income tax carrying interest. Section forty-two. The Sixth Schedule.
14 & 15 Geo. 6. c. 11.	The Administration of Justice (Pensions) Act, 1950.	Section eighteen.

25TH SCH. —*cont.*

Session and chapter	Short title	Extent of repeal
14 & 15 Geo. 6. c. 43.	The Finance Act, 1951 ...	Part II. Sections thirty-six to thirty-eight. Section forty-one.
14 & 15 Geo. 6. c. 56.	The Guardianship and Maintenance of Infants Act, 1951.	Section three.

PART II

ENACTMENTS OF THE PARLIAMENT OF NORTHERN IRELAND

Year and chapter	Short title	Extent of repeal
1946, c. 21 ...	The National Insurance (Industrial Injuries) Act (Northern Ireland), 1946.	Subsection (6) of section eighty-two.
1946, c. 23 ...	The National Insurance Act (Northern Ireland), 1946.	Subsection (6) of section twenty-six.

PART III

ORDERS IN COUNCIL

Reference No.	Short title	Extent of repeal
S.R. & O. 1922, No. 80.	The Government of Ireland (Adaptation of the Taxing Acts) Order, 1922.	Part VI.
S.R. & O. 1923, No. 453.	The Irish Free State (Consequential Adaptation of Taxing Acts) Order, 1923.	In paragraph (2) of Article 1, the definitions of "Government Stock" and "dividends". Articles 4, 5, 6 and 7.

Table of Statutes referred to in this Act

Short Title	Session and Chapter
Civil List Act, 1837	1 & 2 Vict. c. 2.
Landed Property Improvement (Ireland) Act, 1847	10 & 11 Vict. c. 32.
Valuation (Ireland) Act, 1854	17 & 18 Vict. c. 8.
Charitable Trusts Amendment Act, 1855	18 & 19 Vict. c. 124.
Annual Revision of Rateable Property (Ireland) Amendment Act, 1860	23 & 24 Vict. c. 4.
Post Office Savings Bank Act, 1861	24 & 25 Vict. c. 14.
India Stock Certificate Act, 1863	26 & 27 Vict. c. 73.
Trustee Savings Banks Act, 1863	26 & 27 Vict. c. 87.
National Debt Act, 1870	33 & 34 Vict. c. 71.
Building Societies Act, 1874	37 & 38 Vict. c. 42.
Local Loans Act, 1875	38 & 39 Vict. c. 83.
Guardianship of Infants Act, 1886	49 & 50 Vict. c. 27.
Inland Revenue Regulation Act, 1890	53 & 54 Vict. c. 21.
Intestates' Estates Act, 1890	53 & 54 Vict. c. 29.
Stamp Duties Management Act, 1891	54 & 55 Vict. c. 38.
Stamp Act, 1891	54 & 55 Vict. c. 39.
Summary Jurisdiction (Married Women) Act, 1895	58 & 59 Vict. c. 39.
Lands Valuation (Scotland) Amendment Act, 1902	2 Edw. 7. c. 25.
Patents and Designs Act, 1907	7 Edw. 7. c. 29.
Post Office Act, 1908	8 Edw. 7. c. 48.
Assurance Companies Act, 1909	9 Edw. 7. c. 49.
Intestate Husband's Estate (Scotland) Act, 1911 ...	1 & 2 Geo. 5. c. 10.
Finance Act, 1911	1 & 2 Geo. 5. c. 48.
Provisional Collection of Taxes Act, 1913	3 & 4 Geo. 5. c. 3.
Injuries in War (Compensation) Act, 1914 ...	4 & 5 Geo. 5. c. 30.
Injuries in War Compensation Act, 1914 (Session 2)	5 & 6 Geo. 5. c. 18.
Injuries in War (Compensation) Act, 1915 ...	5 & 6 Geo. 5. c. 24.
Finance Act, 1916	6 & 7 Geo. 5. c. 24.
Income Tax Act, 1918	8 & 9 Geo. 5. c. 40.
Finance Act, 1920	10 & 11 Geo. 5. c. 18.
Married Women (Maintenance) Act, 1920 ...	10 & 11 Geo. 5. c. 63.
Finance Act, 1921	11 & 12 Geo. 5. c. 32.
Juries Act, 1922	12 & 13 Geo. 5. c. 11.
Finance Act, 1922	12 & 13 Geo. 5. c. 17.
Finance Act, 1923	13 & 14 Geo. 5. c. 14.
Finance Act, 1924	14 & 15 Geo. 5. c. 21.
Trustee Act, 1925	15 & 16 Geo. 5. c. 19.
Administration of Estates Act, 1925	15 & 16 Geo. 5. c. 23.
Finance Act, 1925	15 & 16 Geo. 5. c. 36.
Guardianship of Infants Act, 1925	15 & 16 Geo. 5. c. 45.
Supreme Court of Judicature (Consolidation) Act, 1925	15 & 16 Geo. 5. c. 49.
Criminal Justice Act, 1925	15 & 16 Geo. 5. c. 86.
Rating and Valuation Act, 1925	15 & 16 Geo. 5. c. 90.
Finance Act, 1926	16 & 17 Geo. 5. c. 22.
Finance Act, 1927	17 & 18 Geo. 5. c. 10.
Superannuation and other Trust Funds (Validation) Act, 1927	17 & 18 Geo. 5. c. 41.
Finance Act, 1928	18 & 19 Geo 5. c. 17.
Coal Mines Act, 1930	20 & 21 Geo. 5. c. 34.
Finance Act, 1931	21 & 22 Geo. 5. c. 28.
Finance (No. 2) Act, 1931	21 & 22 Geo. 5. c. 49.
Finance Act, 1932	22 & 23 Geo. 5. c. 25.
Finance Act, 1933	23 & 24 Geo. 5. c. 19.

Short Title	Session and Chapter
Administration of Justice (Appeals) Act, 1934 ...	24 & 25 Geo. 5. c. 40.
Government of India Act, 1935	26 Geo. 5. & 1 Edw. 8. c. 2.
Tithe Act, 1936	26 Geo. 5. & 1 Edw. 8. c. 43.
Housing Act, 1936	26 Geo. 5. & 1 Edw. 8. c. 51.
Finance Act, 1937	1 Edw. 8. & 1 Geo. 6. c. 54.
Finance Act, 1938	1 & 2 Geo. 6. c. 46.
House of Commons Members' Fund Act, 1939 ...	2 & 3 Geo. 6. c. 49.
War Risks Insurance Act, 1939	2 & 3 Geo. 6. c. 57.
Emergency Powers (Defence) Act, 1939	2 & 3 Geo. 6. c. 62.
Compensation (Defence) Act, 1939	2 & 3 Geo. 6. c. 75.
National Loans Act, 1939	2 & 3 Geo. 6. c. 117.
Finance Act, 1940	3 & 4 Geo. 6. c. 29.
Law Reform (Miscellaneous Provisions) (Scotland) Act, 1940	3 & 4 Geo. 6. c. 42.
Finance Act, 1941	4 & 5 Geo. 6. c. 30.
Finance Act, 1942	5 & 6 Geo. 6. c. 21.
Finance Act, 1943	6 & 7 Geo. 6. c. 28.
Income Tax (Employments) Act, 1943	6 & 7 Geo. 6. c. 45.
Finance Act, 1944	7 & 8 Geo. 6. c. 23.
Income Tax Act, 1945	8 & 9 Geo. 6. c. 32.
Family Allowances Act, 1945	8 & 9 Geo. 6. c. 41.
Finance (No. 2) Act, 1945	9 & 10 Geo. 6. c. 13.
Bank of England Act, 1946	9 & 10 Geo. 6. c. 27.
Assurance Companies Act, 1946	9 & 10 Geo. 6. c. 28.
Statutory Instruments Act, 1946	9 & 10 Geo. 6. c. 36.
Coal Industry Nationalisation Act, 1946	9 & 10 Geo. 6. c. 59.
National Insurance (Industrial Injuries) Act, 1946	9 & 10 Geo. 6. c. 62.
Finance Act, 1946	9 & 10 Geo. 6. c. 64.
National Insurance Act, 1946	9 & 10 Geo. 6. c. 67.
Cable and Wireless Act, 1946	9 & 10 Geo. 6. c. 82.
Indian Independence Act, 1947	10 & 11 Geo. 6. c. 30.
Finance Act, 1947	10 & 11 Geo. 6. c. 35.
Local Government (Scotland) Act, 1947	10 & 11 Geo. 6. c. 43.
Crown Proceedings Act, 1947	10 & 11 Geo. 6. c. 44.
Agriculture Act, 1947	10 & 11 Geo. 6. c. 48.
Transport Act, 1947	10 & 11 Geo. 6. c. 49.
Town and Country Planning Act, 1947	10 & 11 Geo. 6. c. 51.
Town and Country Planning (Scotland) Act, 1947	10 & 11 Geo. 6. c. 53.
Electricity Act, 1947	10 & 11 Geo. 6. c. 54.
Finance (No. 2) Act, 1947	11 & 12 Geo. 6. c. 9.
Local Government Act, 1948	11 & 12 Geo. 6. c. 26.
National Assistance Act, 1948	11 & 12 Geo. 6. c. 29.
Companies Act, 1948	11 & 12 Geo. 6. c. 38.
Agriculture (Scotland) Act, 1948	11 & 12 Geo. 6. c. 45.
Finance Act, 1948	11 & 12 Geo. 6. c. 49.
Gas Act, 1948	11 & 12 Geo. 6. c. 67.
War Damage (Public Utility Undertakings, etc.) Act, 1949	12, 13 & 14 Geo. 6. c. 36.
Superannuation Act, 1949	12, 13 & 14 Geo. 6. c. 44.

Short Title	Session and Chapter
Finance Act, 1949	12, 13 & 14 Geo. 6. c. 47.
Patents Act, 1949	12, 13 & 14 Geo. 6. c. 87.
India (Consequential Provision) Act, 1949 ...	12, 13 & 14 Geo. 6. c. 92.
Married Women (Maintenance) Act, 1949 ...	12, 13 & 14 Geo. 6. c. 99.
Finance Act, 1950	14 Geo. 6. c. 15.
Housing (Scotland) Act, 1950	14 Geo. 6. c. 34.
Administration of Justice (Pensions) Act, 1950 ...	14 & 15 Geo. 6. c. 11.
Reserve and Auxiliary Forces (Training) Act, 1951	14 & 15 Geo. 6. c. 23.
Finance Act, 1951	14 & 15 Geo. 6. c. 43.
Guardianship and Maintenance of Infants Act, 1951	14 & 15 Geo. 6. c. 56.
Tithe Act, 1951	14 & 15 Geo. 6. c. 62.

CHAPTER 11

An Act to enable the Parliament of Northern Ireland to legislate with respect to fisheries in the Foyle Area and related matters. [28th February 1952.]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

General power to legislate for Foyle fisheries.

1. Notwithstanding any restriction on the powers of the Parliament of Northern Ireland, that Parliament may legislate with respect to fisheries in the Foyle Area (of which part is in Northern Ireland and part in the Republic of Ireland), and may in particular—

(*a*) authorise the acquisition of the fisheries in the tidal portions of the Lough and River Foyle and of its tributary the River Faughan by the Ministry of Commerce for Northern Ireland and the Minister for Agriculture for the Republic of Ireland acting jointly;

(*b*) provide for the establishment of a Foyle Fisheries Commission having the functions of managing the fisheries so acquired and of conserving, protecting and improving the fisheries of the Foyle Area generally and also provide for members of the Commission being appointed by the said Ministry in Northern Ireland or the said Minister in the Republic of Ireland;