
Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

SCHEDULES.

SCHEDULE 15

Section 63.

MISCELLANEOUS ADAPTATIONS OF INCOME TAX ACTS FOR CORPORATION TAX.

PART I

APPLICATION AND ADAPTATION OF ENACTMENTS.

The Income Tax Act 1952.

- 1 In section 125 of the Income Tax Act 1952 (woodlands) the references in subsection (2) to the year of assessment shall, in relation to corporation tax, be construed as references to the accounting period.
- 2 Section 202 of the Income Tax Act 1952 (which provides for the issue of funding bonds to be treated as payment of the interest) shall have effect for purposes of corporation tax.
- 3 In section 203(1) of the Income Tax Act 1952 (sale and repurchase of securities) paragraph (ii) shall in relation to corporation tax apply (subject to the provisions of this Act about distributions) to any interest within the meaning of that section, whether or not the securities are of such a character that the interest may be paid without deduction of tax ; and section 416(3) of that Act shall apply in like manner, and with the omission of the proviso.
- 4 (1) Section 440 of the Income Tax Act 1952 shall be amended—
 - (a) by adding at the end of subsection (1) (exemptions for friendly societies) the words " and any such unregistered or registered friendly society shall be entitled to exemption from tax in respect of chargeable gains "; and
 - (b) by inserting in subsection (2) (exemptions for trade unions) at the end of the first paragraph the words " and to exemption from tax in respect of chargeable gains which are applicable and applied for the purpose of provident benefits ".
- (2) Section 449 of the Income Tax Act 1952 (exemptions for scientific research associations) shall be amended by inserting in subsection (1) immediately before the proviso the words " and exemption from tax in respect of chargeable gains ".
- (3) Section 451 of the Income Tax Act 1952 (exemption of British Museum) shall be amended by adding at the end of subsection (1) the words " and exemption from tax in respect of chargeable gains ".
- (4) Section 460 of the Income Tax Act 1952 (Central Banks of India and Pakistan) shall be amended by inserting after the word " 1947 " the words " including chargeable gains so arising or accruing ".

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- 5 In section 468 of the Income Tax Act 1952 (removal of company or company's business overseas etc.) for the proviso to subsection (6) there shall be substituted, in relation to offences committed in or after the year 1966-67:—
- “Provided that where the person in question is a body corporate which is or was resident in the United Kingdom, the maximum amount of the fine shall be three times the corporation tax, profits tax, capital gains tax and income tax paid or payable which is attributable to the income, profits or gains (including chargeable gains) arising in the thirty-six months immediately preceding the commission of the offence, or ten thousand pounds, whichever is the greater”;
- and in subsection (7) the reference to an income tax purpose shall include a corporation tax purpose.
- 6 Sections 482 to 484 of the Income Tax Act 1952 (which relate to nationalised industries) shall have effect for corporation tax as for income tax; and references to years of assessment, to charging the profits or gains of a trade, and to any provision of the Income Tax Act 1952, shall have effect accordingly as if they were or included references to accounting periods, to taxing a trade, and to the relevant provision of Part IV of this Act; but in section 484 there shall be omitted (as being spent) the references to the owner of the assets before the date of vesting.
- 7 (1) As from the beginning of the year 1966-67, sections 491 and 492 of the Income Tax Act 1952 (which provide for adjusting under-deductions and over-deductions of income tax from certain payments made before the passing of an annual Act imposing the tax) shall be amended in accordance with the following sub-paragraphs.
- (2) For section 491(3)(a) (by virtue of which section 491(2) has effect where too little tax is deducted under section 184 from preference dividends) there shall be substituted:—
- “(a) any preference dividend within the meaning of Part IV of the Finance Act 1965 from which a deduction of tax may be made under the said Part IV ; and”.
- (3) In section 492 (over-deductions by bodies corporate under section 169 from interest payments on securities or under section 184 from preference dividends)—
- (a) after the words " section 169 " there shall be inserted the words " or section 170 "; and
- (b) for the words " section 184 of this Act " there shall be substituted the words " Part IV of the Finance Act 1965 "; and
- (c) at the end of the section there shall be added—
- “In this section ' preference dividend ' has the same meaning as in Part IV of the Finance Act 1965, and ' share ' includes stock.”
- 8 Sections 495 to 497 of the Income Tax Act 1952 (interest on overdue tax) shall have effect for corporation tax as for income tax, references to accounting periods being substituted for references to years of assessment.
- 9 In Schedule 20 to the Income Tax Act 1952 (assessment on the herd basis) the references in paragraph 2 to years of assessment shall, in relation to corporation tax, be construed as references to accounting periods.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

The Finance Act 1953.

- 10 (1) Section 20 of the Finance Act 1953 (subvention payments) shall have effect subject to the following sub-paragraphs.
- (2) In relation to a time after the year 1965-66 " accounting period " in relation to any company shall mean its accounting period for corporation tax, and the question whether a company has a deficit or surplus for tax purposes, or what is the amount of that deficit or surplus, shall be ascertained by applying the rules applicable under Part IV of this Act to the computation of total profits for corporation tax (deducting any loss incurred in a trade from profits of any description), except that—
- (a) franked investment income shall be included other than income received by the company from its subsidiary or from a subsidiary of a third company of which it is also a subsidiary (" subsidiary" having for this purpose the meaning assigned to it for certain purposes of the profits tax by section 42 of the Finance Act 1938);
- (b) no regard shall be had to any deduction falling to be made in respect of losses, allowances or expenses of management of any other period, except any deduction falling to be made against chargeable gains in respect of losses incurred before the accounting period ;
- (c) there shall be deducted any charges on income.
- (3) Where an accounting period of a company for corporation tax begins before but ends after the end of the year 1965-66, sub-paragraph (2) above shall apply, except that the deficit or surplus shall be ascertained separately for the part of the period falling in that year (according to the rules applying to that year) and for the part falling after it (in accordance with sub-paragraph (2) above), and shall be aggregated with, or as the case may be, set off against, the other to arrive at the deficit or surplus for the whole period.
- (4) Where any period of account of a company beginning before the year 1966-67 is partly but not wholly comprised in an accounting period for corporation tax ending in that year, then the part not so comprised shall be treated for purposes of section 20 as a separate accounting period.
- (5) In subsection (2) of section 20 for the words " second year of assessment " in the proviso (as amended by the Finance Act 1958) there shall, in relation to accounting periods ending after the year 1965-66, be substituted the words " second year ".
- 11 In section 23 of the Finance Act 1953 (elections for the herd basis after compulsory slaughter of farm animals) subsections (2) and (3) shall, in relation to corporation tax, have effect as if references to years of assessment were references to accounting periods, and with the omission of the proviso to each of those subsections.

The Atomic Energy Authority Act 1954.

- 12 In section 6(2) of the Atomic Energy Authority Act 1954 (which confers certain exemptions from income tax on the Authority and its pension fund) there shall be inserted as a new paragraph (e)—
- “(e) tax in respect of chargeable gains”;
- and at the end of the final paragraph (which relates to the pension fund) there shall be added the words " and similarly with chargeable gains (the exemptions from corporation tax conferred on the Authority having effect as exemptions from income tax or capital gains tax) ".

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

The Finance Act 1957.

- 13 In section 22 of the Finance Act 1957 there shall be inserted as a new subsection (1A):—

“(1A) A bank or issue department of a bank to which this section for the time being applies shall be exempt from tax in respect of chargeable gains accruing to it:

Provided that subsection (1) above may be applied to a bank or issue department without this subsection, or this subsection without that.”

The Finance Act 1960.

- 14 In section 25(6) of the Finance Act 1960 for the reference to section 346 of the Income Tax Act 1952 there shall be substituted a reference to the corresponding provision of this Act.

- 15 In the Finance Act 1960—

- (a) in section 28(2) for the reference to section 256(2) and (3) of the Income Tax Act 1952 there shall be substituted a reference to paragraph 3 of Schedule 18 to this Act; and

- (b) for section 28(11) proviso there shall be substituted:—

“Provided that there shall be disregarded any amount received by a company by way of dividend from an associated company in so far as the dividend is paid out of income arising to the company paying it since the two companies became associated companies, and Schedule 17 to the Finance Act 1965 shall with the necessary modifications apply for determining the extent to which the dividend was so paid”; and

- (c) in section 29 (power to obtain information), and in the definition of "tax advantage" in section 43(4)(g), the references to income tax shall include corporation tax ;

and (without prejudice to any general provision of this Act for the continuity of income tax and corporation tax) in relation to tax advantages related to corporation tax the said section 28 shall apply to transactions taking place before the charge to corporation tax becomes effective.

- 16 In the Finance Act 1960, the references in section 33(4) to a company to which section 245 of the Income Tax Act 1952 applies, not being an investment company, and to Chapter III of Part IX of that Act shall include references to a close company and to section 78 of this Act and the other provisions of this Act having effect for purposes of that section.

The Finance Act 1962.

- 17 Section 22 of the Finance Act 1962 (taxation of Gas Council and Area Boards) shall apply in relation to corporation tax as it applied in relation to income tax.

The Finance Act 1963.

- 18 (1) Schedule 4 to the Finance Act 1963 shall have effect subject to the following sub-paragraphs.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (2) In relation to a company the references in paragraph 15(1) to a year of assessment shall not be read as references to an accounting period, but any deduction authorised by that paragraph shall be apportioned between the accounting periods (if more than one) comprising the year of assessment; and for the references in paragraph 15(1) to a company to which section 245 of the Income Tax Act 1952 applies and to a director or member of it within the meaning of Chapter III of Part IX of that Act there shall be substituted references to a close company and to a director of or participator in it within the meaning of Part IV of this Act.
- (3) In relation to a company the references in paragraph 16 to a year of assessment shall not be read as references to an accounting period, but any deduction authorised by that paragraph shall be apportioned between the accounting periods (if more than one) comprising the year of assessment, other than any such period ended before the expenditure is incurred or transfer takes place by virtue of which the company is entitled to the deduction.
- (4) In paragraph 17, sub-paragraph (3)(b) shall not have effect in relation to a company.
- 19 In Schedule 8 to the Finance Act 1963, paragraph 5(a) shall not have effect in relation to a company.

PART II

CONTINUITY OF LOSS RELIEF AND OTHER MATTERS.

Trade losses.

- 20 (1) For purposes of section 341 of the Income Tax Act 1952 the question whether a company has sustained a loss in a trade in the year 1964-65 or the year 1965-66, and any question as to the amount of a loss so sustained, shall not be affected by the company being within the charge to corporation tax in respect of the trade for the whole or part of that year, but subject to sub-paragraph (2) below, a company shall not be entitled to relief by virtue of that section except against income tax for years of assessment before the year 1966-67, and section 15(3) of the Finance Act 1953 and section 20 of the Finance Act 1954 shall apply accordingly in relation to claims by a company for losses sustained in, but not after, the year 1964-65.
- (2) Where in the year 1965-66 a company is entitled to claim relief under section 341 of the Income Tax Act 1952 in respect of any loss (including any amount treated as a loss under section 20 of the Finance Act 1954), the company may claim that such part, if any, of that loss as cannot be relieved against income tax for that year shall be deducted or set off against profits arising in the year 1965-66, otherwise than from any trade carried on by the company, being profits in respect of which the company would otherwise be chargeable to corporation tax, and in so far as the loss arose in the year 1965-66 and cannot be so deducted or set off against profits arising in that year, that it shall be deducted from or set off against any such profits so arising in the year 1966-67; and up to the amount of the deduction or set off those profits shall be excluded accordingly from any assessment to corporation tax (the relief in any year of assessment being given as far as may be against profits of an earlier, rather than the profits of a later, accounting period).
- (3) Relief in respect of the same matter shall not be given both in a manner authorised under this paragraph and in some other manner.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- 21 (1) Where a company has before the year 1966-67 incurred a loss in a trade carried on by it, such part, if any, of that loss as but for this Act might have been carried forward to that year under section 342 of the Income Tax Act 1952 may be dealt with under section 58(1) or (7) of this Act as if it were a loss incurred by the company while within the charge to corporation tax in respect of the trade, but incurred in an accounting period ending at the time when the company in fact comes within the charge to tax in respect of the trade.
- (2) This paragraph shall apply to any amount which by virtue of section 345 of the Income Tax Act 1952, or of paragraph 3 of Schedule 3 to the Finance Act 1954, might be dealt with under section 342 as a loss incurred by a company in a trade as if that amount were a loss so incurred ; but where section 345 applies by virtue of section 443(1)(b) of that Act to any amount of share interest or loan interest paid by a registered industrial and provident society, this sub-paragraph shall not have effect except in relation to so much of the said amount as represents share interest or loan interest paid before the society comes within the charge to corporation tax in respect of its trade.

Losses within Case VI.

- 22 Where a company resident in the United Kingdom has incurred a loss in respect of which relief might be given under section 346 of the Income Tax Act 1952 against income tax for the year 1965-66 or an earlier year of assessment, then in so far as relief cannot be so given the loss may be dealt with under section 60 of this Act as if it had been incurred in the accounting period of the company beginning first after the date when the loss arose; but except in accordance with this paragraph relief shall not be given against corporation tax in respect of a loss if relief can be given in respect of it under the said section 346.

Expenses of management.

- 23 (1) No deduction shall be made under section 57 of this Act (or under that section as applied by section 69) in respect of sums disbursed as expenses of management in or before the year 1965-66, or in respect of any amounts which are by virtue of any enactment to be treated as sums so disbursed, in so far as relief can be given in respect thereof under section 425 of the Income Tax Act 1952 or under that section as applied by any other enactment; but in so far as relief cannot be so given, the amount unrelieved shall be treated for purposes of section 57 or 69 of this Act as an amount disbursed as expenses of management for the first accounting period for which the company is within the charge to corporation tax in respect of the business.
- (2) Where sub-paragraph (1) above has effect the company may by notice in writing given not later than twelve months after the end of the accounting period specified in the notice elect to treat such an amount of sums disbursed as expenses of management as is specified in the notice (being an amount not exceeding the total of the sums so disbursed in the said accounting period) as an amount unrelieved for the purpose of sub-paragraph (1), and where such a notice is given the amount so treated shall not be available for relief under section 425 of the Income Tax Act 1952.

Terminal losses.

- 24 (1) Where a company carrying on a trade at the beginning of the year 1966-67 ceases to do so within four years of coming within the charge to corporation tax in respect of

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

it, section 59 of this Act shall apply, with any necessary adaptations, so as to enable relief to be given under that section against income tax for years of assessment before 1966-67 in so far as relief cannot be given against corporation tax, but so that—

- (a) where relief is given against income tax, section 38(4) of the Finance Act 1954 shall apply as it applies in relation to the corresponding relief under that section; and
- (b) where section 59 of this Act has effect by virtue of this paragraph to reduce the profits of any period and income tax for more than one year of assessment has been computed wholly or partly by reference to those profits, such adjustment shall be made as may be necessary to prevent relief being given more than once.

- (2) Where sub-paragraph (1) above has effect, and before the year 1966-67 there has been in the trade a relevant change within the meaning of Schedule 3 to the Finance Act 1954 (company reconstructions), section 59 of this Act and that sub-paragraph shall apply so as to enable a person carrying on the trade before the relevant change to be given relief in the like circumstances and to the like extent, as nearly as may be, as he might have been given relief under section 18 of the Finance Act 1954 by virtue of paragraph 5 of Schedule 3 to that Act.

Continuation of elections etc.

- 25 (1) Where before the year 1966-67 a company has for purposes of income tax made any election or done any other act of a description which—
- (a) would have had continuing effect for income tax for that year or, if revocable, would have had continuing effect unless revoked;
 - (b) may also be made for corporation tax ;
- then that election or act shall for corporation tax be valid and effectual as if duly made or done for that tax, and have effect from the beginning of the first accounting period for which the company is within the charge to corporation tax in respect of the matter in question.
- (2) Accordingly where any such election or act is required to be made or done, if at all, at a particular time, no provision of this Act amending the enactment under which it is made or done so as to specify a different time in relation to corporation tax (whether by substituting a reference to the first accounting period for a reference to the first year of assessment in which anything takes place, or otherwise) shall be taken, unless the contrary intention appears, to invalidate any election or act duly made or done nor, where the time has passed for making or doing it for income tax, to extend the time in relation to corporation tax ; but nothing in this paragraph shall take away any right of revocation or variation.
 - (3) This paragraph shall in particular apply—
 - (a) to any election under section 125 of the Income Tax Act 1952 to be assessed in respect of woodlands under Schedule D ;
 - (b) to any election for the herd basis under Schedule 20 to that Act;
 - (c) to any election under paragraph 4 of Schedule 14 to that Act about capital allowances and charges after certain sales ;
 - (d) to any election under paragraph 7 of Schedule 4 to the Finance Act 1963 for land to be treated as a single estate for the purpose of deductions under Case VIII of Schedule D.