



# Finance Act 1920

## 1920 CHAPTER 18

An Act to grant certain duties of Customs and Inland Revenue (including Excise), to alter other duties, and to amend the Law relating to Customs and Inland Revenue (including Excise), and the National Debt, and to make further provision in connection with Finance. [4th August 1920.]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the King'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

#### CUSTOMS AND EXCISE

#### **1 Continuation of customs duties imposed under 5 & 6 Geo.5 c.89**

The following duties of customs, imposed by Part I. of the Finance (No. 2) Act, 1915, shall, subject to the provisions of section eight of the Finance Act, 1919 (which relates to imperial preferential rates), continue to be charged, levied, and paid, in the case of the duty on motor spirit until the thirty-first day of December nineteen hundred and twenty, in the case of the new import duties until the first day of May nineteen hundred and twenty-one, and in the case of the other duties until the first day of August nineteen hundred and twenty-one, that is to say :—

*Status: This is the original version (as it was originally enacted).*

Duty.	Section of Act.
Increased duty on tea	1
Additional duties on dried fruit	8
Additional duty on motor spirit	10(1)
New import duties	12

## **2 Continuation of increased medicine duties**

The additional duties of excise imposed by section eleven of the Finance (No. 2) Act, 1915, upon medicines liable to duty shall continue to be charged, levied and paid until the first day of August nineteen hundred and twenty-one.

## **3 Increased duties on spirits**

- (1) In lieu of the duties of customs payable on spirits imported into Great Britain or Ireland, there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied and paid, in the case of spirits entitled to preferential rates under section eight of the Finance Act, 1919, the duties specified in the second column of Part I. of the First Schedule to this Act, and in the case of all other spirits the duties specified in the third column of Part I. of the said schedule, together in either case with the additional duties specified in Part II. of that schedule.
- (2) In lieu of the excise duty payable on spirits distilled in Great Britain or Ireland there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied and paid for every gallon computed at proof of spirits distilled or manufactured by any other process whatsoever in Great Britain or Ireland an excise duty of three pounds twelve shillings and sixpence, together with the additional duties specified in Part III. of the First Schedule to this Act. And so in proportion for any less quantity.

## **4 Spirits used in medical preparations or for scientific purposes**

Section four of the Finance Act, 1918 (which provides for the reduction and allowance of duty in respect of spirits used in medical preparations or for scientific purposes), shall apply to the duties on spirits imposed by this Act as it applies to duties on spirits imposed by that Act as though it were herein set out and expressly made applicable thereto, with the substitution for the sums specified in that section as the amount of reduction of duty or repayment of duty, of such sums as will reduce the amount of duty payable under this Act to the amount of duty which was payable immediately before the increase of duties on spirits provided for by the Finance Act, 1918.

## **5 Increased customs duties on beer**

- (1) In lieu of the duties of customs payable on beer of the descriptions called or similar to mum, spruce or black beer, or Berlin white beer, or other preparations, whether fermented or not fermented, of a similar character imported into Great Britain or Ireland, there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied, and paid the following duties (that is to say) :—

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	£	s.	d.
For every thirty-six gallons of beer where the worts thereof are, or were before fermentation, of a specific gravity—			
Not exceeding one thousand two hundred and fifteen degrees	20	2	0
Exceeding one thousand two hundred and fifteen degrees	23	11	0

- (2) In lieu of the duty of customs payable on every description of beer other than that specified in the preceding subsection imported into Great Britain or Ireland there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied, and paid the following duty (that is to say) :—

	£	s.	d.
For every thirty-six gallons where the worts thereof were before fermentation of a specific gravity of one thousand and fifty-five degrees	5	0	6

- (3) In lieu of the customs drawback now payable there shall be allowed and paid on the exportation, shipment for use as stores, or removal to the Isle of Man, of beer imported into Great Britain or Ireland, on which it is shown that the increased customs duty charged by this Act has been paid, a drawback calculated according to the original gravity thereof (that is to say) :—

	£	s.	d.
For every thirty-six gallons of an original gravity of one thousand and fifty-five degrees the drawback of	5	0	3

- (4) In the case of beer which is of a gravity different from the gravity aforesaid, the duty or the drawback, as the case may be, shall be varied proportionately.

*Status: This is the original version (as it was originally enacted).***6 Increased excise duty on beer**

In lieu of the duty of excise payable in respect of beer brewed in Great Britain or Ireland there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied, and paid, the following duty (that is to say) :—

	£	s.	d.
For every thirty-six gallons of worts of a specific gravity of one thousand and fifty-five degrees	5	0	0

and in lieu of the drawback of excise payable in respect of beer exported from Great Britain or Ireland, as merchandise or for use as ship's stores, there shall be allowed and paid in respect of beer on which it is shown that the increased excise duty charged by this Act has been paid a drawback calculated according to the original gravity thereof (that is to say) :—

	£	s.	d.
For every thirty-six gallons of beer of an original gravity of one thousand and fifty-five degrees the drawback of	5	0	3

and so, as to both duty and drawback, in proportion for any difference in quantity or gravity.

**7 Increased duties on wine**

- (1) In lieu of the duties of customs payable on wine imported into Great Britain and Ireland, there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied, and paid, subject as hereinafter provided, the following duties (that is to say) :—

	£	s.	d.
Wine—			
Not exceeding 30 degrees of proof spirit, the gallon	0	2	6
Exceeding 30 but not exceeding 42 degrees of proof spirit, the gallon	0	6	0
And for every degree, or fraction	0	0	6

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	£	s.	d.
of a degree, beyond the highest above charged, an additional duty, the gallon			
Sparkling wine in bottle, an additional duty, the gallon	0	5	0
Still wine in bottle, an additional duty, the gallon	0	2	0

and in the case of sparkling wine in addition to the above duties a duty equal to thirty-three and one-third per cent. of the value of the wine.

- (2) This section shall have effect subject to the provisions of section eight of the Finance Act, 1919, and as though the Second Schedule to that Act provided that the preferential rate of duty as respects the ad valorem duty on sparkling wine were two-thirds of the full rate of that duty.
- (3) Subsection (2) of section eight of the Customs and Inland Revenue Act, 1890 (which provides that wine rendered sparkling in warehouse is to be deemed to be sparkling wine for the purpose of a certain duty imposed on sparkling wine), shall apply for the purpose of the ad valorem duty imposed on sparkling wine by this section as it applies for the purpose of any other duty imposed on such wine.
- (4) In this section the word " wine " includes the lees of wine.

## 8 Amendment of s.45 of 10 Edw.7 c.8

Section forty-five of the Finance (1909-10) Act, 1910 (which provides for the reduction of licence duty in the case of hotels and restaurants), shall have effect as respects any licence granted for the year commencing on the twenty-ninth day of May nineteen hundred and twenty, or for a year commencing on any later date, as if for the words " two-fifths " and " one-third," in subsection (1) thereof, there were, respectively, substituted the words " three-fifths " and " one-half."

## 9 Additional duty on cigars

In addition to the duties of customs payable on tobacco imported into Great Britain and Ireland, there shall, as from the twentieth day of April nineteen hundred and twenty, be charged, levied, and paid on cigars a duty of fifty per cent. of the value of the cigars :

Provided that in the case of the duty charged by this section the preferential rate under section eight of the Finance Act, 1919, shall be two-thirds of the full rate.

## 10 Calculation of value for purposes of ad valorem duty on wines and cigars

- (1) For the purpose of the duties charged by this Act on wines and cigars by reference to the value thereof, the value of the goods shall be taken to be the price which an

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importer would give for the goods if the goods were delivered to him, freight and insurance paid, in bond at the port of importation, and duty shall be paid on that value as fixed by the Commissioners of Customs and Excise.

- (2) The provisions of subsections (3) and (4) of section twelve of the Finance (No. 2) Act, 1915 (which relate to the determination of disputes as to the proper rate of duty payable under that section), shall apply to disputes arising as to the proper rate of duty payable under this Act by reference to the value of any goods.

## **11 Provisions as to spirits used for generating mechanical power**

- (1) Subsection (1) of section one of the Revenue Act, 1906, which provides for the payment of an allowance in respect of spirits used for making industrial methylated spirits, shall apply to power methylated spirits as it applies to industrial methylated spirits.
- (2) The provisions of subsection (3) of section one hundred and twenty-three of the Spirits Acts, 1880, shall not apply in the case of power methylated spirits, and the substance to be mixed with spirits for the purpose of methylation shall, in the case of power methylated spirits, be such substance or combination of substances, and shall be used in such proportion, as the Commissioners of Customs and Excise may by regulations prescribe.
- (3) In this section the expression " power methylated spirits " means any methylated spirits (other than mineralised methylated spirits) which are intended to be used in generating mechanical power.

## **12 Repeal of customs duties on motor spirit and motor spirit dealers' licence duties**

As from the first day of January nineteen hundred and twenty-one the customs duties on motor spirit imported into Great Britain or Ireland and the excise duty on licences to be taken out annually by dealers in motor spirit shall cease to be chargeable.

## **13 Duty on licences for mechanically propelled vehicles**

- (1) Any excise duty which is chargeable at the commencement of this Act in respect of any vehicle which is chargeable with duty as a mechanically propelled vehicle under this section shall cease to be chargeable as from the first day of January nineteen hundred and twenty-one, and on and after that date there shall be charged, levied, and paid in Great Britain and Ireland in respect of mechanically propelled vehicles used on public roads duties of excise at the rates specified in the Second Schedule to this Act.
- (2) The duties charged under this section shall be paid annually upon licences to be taken out by the person keeping the vehicle :

Provided that—

- (a) a licence may be taken out in respect of any mechanically propelled vehicle (other than a cycle, or a tramcar, or a vehicle on which a duty of five shillings is chargeable under this section) for one-quarter of the year only beginning on the first day of January, the twenty-fifth day of March, the first day of July, or the first day of October, and in the case of any licence so taken out the duty shall be thirty per cent. of the full annual duty; and
- (b) where a person commences to keep or use a cycle or- tramcar on or after the first day of October in any year, he shall, on delivering a declaration in writing

signed by him to that effect, be entitled to take out a licence for that vehicle on payment of one half of the full annual duty.

- (3) The unit of horse-power for the purpose of any rate of duty under the Second Schedule to this Act shall be calculated in accordance with regulations made by the Minister of Transport for the purpose.
- (4) No duty shall be payable under this section in respect of fire-engines, vehicles kept by a local authority while they are used for the purposes of their fire-brigade service, ambulances, or road rollers.
- (5) The Minister of Transport may make regulations providing for the total or partial exemption for a limited period from the duty payable under this section of any vehicle brought into the United Kingdom by persons making only a temporary stay in the United Kingdom.

## PART II

### INCOME TAX

#### 14 Income tax for 1920-21

- (1) Income tax for the year 1920-21 shall be charged at the rate of six shillings.
- (2) All such enactments relating to income tax as were in force with respect to duties of income tax granted for the year 1919-20 shall have full force and effect with respect to any duties of income tax granted by this Act.
- (3) The annual value of any property which has been adopted for the purpose either of income tax under Schedules A. and B., or of inhabited house duty, for the year 1919-20, shall be taken as the annual value of that property for the same purpose for the year 1920-21; provided that this subsection—
  - (a) so far as respects the duty on inhabited houses in Scotland, shall be construed by reference to a year of assessment ending on the twenty-fourth day of May instead of on the fifth day of April; and
  - (b) shall not apply to lands, tenements, and hereditaments in the administrative county of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is, by that Act, made conclusive for the purposes of income tax and inhabited house duty.

#### 15 Super-tax for 1920-21

- (1) Super-tax shall be charged in respect of the income of any individual the total of which from all sources exceeds two thousand pounds, and Part II. of the Income Tax Act, 1918, shall have effect accordingly.
- (2) The rates of super-tax for the year 1920-21 shall, for the purposes of section four of the Income Tax Act, 1918, as amended by this Act, be as follows :—

In respect of the first two thousand  
pounds of the income

Nil.

In respect of the excess over two thousand pounds—	
For every pound of the first five hundred pounds of the excess	One shilling and sixpence.
For every pound of the next five hundred pounds of the excess	Two shillings.
For every pound of the next one thousand pounds of the excess	Two shillings and sixpence.
For every pound of the next one thousand pounds of the excess	Three shillings.
For every pound of the next one thousand pounds of the excess	Three shillings and sixpence.
For every pound of the next one thousand pounds of the excess	Four shillings.
For every pound of the next one thousand pounds of the excess	Four shillings and sixpence.
For every pound of the next twelve thousand pounds of the excess	Five shillings.
For every pound of the next ten thousand pounds of the excess	Five shillings and sixpence.
For every pound of the remainder of the excess	Six shillings.

- (3) All such enactments relating to super-tax as were in force with respect to the super-tax granted for the year 1919-20 shall have full force and effect with respect to the super-tax granted under this section.
- (4) In estimating the total income of any individual for the purpose of super-tax, the amount of any earned income shall be taken to be the full amount of that income without the deduction of any allowance under this Part of this Act, and section five of the Income Tax Act, 1918, shall have effect accordingly.

## **16 Allowance in respect of earned income**

For the purpose of ascertaining the amount of the assessable income of an individual for the purpose of income tax, there shall be allowed in the case of earned income a deduction from the amount of that income as estimated in accordance with the provisions of the Income Tax Acts of a sum equal to one-tenth of the amount of that income, but not exceeding in the case of any individual two hundred pounds.

## **17 Deductions to be allowed in ascertaining taxable income**

- (1) An individual who, in the manner prescribed by the Income Tax Acts, makes a claim in that behalf and who makes a return in the prescribed form of his total income shall be entitled for the purpose of ascertaining the amount of the income on which he is to be charged to income tax (in this Act referred to as "the taxable income") to have such deductions as are specified in the five sections of this Act next following made from his assessable income.



- (2) The provisions of sections twenty-seven, twenty-eight, twenty-nine, and thirty of the Income Tax Act; 1918, and of paragraph XVII. of the Fifth Schedule to that Act, shall apply for the purpose of claims for any such deductions as aforesaid as if those provisions were re-enacted in this Act and in terms made applicable to such claims.

## **18 Personal allowance**

- (1) The claimant, if he proves that for the year of assessment he has his wife living with him, or 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 the purposes of the Income Tax Acts to make any deduction in respect of the sums paid for the maintenance of his wife, shall be entitled to a deduction of two hundred and twenty-five pounds, and in any other case to a deduction of one hundred and thirty-five 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 nine-tenths of the amount of that earned income but not exceeding in any case forty-five pounds.

## **19 Deduction in respect of relatives taking charge of widower's or widow's children**

- (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 he proves that he has no female relative of his own or of his deceased wife who is able or willing to take such charge and that he has employed some other female person to undertake the same, he shall, subject as hereinafter provided, be entitled to a deduction of forty-five pounds in respect of that female relative or other female person :

Provided that:—

- (a) no deduction shall be allowed under this section unless the claimant proves that no other individual is entitled to a deduction 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 deduction 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 a deduction of two hundred and twenty-five pounds under the preceding provisions of this Part of this Act.
- (2) In this section the expression " child " means a child in respect of whom a deduction 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."

## **20 Deduction in respect of widowed mother, &c**

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 a deduction 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 a deduction 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 deduction that the other individual has relinquished his claim thereto,

he shall be entitled to a deduction of forty-five pounds.

## **21 Deduction in respect of children**

- (1) If the claimant proves that he has living at the commencement of 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 section, be entitled in respect of one child to a deduction of thirty-six pounds and in respect of each subsequent child to a deduction of twenty-seven pounds.

The expression " child " in this provision 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 a deduction in respect of the same child under the foregoing 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 a deduction, that that other individual has relinquished his claim thereto, he shall be entitled in respect of the child to the same deduction as if the child were a child of his.
- (3) No deduction shall be allowed under this section in respect of any child who is entitled in his own right to an income exceeding forty pounds a year :

Provided that in calculating the income of the child for the purposes of the foregoing provision 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.

- (4) If any question arises as to whether any person is entitled to an allowance under this section in respect of a child who is over the age of sixteen years, as being a child who is receiving such full-time instruction as aforesaid, the Commissioners of Inland Revenue may, on the request of the Income Tax Commissioners concerned, consult the Board of

In the application of this subsection to Scotland and Ireland the Scottish Education Department and the Lord Lieutenant of Ireland shall respectively be substituted for the Board of Education.

## **22 Deduction in respect of dependent relatives**

- (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 from all sources does not exceed fifty pounds a year, he

shall be entitled to a deduction of twenty-five pounds in respect of each person whom he so maintains, and a like deduction shall be made in the case of a claimant who, by reason of old age or infirmity, is compelled to depend upon the services of a daughter resident with and maintained by him or her.

- (2) Where two or more persons jointly maintain any such person as aforesaid, the deduction to be made under this section shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.
- (3) This section shall apply to a claimant being a female person as it applies to a claimant being a male person with the substitution of " husband " for " wife."

## **23      Reduced rate of tax on first two hundred and twenty-five pounds of taxable income**

The rate at which the first two hundred and twenty-five pounds of the taxable income of an individual shall be charged to income tax shall be half the standard rate of tax.

## **24      No relief where individual not resident in the United Kingdom**

- (1) Subject as hereinafter provided, no allowance in respect of earned income, and no deduction from assessable income, shall be given or made, and income tax on the first two , hundred and twenty-five pounds of the taxable income shall not be chargeable at the reduced rate under the foregoing provisions of this Part of this Act, and no relief shall be granted under section thirty-two of the Income Tax Act, 1918, in the case of any individual who is not resident in the United Kingdom :

Provided that the foregoing provision 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
- (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 His 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;

so, however, that no such allowance, deduction, reduction of of rate, or relief as aforesaid shall be given so as to reduce the amount of the income tax payable by that individual below an amount which bears the same proportion to the amount which would be payable by him by way of tax 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 from all sources.

- (2) Any person who is aggrieved by a decision of the Commissioners of Inland Revenue under this section may appeal to the Special Commissioners.

**25 Right of husband and wife to claim relief separately**

(1) Where, on an application made for the purpose under the provisions of the Income Tax Acts, income tax for any year is assessable and chargeable on the incomes of the husband and wife respectively as if they were not married :—

- (a) All the provisions of the Income Tax Acts relating to claims for an allowance in respect of earned income and deductions from assessable income and for relief under section thirty-two of the Income Tax Act, 1918, and the proof to be given with respect thereto, shall apply as if they were not married; and
- (b) The income of the husband and the wife shall be aggregated in estimating the amount to be repaid or allowed in respect of the allowances or deductions aforesaid, and for the purpose of the reduction of the rate of tax on the first two hundred and twenty-five pounds of the taxable income, and the total amount of any allowances or deductions given or made in respect of the incomes of husband and wife shall not exceed such an amount as would have been given on account of those allowances and deductions if such an application as aforesaid had not been made, and no reduction of the rate of tax shall be allowed in respect of more than two hundred and twenty-five pounds of the taxable income in all; and
- (c) The benefit of any such allowance or deduction and the reduction of the rate of tax on the first two hundred and twenty-five pounds of the taxable income may be given either by way of reduction of the amount of the tax to be paid, or by repayment of any excess of tax which has been paid, or by both of these means, as the case requires, and shall be given to the husband and the wife as regards the allowance in respect of earned income in proportion to the amounts of their respective earned incomes, and as regards deductions from assessable income and the reduction of the rate of tax, in proportion to the amounts of their respective assessable incomes :

Provided that in the case of relief given under section thirty-two of the Income Tax Act, 1918, the benefit of the relief shall be given to the husband or wife, as the case may be, by whom the payment is made, and in the case of a deduction claimed in respect of a child under subsection (2) of the foregoing section of this Act relating to the deduction in respect of children, or in respect of any person under the foregoing section of this Act relating to the deduction in respect of dependent relatives, shall be given to that one of the married persons by whom the child or relative is maintained; and

- (d) For the purpose of any of the above-mentioned allowances or deductions or reliefs a return may be made by the husband or the wife of the total income of the husband and wife, but if the Commissioners of Inland revenue are not satisfied with the return they may obtain a return from the wife or husband, as the case may be.
- (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 the Income Tax Acts 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.

**26 Amendment of s.32 of 8 & 9 Geo.5 c.40**

Section thirty-two of the Income Tax Act, 1918 (which relates to relief in respect of life insurance premiums), shall be amended as follows :—

- (1) For the words in subsection (1) from "(b) who is " to the end of the subsection there shall be substituted the following words :—

“(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, subject as hereinafter provided, be entitled to have the amount of tax payable by him reduced by a sum representing tax at the appropriate rate on the amount of the premium paid by him for any such insurance or contract or on the amount of the sum paid by him or deducted from his salary or stipend.”

For the purposes of this section, the expression ' appropriate rate ' means—

- “(i) where the total income of the claimant from all sources estimated in accordance with the provisions of the Income Tax Acts does not exceed one thousand pounds, half the standard rate of tax :
- (ii) where the total income of the claimant from all sources estimated as aforesaid exceeds one thousand pounds but does not exceed two thousand pounds, three-fourths of the standard rate of tax :
- (iii) where the total income of the claimant from all sources estimated as aforesaid exceeds two thousand pounds, the standard rate of tax.”

- (2) At the end of subsection (2) there shall be inserted the words " at the appropriate rate.
- (3) In paragraph (c) of subsection (3) after the words " or not " there shall be inserted the words " the amount of the tax calculated at the appropriate rate on an " amount equal to."
- (4) In paragraph (d) of subsection (3) for the words " exceed one hundred pounds in all " there shall be substituted the words " in any case exceed the amount of the tax " calculated at the appropriate rate on one hundred " pounds."
- (5) In paragraph (e) of subsection (3) for the words " three shillings in the pound " there shall be substituted the words " half the standard rate of tax. "
- (6) In the proviso to paragraph (e) of subsection (3) after the word " business " there shall be inserted the words " or for the benefit of the wife or widow of any such " employee or person or of his children or other " dependants."
- (7) At the end of the section there shall be inserted the following new subsections :—
- “(8) 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 allowance of tax shall be made 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.
- (9) " Where the tax ultimately payable by any person after deducting the allowance under this section is greater than the amount of tax 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 allowance 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 allowance is made 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.”

## **27 Relief in respect of Dominion income tax**

- (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 Dominion 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 as follows :—
  - (a) if the Dominion rate of tax does not exceed one-half of the appropriate rate of United Kingdom tax, the rate at which relief is to be given shall be the Dominion rate of tax :
  - (b) In any other case the rate at which relief is to be given shall be one-half of the appropriate rate of United Kingdom tax.

For the purpose of this section, the expression " the appropriate rate of United Kingdom tax " means the rate at which the claimant for the year to which the claim relates has borne or is liable to bear United Kingdom income tax, and where the claimant is liable to United Kingdom super-tax the expression " the appropriate rate of United Kingdom tax " means a rate equal to the sum of the rates at which he has borne or is liable to bear United Kingdom income tax and super-tax respectively for that year.

- (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.
- (3) Where by reason of the allowance of relief under this section the rate of United Kingdom income tax deducted from or paid in respect of any part of the income of any individual is less than the standard rate, and the rate of the relief so allowed is greater than the rate appropriate to the case of that individual, such an adjustment shall be made in allowing to that individual any relief to which he may be entitled under the provisions of this Part of this Act relating to the rate of tax on the first two hundred and twenty-five pounds of taxable income as may be necessary to secure that the amount of United Kingdom income tax finally paid or borne by him shall be equal to the amount which would have been paid or borne if the relief under this section had in the first instance been given at the rate appropriate to his case.
- (4) Notwithstanding anything in the Rules applicable to Case IV. or Case V. of Schedule D. or in any other provision of the Income Tax Acts, no deduction shall be made on account of the payment of Dominion income tax in estimating income for the purposes of United Kingdom income tax, and where income tax has been paid or is payable in any Dominion 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 Dominion 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 Dominion in respect

of the income out of which that income arises or is received together with the full amount of any Dominion income tax directly charged or chargeable in the Dominion in respect of that income :

Provided that—

- (a) 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.; and
- (b) where under the laws in force in any Dominion no provision is made for the allowance of relief from Dominion income tax in respect of the payment of United Kingdom income tax, then in assessing or charging income tax in the United Kingdom in respect of income assessed or charged to income tax in that Dominion a deduction shall be allowed in estimating income for the purpose of United Kingdom income tax of an amount equal to the difference between the amount of the Dominion income tax paid or payable in respect of the income and the total amount of the relief granted from the United Kingdom income tax in respect of the Dominion income tax for the period on the income of which the assessment or charge to United Kingdom income tax is computed.

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 the Rules applicable to Schedule C. or under Rule VII. of the Miscellaneous Rules applicable to Schedule D.

- (5) Where under Rule 20 of the General Rules applicable to Schedules A., B., C, D. and E., a body of persons is entitled to deduct income tax from any dividends, tax shall not in any case be deducted at a rate exceeding the rate of the United Kingdom income tax as reduced by any relief from that tax given under this section in respect of any payment of Dominion income tax.
- (6) Where under the law in force in any Dominion provision is made for the allowance of relief from Dominion income tax in respect of the payment of United Kingdom income tax, the obligation as to secrecy imposed by the Income Tax Acts upon persons employed in relation to Inland Revenue shall not prevent the disclosure to the authorised officer of the Government of the Dominion of such facts as may be necessary to enable the proper relief to be given in cases where relief is claimed both from United Kingdom income tax and from Dominion income tax.
- (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 any Dominion to which the last preceding subsection applies as may be necessary to enable the appropriate relief to be granted :
  - (b) For prescribing the year which in relation to any Dominion 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.

(8) In this section :—

- (a) The expression " Dominion " means any British possession, or any territory which is under His Majesty's protection or in respect of which a mandate is being exercised by the Government of any part of His Majesty's dominions :
- (b) The expressions " United Kingdom income tax " and " United Kingdom super-tax " mean respectively income tax and super-tax chargeable in accordance with the provisions of the Income Tax Acts :
- (c) The expression " Dominion income tax " means any income tax or super-tax charged under any law in force in any Dominion, if that tax appears to the Special Commissioners to correspond with United Kingdom income tax or super-tax :
- (d) The expression " Dominion rate of tax " means the rate determined by dividing the amount of the Dominion income tax paid for the year by the amount of the income in respect of which the Dominion income tax is charged for that year, except that where the Dominion income tax is charged on an amount other than the ascertained amount of the actual profits the Dominion rate of tax for the purposes of this section shall be determined by the Special Commissioners.

For the purposes of this section, the rate of United Kingdom income tax shall be ascertained by dividing by the amount of the taxable income of the person concerned the amount of tax payable by that person on that income before deduction of any relief granted in respect of life assurance premiums or any relief granted under the provisions of this section, and the rate of United Kingdom super-tax shall be ascertained by dividing the amount of the super-tax payable by any person by the amount of that person's total income from all sources as estimated for super-tax purposes.

## **28 Exemption in respect of income from scholarship**

- (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 (including super-tax), and no account shall be taken of any such income in computing the amount of income for the purposes of the Income Tax Acts.
- (2) In this section the expression " 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 Board of Education.

In the application of this subsection to Scotland and Ireland, the Scottish Education Department and the Lord Lieutenant, respectively, shall be substituted for the Board of Education.

## **29 Amendment of 9 & 10 Geo.5 c.32 s.19**

Section nineteen of the Finance Act, 1919, shall have effect as though for the word " seventy " there were substituted the words " one hundred and five, " for the word " sixty " there were substituted the word " ninety, " and for the words " fifty-two " there were substituted the words " seventy-eight. "



**30 Extension of s.25 of 9 & 10 Geo.5 c.32**

Section twenty-five of the Finance Act, 1919 (which relates to the tax on income from converted Government securities), shall apply to securities which have been exchanged for five and three-quarter per cent. Exchequer Bonds, 1925, or for any other Government securities which may be issued at any time after the commencement of this Act, as it applies to securities which have been accepted as the equivalent of cash in payment for allotments of Victory Bonds.

**31 Computation of profits and gains for purposes of income tax in relation to corporation profits tax**

Paragraphs (1), (2) and (3) of Rule four of the Rules applicable to Cases I. and II. of Schedule D. (which provide for adjustment of income tax in cases where excess profits duty has been paid), shall have effect as if references therein to excess profits duty included corporation profits tax.

**32 Consequential and minor amendments to 8 & 9 Geo.5 c.40**

The amendments specified in the second column of the Third Schedule to this Act, which are consequential or relate to minor details, shall be made in the provisions of the Income Tax Act, 1918, specified in the first column of that schedule.

**33 Interpretation**

In this Part of this Act and in any subsequent enactment relating to income tax, except where otherwise expressly provided—

The expression " earned income " means income which is earned income within the meaning of section fourteen of the Income Tax Act, 1918, and also includes any income arising in respect of Civil List Pensions granted under the Civil List Act, 1837, as amended by any subsequent enactment:

The expression " relative " includes any person of whom the person claiming a deduction had the custody and whom he maintained at his own expense while that person was under the age of sixteen years :

The expression " standard rate of tax " means the full rate of income tax charged for the year:

The expression " assessable income " in the case of any income other than earned income means the amount of that income as estimated in accordance with the provisions of the Income Tax Acts.

**PART III****STAMPS****34 Stamp duty on receipts**

The stamp duty chargeable under the heading " Receipt " given for, or upon the payment of, money amounting to 21. " or upwards " in the First Schedule to the principal Act, shall be twopence instead of one penny.

**35 Stamp duty on scrip certificates, &c**

The stamp duty chargeable under the heading " SCRIP CERTIFICATE, SCRIP, or other document " in the ,First Schedule to the principal Act shall be twopence instead of one penny.

**36 Stamp duty on transfers of stocks and marketable securities**

- (1) The proviso to section seventy-three of the Finance (1909-10) Act, 1910 (which exempts from the operation of that section certain conveyances and transfers), shall not have effect as regards any conveyances or transfers whatsoever of any stocks or marketable securities, and accordingly the stamp duties chargeable on any such conveyances or transfers under the heading " CONVEYANCE OR TRANSFER on sale of any property " in the First Schedule to the principal Act shall be double those specified in that schedule.
- (2) The stamp duties chargeable under the heading " CONVEYANCE OR TRANSFER whether on sale or otherwise " in the First Schedule to the principal Act shall, in the case of conveyances or transfers on sale or conveyances or transfers operating as voluntary dispositions inter vivos, be double those specified in that schedule.

**37 Stamp duty on transfer of certain colonial and foreign stocks**

- (1) The stamp duty chargeable by way of composition for stamp duty under section one hundred and fourteen of the ' principal Act, as extended by section thirty-nine of the Finance Act, 1894, and section five of the Finance Act, 1898, shall be double the amount charged by the said section one hundred and fourteen.
- (2) The stamp duty chargeable under section one hundred and fifteen of the principal Act by way of composition for stamp duty shall, in the case of accounts required to be delivered on or within seven days before the first day of August nineteen hundred and twenty, be eleven pence, and in the case of all accounts delivered subsequently be one shilling, for every hundred pounds and any fraction of one hundred pounds over any multiple of one hundred pounds.
- (3) Any agreement entered into before the passing of this Act between the Commissioners of Inland Revenue and any persons under any Act, other than the principal Act, for the payment to the Commissioners of any sums by way of composition for any stamp duty of a class in respect of which a composition may be made under section one hundred and fifteen of the principal Act shall cease to have effect as from the first day of September nineteen hundred and twenty, without prejudice to the power of the Commissioners and those persons to make any fresh agreement.

**38 Stamp duty on marketable securities transferable by delivery, &c**

The stamp duties chargeable on any marketable securities transferable by delivery under paragraphs (1) (a) and (c), 3, and 4 of the heading " Marketable Security " in the First Schedule to the principal Act, and the stamp duty chargeable on marketable securities transferable by delivery, share warrants, stock certificates, and other instruments to bearer under subsection (1) of section four and section five of the Finance Act, 1899, on stock certificates to bearer under section eight of the Colonial Stock Act, 1877, and on certain marketable securities under section thirteen of the Finance Act, 1911, shall respectively be double the duties which would have been chargeable on these instruments immediately before the passing of this Act.

**39 Stamp duty on statements as to capital of companies, &c**

- (1) On and after the twentieth day of April, nineteen hundred and twenty, one pound shall be substituted for five shillings—
- (a) as the ad valorem stamp duty imposed by sections one hundred and twelve and one hundred and thirteen of the principal Act, as extended by section twelve of the Finance Act, 1896, on statements as regards the capital of the companies referred to in those sections; and
  - (b) as the ad valorem stamp duty payable under or by virtue of any private Act on any statements as regards the capital of any company; and
  - (c) as the ad valorem stamp duty imposed by section eleven of the Limited Partnerships Act, 1907, on statements with regard to the amounts contributed by limited partners to limited partnerships.
- (2) In the case of a company registered or otherwise incorporated, or an increase of capital authorised, on or after the twentieth day of April, nineteen hundred and twenty, and before the passing of this Act, a supplementary statement of the nominal share capital of the company or of the amount of the increase so authorised, as the case may be, shall, within fifteen days after the commencement of this Act, be delivered to the Commissioners of Inland Revenue duly stamped with the additional duty of fifteen shillings for every one hundred pounds and any fraction of one hundred pounds over any multiple of one hundred pounds of the capital, or increase of capital, as the case may be.

If any supplementary statement required to be delivered under this subsection is not duly delivered in accordance with the requirements thereof, the duty chargeable on the statement, together with interest thereon at the rate of five per centum per annum from the date of the commencement of this Act, shall be recoverable from the company as a debt due to His Majesty.

**40 Stamp duty on accident and indemnity policies**

- (1) The stamp duty chargeable under the heading " POLICY OF INSURANCE AGAINST ACCIDENT AND POLICY of insurance for any payment agreed to be made during the sickness of any person or his incapacity from personal injury or. by way of indemnity against loss or damage of or to any property " in the First Schedule to the principal Act shall be sixpence instead of one penny.
- (2) The word " sixpence " shall be substituted for the words " one penny " in sections ninety-eight, ninety-nine, and one hundred and sixteen of the principal Act.

**41 Stamp duty on policies of sea insurance**

For the stamp duties chargeable under paragraph (2) of the heading " POLICY OF SEA INSURANCE " in the First Schedule to the principal Act there shall be substituted the duties at the following rates, that is to say :—

(a)	s.	d.
where the sum insured—		
does not exceed 250l.	0	3

	<i>s.</i>	<i>d.</i>
exceeds 250l. but does not exceed 500l.	0	6
exceeds 500l. but does not exceed 750l.	0	9
exceeds 750l. but does not exceed 1,000l.	1	0
exceeds 1,000l., for every 500l. and any fractional part of 500l.	0	6

(b) For time—

where the insurance is made for any time not exceeding six months, an amount equal to three times the amount which would be payable if the insurance were made upon a voyage;

where the insurance is made for any time exceeding six months and not exceeding twelve months, six times the amount which would be payable if the insurance were made upon a voyage.

## 42 Reduction of duty in the case of certain transfers of stocks and marketable securities

- (1) Where stock is transferred on sale to a dealer or his nominee, and the transfer bears, in addition to the stamp denoting the duty, an impressed stamp (hereinafter referred to as "the supplementary stamp") denoting that it has been stamped under the provisions of this section, the maximum duty chargeable on the transfer shall, subject to the provisions of this section, be ten shillings :

Provided that a transfer shall not be stamped with the supplementary stamp unless it is proved to the satisfaction of the Commissioners of Inland Revenue that the transaction to which effect is to be given by the transfer was a transaction carried out by the dealer in the ordinary course of his business as such dealer.

- (2) Where a transfer has been stamped with the supplementary stamp under this section the dealer to whom or to whose nominee the transfer was made shall—
- immediately on the expiration of two months from the date of the transfer, furnish to the Commissioners of Inland Revenue a certificate in such form as the Commissioners may prescribe, showing what part, if any, of the stock comprised in the transfer has been transferred by him to a bona fide purchaser, and what part, if any, of the stock has not been so transferred, and shall produce such further evidence, by way of statutory declaration or otherwise, in relation to the matters aforesaid as the Commissioners may require; and
  - if any part of the stock has not, before the expiration of the said two months, been so transferred as aforesaid, pay to the Commissioners within fourteen days after the expiration of that period a sum equal to the difference between the amount of the duty actually charged on the transfer and the amount of the ad valorem duty which would have been chargeable thereon if the stock comprised therein had been the stock which was not so transferred as aforesaid.

If any person fails to pay duly any sum which he is liable to pay under the provisions of this subsection, that sum, together with interest thereon at the rate of ten per cent. per annum from the date of the transfer, shall be recoverable from him as a debt due to His Majesty, and if any person fails to comply with any of the other provisions of this subsection a sum equal to the difference between the amount of the stamp duty actually charged on the transfer and the amount which would but for this section have been chargeable thereon, together with interest on that sum at the rate of ten per cent. per annum from the date of the transfer, shall be recoverable from him as a debt due to His Majesty.

(3) For the purposes of this section—

The expression "dealer" means a person who, being a member of a stock exchange in the United Kingdom, does not deal by way of business otherwise than with or through other members of that stock exchange or otherwise than as a principal, and does not carry on the business of a broker or agent;

The expression "stock" includes marketable security.

#### **43 Interpretation and commencement**

- (1) In this Part of this Act the expression "principal Act" means the Stamp Act, 1891, and references to the principal Act or to any provision of the principal Act shall include references to that Act or to that provision as amended and extended by any subsequent enactment.
- (2) This Part of this Act shall, save as therein otherwise expressly provided, come into operation on the first day of September nineteen hundred and twenty.

### **PART IV**

#### **EXCESS PROFITS DUTY**

#### **44 Continuance and increase of rate of excess profits duty**

- (1) The Finance (No. 2) Act, 1915 (in this Part of this Act referred to, as "the principal Act"), shall, so far as it relates to excess profits duty, apply, unless Parliament otherwise determines, to any accounting period ending on or after the fifth day of August nineteen hundred and twenty, and before the fifth day of August nineteen hundred and twenty-one, as it applies to accounting periods ended after the fourth day of August nineteen hundred and fourteen, and before the fifth day of August nineteen hundred and twenty.
- (2) Section thirty-eight of the principal Act shall, as respects excess profits arising in any accounting period commencing on or after the first day of January nineteen hundred and twenty, have effect as if sixty per cent. of the excess were substituted as the rate of duty for forty per cent. of the excess, or, in the case of an accounting period which commenced before that date but ends after that date, as if sixty per cent. were substituted for forty per cent. as respects so much of the excess as may be apportioned under this Part of this Act to the part commencing on that date.

In calculating any repayment or set off under subsection (3) of section, thirty-eight of the principal Act any amount to be repaid or set off on account of a deficiency or loss arising in any accounting period commencing on or after the first day of

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January nineteen hundred and twenty, or, in the case of an accounting period which has commenced before that date but ends after that date, on account of so much of the deficiency or loss as may be apportioned under this Part of this Act to the part commencing on that date, shall be calculated by reference to duty at the rate of sixty per

Any additional duty payable by virtue of this section in respect of a past accounting period may be assessed and recovered notwithstanding that duty has already been assessed in respect of that period.

- (3) In the case of a trade or business which is owned or carried on by any person who has served during the war as a member of any of the naval or military forces of the Crown, or of the Air Force or in service of a naval or military character in connection with the war for which payment was made out of money provided by Parliament, or in any work abroad of the British Red Cross Society or the Order of St. John of Jerusalem or any other body with similar objects, and which was commenced by that person for the first time, or having been wholly discontinued by him during the war or some part of the war was recommenced by him, after his demobilisation or discharge, subsection (1) of section thirty-eight of the principal Act shall have effect as though " five hundred pounds " were substituted for " two hundred pounds. "

#### **45 Amendment as respects pre-war standard in accounting periods ending after 31st December 1919**

In the application of Part III. of the principal Act to excess profits duty for any accounting period ending after the thirty-first day of December, nineteen hundred and nineteen, the following provisions shall have effect:—

- (1) For the pre-war standard of profit there shall, on the application of the taxpayer, be substituted a standard (in this section referred to as " the substituted standard " ) of an amount equal in the case of a trade or business which had no pre-war trade year to the statutory percentage on the average amount of capital employed "in the first accounting period, and in the case of any other trade or business to the percentage standard with the addition in either case of a sum of five hundred pounds in respect of each working proprietor in the trade or business :

Provided that—

- (a) the amount of the substituted standard shall not, as respects any trade or business, exceed the sum of seven hundred and fifty pounds in respect of each working proprietor in the trade or business; and
- (b) in computing the profits of a trade or business in any accounting period as respects which the substituted standard is in force, no deduction shall be allowed in respect of the remuneration of any working proprietor; and
- (c) where the accounting period is less than a year the substituted standard shall be proportionately reduced; and
- (d) where a substituted standard has been adopted in the case of any trade or business for any accounting period the provisions of paragraph (4) of section twenty-six of the Finance Act, 1917, as amended by this Part of this Act, shall not have effect as regards that trade or business in respect of that accounting period.
- (e) Nothing in this paragraph shall affect the operation of any agreements made between the Food Controller and the owners of controlled flour mills which provide for determining the amount of any payment to be made or received

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under such agreements by reference to the prewar standard of profits, and any such agreements shall have effect as if this Act had not passed.

In this paragraph—

The expression "trade or business" means any trade or business carried on either by an individual or by persons in partnership or by a private company within the meaning of the Companies (Consolidation) Act, 1908;

The expression "proprietor" means, as the case may be, the individual carrying on the business, any partner in the partnership, or any director of the company owning not less than twenty per cent. of the share capital or stock of the company;

The expression "working proprietor" means a proprietor who has, during not less than one half the accounting period, worked full time in the actual management or conduct of the trade or business, but no person shall be deemed to be a working proprietor in the same accounting period in respect of more than one trade or business;

Where any person who served during the war as a member of any of the naval or military forces of the Crown or of the Air Force or in service of a naval or military character in connection with the war, for which payment was made out of moneys provided by Parliament, or in any work abroad of the British Red Cross Society or the Order of St. John of Jerusalem or any other body with similar objects, and was before entering on such service working full time in the actual management or conduct of a trade or business, has died and the trade or business is being carried on for the benefit of his widow, the same standard shall be allowed for the trade or business as would have been allowed under the foregoing provisions of this section if the deceased person had been a working proprietor during the accounting period.

- (2) Any trade or business carried on or owned by a company or other body corporate whose directors have a controlling interest shall, for the purpose of the provisions of the principal Act relating to the statutory percentage as amended by any other enactment, be treated as if it were a trade or business carried on or owned by a body other than a body corporate :

In this paragraph the expression "director" includes any person engaged in the management of the trade or business whose remuneration is provided out of the funds of the trade or business.

- (3) In paragraph (4) of Part II. of the Fourth Schedule to the principal Act the words "during the first accounting period" shall be substituted for the words "during the accounting period."

#### **46 Amendment of ss.(3) of s.38 of 5 & 6 Geo.5 c.89, with respect to munitions exchequer payments**

For the purposes of any claim to repayment or set-off under subsection (3) of section thirty-eight of the principal Act (which provides for the repayment of excess profits duty paid and for a set-off against excess profits duty payable), any sum paid by the claimant by way of munitions exchequer payments shall be treated as though it were a sum paid by way of excess profits duty.

**47 Amendments of s.26 of 7 & 8 Geo.5 c.31 as respects accounting periods ending after 31st December 1919**

In the application of Part III. of the principal Act to excess profits duty for any accounting period ending after the thirty-first day of December, nineteen hundred and nineteen, section twenty-six of the Finance Act, 1917, shall have effect as though in paragraph (1) "five per cent." were substituted for "three per cent.," and as though in paragraph (4) for the words "five hundred pounds" and "two thousand pounds," respectively, wherever those words occur, there were substituted the words "two thousand pounds" and "four thousand pounds," respectively.

**48 Allowance in respect of charitable contributions**

Where, out of the profits of a trade or business, any contribution has been made after the sixteenth day of July, nineteen hundred and twenty, to any trust, society, or body of persons in the United Kingdom established solely for the purpose of the relief of the poor or the sick, or for the advancement of religion, education, or for scientific research, there shall, for the purposes of excess profits duty, be allowed, in the computation of the profits of the trade or business arising in the accounting period within which such contribution was made, a deduction in respect of such contribution of an amount not exceeding five per cent. of those profits as calculated for the purposes of excess profits duty (before adjustment for increased or decreased capital and before making any deduction under this section), and not exceeding twenty per cent. of the amount of such contribution.

This section shall not apply to any contribution which, apart from the provisions of this section, would be admissible as a deduction from profits for the purposes of excess profits duty.

**49 Increase of rate of excess mineral rights duty**

- (1) Section forty-three of the principal Act (which relates to excess mineral rights duty) shall have effect as if sixty per cent. of the excess were substituted as the rate of duty for forty per cent. for any accounting year commencing on or after the first day of January nineteen hundred and twenty, or, in the case of an accounting year which commenced before that date but ends after that date, as if sixty per cent. were substituted for forty per cent. as respects so much of the excess as may be apportioned under this Act to the part commencing on that date, and any additional duty may be recovered accordingly.
- (2) The proviso to section twenty-one of the Finance Act, 1917, shall apply to any accounting year in respect of which or any part of which excess mineral rights duty is payable under this Part, of this Act at the rate of sixty per cent., as it applies where the said duty is payable at the rate of eighty per cent.

**50 Apportionment of accounting periods and years**

Where part of an accounting period or of an accounting year is after, and part before, the beginning of the first day of January nineteen hundred and twenty, the total excess profits and any deficiencies or losses arising in any such accounting period, and the total excess rent for any such accounting year, shall be apportioned between the time up to, and the time after, that date in proportion to the number of months or fractions of months before and after that date respectively.



## **51 Interpretation**

In this Part of this Act references to the principal Act, or to any provisions of that Act, shall be construed as references to that Act, or those provisions as amended and extended by any subsequent enactment.

## **PART V**

### **CORPORATION PROFITS TAX**

## **52 Charge of corporation profits tax**

- (1) Subject as provided in this Act, there shall be charged, levied, and paid on all profits being profits to which this Part of this Act applies and, which arise in an accounting period ending after the thirty-first day of December nineteen hundred and nineteen, a duty (in this Act referred to as " corporation profits tax ") of an amount equal to five per cent. of those profits :

Provided that—

- (a) where the profits are profits arising in an accounting period of twelve months, no tax shall be charged on the first five hundred pounds thereof, and where the profits are profits arising in some shorter accounting period, no tax shall be charged on such amount of the profits as bears to five hundred pounds the same proportion as the shorter accounting period bears to twelve months; and
  - (b) the amount of tax payable in respect of the profits of a British company for any accounting period shall in no case exceed the amount represented by ten per cent. of the balance of the profits of that period estimated in accordance with the provisions of this Part of this Act, after deducting from the amount of those profits any interest or dividends actually paid out of those profits at a fixed rate on any debentures, debenture stock, preference shares (so far as the dividend paid thereon is at a fixed rate), or permanent loan issued before the commencement of this Act, or on any debentures, debenture stock, or permanent loan issued after that date for the purpose of replacing an equal amount of any debentures, debenture stock, or permanent loan issued before that date.
- (2) The profits to which this Part of this Act applies are, subject as hereinafter provided, the following, that is to say :—
- (a) the profits of a British company carrying on any trade or business, or any undertaking of a similar character, including the holding of investments :
  - (b) the profits of a foreign company carrying on in the United Kingdom any trade or business, or any undertaking of a similar character, so far as those profits arise in the United Kingdom:

Provided that this Part of this Act shall not, during the period between the first day of January, nineteen hundred and twenty, and the thirty-first day of December, nineteen hundred and twenty-two, apply to the profits of—

- (i) a company which carries on wholly in the United Kingdom any gas, water, electricity, tramway, hydraulic power, dock, canal, or railway undertaking, and which by, or by virtue of, any Act is precluded either from charging any higher price, or from distributing any higher rate of dividend than that authorised by, or by virtue of, the Act; or

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(ii) any company being a building society.

(3) In this Part of this Act—

The expression " company " means any body corporate so constituted that the liability of its members is limited, but does not include a company formed before the commencement of this Act whose assets consist wholly of stock or other securities issued by any public authority and formerly held by the persons by whom the company was formed :

The expression " British company " means any company incorporated by or under the laws of the United Kingdom:

The expression " foreign company " means any company which is not a British company :

The expression " permanent loan " means a loan of a permanent character which is secured by mortgage or debentures or otherwise on the assets or income of a company and which, if subject to repayment, is subject to repayment at not less than three months' notice.

## 53      **Determination of profits**

- (1) For the purpose of this Part of this Act, profits shall be taken to be the actual profits arising in the accounting period, and shall not be computed by reference to the income tax year or on the average of any years.
- (2) Subject to the provisions of this Act, profits shall be the profits and gains determined on the same principles as those on which the profits and gains of a trade would be determined for the purposes of Schedule D. set out in the First Schedule to the Income Tax Act, 1918, as amended by any subsequent enactment, whether the profits are assessable to income tax under that schedule or not :

Provided that, for the purpose of this Part of this Act,—

- (a) profits shall include all profits and gains arising from any lands, tenements, or hereditaments forming part of the assets of a company, and all interest, dividends, and other income arising from investments or any other source and received in the accounting period, not being interest, dividends, or income received directly or indirectly from a company liable to be assessed to corporation profits tax in respect thereof, and no deduction shall be allowed on account of the annual value of any premises used for the purposes of the company :
- (b) deductions shall be allowed in respect of interest on money borrowed for the purposes of the company, and of rent or royalties or share of profits distributed to employees under a profit-sharing scheme, and of any other payment income tax on which is collected at the source, not being payments of dividends or payments for the distribution of profits, so, however, that no deduction shall be allowed in respect of royalties paid to or interest on money borrowed from, a person having a controlling interest in the company, whether directly or indirectly, or whether solely or jointly with other persons, or in respect of interest paid on permanent loans :
- (c) any deduction allowed in respect of the remuneration of any director, manager or other person concerned in the management of a company, who has a controlling interest in the company, whether directly or indirectly, and whether solely or jointly with any other persons, shall not exceed an amount calculated at the rate of one thousand pounds per annum :

- (d) no deduction shall be allowed in respect of any transaction or operation of any nature, which has artificially reduced the amount to be taken as the amount of the profits of the company for the purposes of this Part of this Act :
- (e) no deduction on account of wear and tear or renewals or obsolescence or any expenditure of a capital nature for the development of the company or otherwise in respect thereof shall be allowed other than such as may be allowed under the enactments relating to income tax or excess profits duty, whichever be the greater :
- (f) no deduction shall be allowed on account of the liability to pay, or the payment of, income tax or corporation profits tax :
- (g) a deduction shall be allowed on account of any excess profits duty, any mineral rights duty and excess mineral rights duty payable or paid in the United Kingdom and for any sum payable or paid on account of excess profits duty or similar duty imposed in any country outside the United Kingdom for the same accounting period, but in computing profits for the purposes of excess profits duty in the United Kingdom no deduction shall be allowed on account of the liability to pay or the payment of tax under this Part of this Act :
- (h) profits shall include in the case of mutual trading concerns the surplus arising from transactions with members, and in the case of a society registered under the Industrial and Provident Societies Act, 1893, any sums paid by way of bonus, discount or dividend on purchases, shall be treated as trade expenses, and a deduction shall accordingly be allowed in respect thereof :
- (i) in the case of a company carrying on the business of life assurance the part of the profits belonging or allocated to, reserved for or expended on behalf of policy holders or annuitants shall be apportioned between the profits of the company directly liable to assessment to corporation profits tax and the profits not so liable, and a deduction shall be allowed of the amount so apportioned to the profits so liable :

Where a 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 apportionment under this paragraph but for no other purpose, be treated as if it. were a separate business carried on by a separate company :

- (j) any sum received by way of repayment of excess profits duty in respect of a previous accounting period under subsection (3) of section thirty-eight of the Finance (No. 2) Act, 1915, and subsequent amendments thereof shall be excluded from the profits taxable :
  - (k) in the case of any contract extending beyond one accounting period from the date of its commencement to the completion thereof, and only partially performed in any accounting period, there shall (unless the Commissioners of Inland Revenue owing to any special circumstances otherwise direct) be attributed to each of the accounting periods in which such contract was partially performed such proportion of the entire profits or loss, or estimated profits or loss, in respect of the complete performance of the contract as shall be properly attributable to such accounting periods respectively, having regard to the extent to which the contract was performed in such periods.
- (3) Where a company (hereinafter referred to as " the principal company ") holds either in its own name or in that of a nominee the whole of the ordinary capital of any other company (hereinafter referred to as "the subsidiary company ") or so much of that capital as Under the general law can lawfully be held by a single shareholder, the

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profits of the subsidiary company shall, if an application in that behalf is made by the principal company, be treated for the purposes of this Part of this Act as being the profits of the principal company as if the subsidiary company were a branch of the principal company, and the subsidiary company shall not be separately assessed to tax under this Part of this Act :

Provided that in ascertaining, under paragraph (b) of subsection (1) of the last preceding section, the maximum amount of tax payable" by the principal company, no deduction shall be allowed in respect of any payments made by the subsidiary company to the principal company, or any other company which in relation to the principal company is a subsidiary company within the meaning of this subsection.

#### **54 Determination of accounting period**

- (1) .For the purposes of the tax under this Part of this Act, the accounting period shall be a , period of twelve months ending on the date up to which the accounts of the '. company are usually made up :

Provided that, where the accounts of a company have been made up for a period greater or less than twelve months, or where the accounts have not been made up or where the company has ceased to carry on business or has transferred its business or part of its business to some other person, the accounting period shall be such period not exceeding twelve months as the Commissioners of Inland Revenue may determine.

- (2) In the case of a company which was in existence before the beginning of the first day of January, nineteen hundred and twenty, the first accounting period for the purpose of this Part of this Act shall be the first accounting period of the .company which ends after that date :

Provided that, where part of an accounting period is after and part before the beginning of the first day of January, nineteen hundred and twenty, the total profits of the accounting period shall be apportioned between the period up to and the period beginning on that date in proportion to the respective lengths of those periods, and corporation profits tax shall be charged only on so much of the profits as are apportioned to the, period beginning on that date, and that period shall be deemed to be an accounting period for the purpose of this Part of this Act.

- (3) The Commissioners of Inland Revenue may, if they think fit, divide any periods for which accounts have been made up, and may make such apportionments or aggregations of profits and losses as may be necessary for the purpose of estimating the profits or losses for the yearly accounting period, or for any other purpose of this Part of this Act.

Any apportionment under this subsection shall be made in proportion to the number of months or fractions of months in the respective periods representing the divided periods.

#### **55 Returns for purpose of Part V and penalty for fictitious transactions**

- (1) The Commissioners of Inland Revenue may, for the purposes of this Part of this Act, require the secretary of a company or other officer (by whatever name called) performing the duties of secretary of the company, or, in the case of a foreign company, any person being an agent, manager, factor, or representative (by whatsoever name called) of the company, to furnish them within two months after the requirement for

the return is made with returns of the profits of the company during any accounting period and such other particulars in connection therewith as the Commissioners may require.

- (2) Where the profits of any company are chargeable to corporation profits tax under this Part of this Act, it shall be the duty of every person who may be required to make a return under this section to give notice that the profits are so chargeable to the Commissioners of Inland Revenue within six months of the end of the period for which the accounts of the company are made up, unless he has been previously required by the Commissioners to make a return under this section, and it shall be the duty of the liquidator of every company which is being wound up at the time of the commencement of this Act or is wound up after the commencement of this Act, and is chargeable to corporation profits tax, to give notice of the fact to the Commissioners of Inland Revenue.
- (3) If any person fails to furnish a proper return in accordance with the foregoing provisions of this section or to comply with any requirement of the Commissioners under this section, or to give any notice required by this section, he shall be liable on summary conviction to a fine not exceeding one hundred pounds and to a further fine not exceeding ten pounds a day for every day during which the offence continues after conviction therefor.
- (4) A company shall not, for the purpose of avoiding the payment of corporation profits tax, enter into or carry out any fictitious or artificial

If any company acts in contravention of this provision, the company, and in the case of a foreign company the agent, manager, factor, or other representative of the company, shall be liable on summary conviction to a fine not exceeding five hundred pounds.

## **56 Supplementary provisions as to corporation profits tax**

- (1) Corporation profits tax shall be assessed by the Commissioners of Inland Revenue and shall be payable on the expiration of two months from the date on which it is assessed.
- (2) Where a company on whose profits the tax is to be assessed is a British company, the tax shall be assessed on the company, and where the company on whose profits the tax is to be assessed is a foreign company the tax shall be assessed on the company in the name of any agent, manager, factor or other representative of the company.
- (3) Where a company is in the course of being wound up, the liquidator, receiver or other person having the control of the assets of the company shall not distribute the same until provision has been made to the satisfaction of the Commissioners of Inland Revenue for the payment of any corporation profits tax for which the company may be liable. Any liquidator, receiver or such other person as aforesaid who distributes the assets of the company without making such provision as aforesaid shall be liable to a fine not exceeding three times the amount of any corporation profits tax which may be payable.
- (4) An assessment (including an additional assessment) may be made by the Commissioners of Inland Revenue at any time within three years after the end of the accounting period in respect of the profits of which the assessment is made, and in the absence of a satisfactory return or other information on which to make an assessment the Commissioners may make an assessment according to the best of their judgment.

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- (5) The amount of corporation profits tax payable shall be recoverable as a debt due to His Majesty from the company on which it is assessed, or in the case of a foreign company from the person in whose name the company is chargeable, and where the amount of tax payable is less than fifty pounds the tax shall, without prejudice to any other remedy, be recoverable summarily as a civil debt.
- (6) Any company which is dissatisfied with the amount of any assessment made upon it by the Commissioners of Inland Revenue under this Part of this Act may appeal to the Commissioners for the general purposes of income tax acting for the division in which the company is assessed for income tax or to the Commissioners for the special purposes of the Income Tax Acts, and those Commissioners shall have power on any appeal, if they think fit, to summon witnesses and examine them upon oath.

The power under section one hundred and ninety-six of the Income Tax Act, 1918, to require an appeal in Ireland to the Special Commissioners to be reheard by the county court judge, or chairman of quarter sessions, or recorder, shall apply to an appeal in Ireland under this provision.

Section one hundred and forty-nine of the Income Tax Act, 1918 (which relates to the statement of a case on a point of law), shall apply with the necessary modifications in the case of any appeal to the General or Special Commissioners under this section, or of the rehearing of any such appeal in Ireland, as it applies in the case of appeals to the General or Special Commissioners under the Income Tax Acts.

- (7) The Commissioners of Inland Revenue may make regulations with respect to the assessment and collection of the corporation profits tax and the hearing of appeals under this section and may by those regulations apply and adapt any enactments relating to the assessment and collection of income tax, or the hearing of appeals as to income tax by the General or Special Commissioners, which do not otherwise apply.
- (8) All Commissioners and other persons employed for any purpose in connection with the assessment or collection of corporation profits tax shall be subject to the same obligations as to secrecy with respect to corporation profits tax as those persons are subject to with respect to income tax, and any oath taken by any such person as to secrecy with respect to income tax shall be deemed to extend also to secrecy with respect to corporation profits tax.

## PART VI

### LAND VALUES DUTIES

#### **57      Repeal of land values duties**

- (1) As from the commencement of this Act the land values duties shall cease to be chargeable, and the obligation of the Commissioners of Inland Revenue under section twenty-six of the Finance (1909-10) Act, 1910, to cause a valuation to be made of all land in the United Kingdom shall cease.
- (2) Any land value duty which has been assessed at the date of the commencement of this Act but which is unpaid at that date shall not be collected, and no assessment shall be made in respect of any land value duty which became chargeable before that date.

- (3) Where any person shows to the satisfaction of the Commissioners of Inland Revenue that he or any person of whom he is, in the opinion of the Commissioners, the legal representative has at any time paid any sum on account of any land value duty, he shall, on making an application in that behalf to the Commissioners at any time within six months after the date of the commencement of this Act and in such form as may be prescribed by the Commissioners, be entitled to repayment of the sum so paid.
- (4) Where an immediate lessor has paid or borne any annual increment value duty and has made a deduction in respect of that duty from the rent payable by him to his lessor, he shall, on obtaining a repayment under this section of that duty, refund to the lessor or the representative of the lessor a sum equal to the amount so deducted.
- (5) In this section the expression "land values duties" means the increment value duty (including annual increment value duty), reversion duty, and undeveloped land duty imposed by Part I. of the Finance (1909-10) Act, 1910, but does not include mineral rights duty.

## PART VII

### GENERAL

#### **58 Reduction of debt**

- (1) Any amount applied out of revenue during the current financial year in purchasing, redeeming, or paying off any description of debt shall be deemed to be expenditure within the meaning of sections four and five of the Sinking Fund Act, 1875.
- (2) Any sums issued out of the Consolidated Fund for the purpose of the depreciation fund under section thirty-two of the Finance Act, 1917, and any sums so issued to the Commissioners of Inland Revenue in respect of any securities transferred to those Commissioners by way of payment for Death Duties or Excess Profits Duty, and any sums so issued to the National Debt Commissioners for the purpose of the purchase by those Commissioners of four pounds per cent. Victory Bonds or four pounds per cent. Funding Loan, 1960-90, shall, for the purposes of this section, be deemed to be sums applied in purchasing, redeeming, or paying off debt.

#### **59 Power to borrow on national savings certificates for purposes of investment in local loans stock and redemption of loans**

- (1) The Treasury may, at any time after the thirtieth day of September, nineteen hundred and twenty, borrow in accordance with the provisions of this section such sums as they think proper to raise for the purpose of being invested or applied in manner provided by this section.
- (2) Any sums which may be raised under this section shall be raised by the issue through the Post Office of national savings certificates, and any certificates so issued shall bear such rate of interest and shall be subject to such conditions as to repayment or otherwise as the Treasury think fit.
- (3) The principal of and interest on any national savings certificates issued under this section and any expenses incurred in connection with the issue thereof shall be charged on the Consolidated Fund of the United Kingdom or the growing produce thereof.

- (4) The Treasury shall, from time to time as they think fit, issue out of the Consolidated Fund or the growing produce thereof to the National Debt Commissioners sums equal to one-half of the moneys raised under this section, and any sums so issued to the National Debt Commissioners shall as soon as practicable be invested by those Commissioners in local loans, stock or in bonds secured on the Local Loans Fund and may, pending such investment, be invested temporarily in such manner, subject to the approval of the Treasury, as the Commissioners think proper.
- (5) All sums received by the National Debt Commissioners by way of interest on investments made by them under this section shall be paid into the Exchequer.
- (6) The Treasury shall, from time to time as they think fit, issue out of the Consolidated Fund or the growing produce thereof and apply in the purchase, redemption, or paying off of any description of debt sums equal to one-half of the moneys raised under this section together with the sums paid into the Exchequer by the National Debt Commissioners under this section.
- (7) The powers conferred on the Treasury by this section shall be in addition to and not in derogation of any other power to borrow for the time being exercisable by the Treasury.

#### **60 Amendment of s.1 of 9 & 10 Geo.5 c.6**

Paragraph (c) of the proviso to subsection (1) of section one of the Civil Contingencies Fund Act, 1919, which requires sums issued under that Act to be repaid to the Exchequer not later than the thirtieth day of September nineteen hundred and twenty, shall have effect as though the thirtieth day of September nineteen hundred and twenty-one were therein substituted for the thirtieth day of September nineteen hundred and twenty.

#### **61 Provision for cases where assessments, returns, & c. have been lost, destroyed, or damaged**

- (1) Where any assessment to income tax, excess profits duty, or munitions exchequer payments for any year or period, or any duplicate of assessment to income tax for any year, or any return or other document relating to income tax, excess profits duty, or munitions exchequer payments, has been lost or destroyed, or has been so defaced or damaged as to be illegible or otherwise useless, the commissioners, surveyors, assessors, collectors, and other officers respectively having powers in relation to income tax, excess profits duty, or munitions exchequer payments, as the case may be, 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, excess profits duty, or munitions exchequer payments 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, excess profits duty, or munitions exchequer payments for the same year or period 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 expression " Commissioners " means as the case may require, either the Commissioners of Inland Revenue or the Income Tax Commissioners concerned and the expression " income tax " includes " super-tax."

## **62 Charge for road improvement grant**

Section forty-nine of the Finance (No. 2) Act, 1915 (which provides for the suspension of the road improvement grant), shall cease to operate as regards the net proceeds of any duties on motor spirit and any duties on licences for carriages collected on or after the first day of April, nineteen hundred and twenty, and the charge on the Consolidated Fund under section ninety of the Finance (1909-10) Act, 1910, for the road improvement grant shall come into operation again accordingly.

## **63 Amendment of s.12 of 61 & 62 Vict. c.10**

- (1) Section twelve of the Finance Act, 1898, as amended by section twenty-one of the Finance (No. 2) Act, 1915 (which grants an exemption or abatement from land tax in certain cases), shall have effect as though for the words " such owner has been " allowed in that year relief from income tax by reason of his " income not exceeding one hundred and sixty pounds " there were substituted the words " the total income of the owner for " that year is proved not to exceed one hundred and sixty " pounds," and as if for the words " such owner has been " allowed in that year an abatement of income tax by reason " of his income not exceeding four hundred pounds," there were substituted the words " the total income of the owner for that " year is proved not to exceed four hundred pounds."
- (2) In this section the expression " total income " means the total income as estimated in accordance with the provisions of the Income- Tax Acts, and the expression " proved" means proved in manner provided by section twenty-eight of the Income Tax Act, 1918.

## **64 Construction, short title, and repeal**

- (1) Part I. of this Act, so far as it relates to duties of customs, shall be construed together with the Customs Consolidation Act, 1876, and any enactments amending that Act, and so far as it relates to duties of excise shall be construed together with the Acts which relate to the duties of excise and the management of those duties.
- Part II of this Act shall be construed together with the Income Tax Acts.
- Part III of this Act shall be construed together with the Stamp Act, 1891.
- Part IV of this Act shall be construed together with Part III. of the Finance (No. 2) Act, 1915.
- (2) This Act may be cited as the Finance Act, 1920.
- (3) The Acts set out in the Fourth Schedule of this Act are hereby repealed to the extent mentioned in the third column of that schedule.

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## SCHEDULES.

### FIRST SCHEDULE

Section 3.

#### PART I

#### ORDINARY CUSTOMS DUTIES ON SPIRITS

1. Description of Spirits.	2. Preferential Rates.						3. Full Rates.					
	In Cask.			In Bottle.			In Cask.			In Bottle.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
For every gallon computed at proof of—												
Brandy	3	12	10	3	13	10	3	15	4	3	16	4
or rum												
Imitation		12	11	3	13	11	3	15	5	3	16	5
rum												
or geneva												
Unsweetened spirits other than those already enumerated	12	11		3	12	11	3	15	5	3	15	5
For every gallon of perfumed spirits	5	16	0	5	17	0	6	0	0	6	1	0
For every gallon	—			4	19	1	—			5	2	5

1. Description of Spirits.	2. Preferential Rates.						3. Full Rates.					
	In Cask.			In Bottle.			In Cask.			In Bottle.		
of liqueurs, cordials, mixtures and other preparations in bottle entered in such manner as to indicate that the strength is not to be tested												
For every gallon computed at proof of spirits of any description not here to fore mentioned, including naphtha and methylic alcohol purified so as to be potable, and mixtures	3	12	11	3	13	11	3	15	5	3	16	5

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1. Description of Spirits.  and preparations containing spirit	2. Preferential Rates.						3. Full Rates.					
	In Cask.			In Bottle.			In Cask.			In Bottle.		

## PART II

### ADDITIONAL CUSTOMS DUTIES IN RESPECT OF IMMATURE SPIRITS

Description of Spirits.	Where the Spirits have been warehoused for a period of Two years and less than Three years.		Where the spirits have not been warehoused or have been warehoused for a period of less than Two years.	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
For every gallon computed at proof of spirits of any description except perfumed spirits	1	0	1	6
For every gallon of liqueurs, cordials, mixtures, and other preparations entered in such manner as to indicate that the strength is not to be tested	1	4	2	0
For every gallon of perfumed spirits	1	7	2	5

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### PART III

#### ADDITIONAL EXCISE DUTIES IN RESPECT OF IMMATURE SPIRITS

Description of Spirits.	Where the Spirits have been warehoused for a period of Two Years and less than Three Years.		Where the Spirits have not been 0 warehoused, or have been warehoused for a period of less than Two Years.	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
For every gallon of spirits computed at proof	1	0	1	6

### SECOND SCHEDULE

Section 13.

#### DUTIES ON MECHANICALLY PROPELLED VEHICLES

Description of Vehicle.	Rate of Duty	
1. Cycles (including motor scooters and cycles with an attachment for propelling the same by mechanical power) not exceeding 8 cwt. in weight unladen :—		
Bicycles—		
Not exceeding 200 lbs. in weight unladen	£1	10s.
Exceeding 200 lbs. in weight unladen	£3	
Bicycles, if used for drawing a trailer or side-car, an additional sum of £1.	£4	
2. Vehicles (including cycles with an attachment for propelling the same by mechanical power) not exceeding 5 cwt. in weight unladen adapted and used	5s.	
3. Vehicles being hackney carriages as defined in section four of the Customs and Inland Revenue Act, 1888 :—		
	<i>In the Metropolitan Police area and such other districts as the Minister of Transport may fix.</i>	<i>In all other districts.</i>
Tramcars	15s.	15s.
Other vehicles : Seating not more than 6 persons	£15	£12
Seating more than 6 but not more than 14 persons	£30	£24

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Description of Vehicle.	Rate of Duty	
	<i>In the Metropolitan Police area and such other districts as the Minister of Transport may fix.</i>	<i>In all other districts.</i>
Seating more than 14 but not more than 20 persons	£45	£36
Seating more than 20 but not more than 26 persons	£60	£48
Seating more than 26 but not more than 32 persons	£72	£60
Seating more than 32 persons	£84	£70
In this paragraph the number of persons mentioned does not in-clude the driver of the vehicle.		
4. Vehicles of the following descriptions used solely in the course of trade, or in agriculture (that is to say) :—		
Locomotive ploughing engines, tractors, agricultural tractors, and other agricultural engines, not being engines or tractors used for hauling on roads any objects except their own necessary gear, threshing appliances, farming implements, or supplies of fuel or water required for the purposes of the vehicle or for	5s.	
Road locomotives and agricultural engines, other than such engines in respect of which a duty of 5s. is chargeable or which are used for haulage solely in connection with agriculture—		
Not exceeding 8 tons in weight unladen	£25	
Exceeding 8 tons but not exceeding 12 tons in weight	£28	
Exceeding 12 tons in weight unladen	£30	
Tractors, agricultural tractors, and agricultural engines, other than such tractors or engines in respect of which a duty of 5s. is chargeable, used for haulage solely in connection with agriculture—		
Not exceeding 5 tons in weight unladen	£6	
Exceeding 5 tons in weight unladen	£10	
Tractors of any other description	£21	

Description of Vehicle.	Rate of Duty
5. Vehicles (including tricycles weighing more than 8 cwt. unladen) constructed or adapted for use and used solely for the conveyance of goods in the course of trade—	
Being vehicles which are electrically propelled and which do not exceed 25 cwt. in weight unladen	£6
Being vehicles other than such electrically propelled vehicles as aforesaid.	
Not exceeding 12 cwt. in weight unladen	£10
Exceeding 12 cwt. but not exceeding 1 ton in weight	£16
Exceeding 1 ton but not exceeding 2 tons in weight	£21
Exceeding 2 tons but not exceeding 3 tons in weight	£25
Exceeding 3 tons but not exceeding 4 tons in weight	£28
Exceeding 4 tons in weight unladen	£30
With an additional duty, in any case if used for drawing a trailer, of	£2
6. Any vehicles other than those charged with duty under the foregoing provisions of this schedule :—	
Not exceeding 6 horse power or electrically propelled	£6
Exceeding 6 horse power	£1 for each unit or part of a unit of horse power.
If any person proves to the satisfaction of the authority charged with levying the duty that he has paid in respect of any vehicle the duty chargeable under this paragraph, and that the engine of the vehicle was constructed before the first day of January nineteen hundred and thirteen, he shall be entitled to repayment of twenty-five per cent. of the duty paid.	

## THIRD SCHEDULE

Section 32.

## CONSEQUENTIAL AND MINOR AMENDMENTS OF INCOME TAX ACT, 1918

Enactments to be amended.	Nature of Amendment.
Section 4	The words "two thousand pounds" shall be substituted for the words " two thousand five hundred pounds.

NOTE.—In this schedule the expression " allowance or deduction" means any allowance, deduction, or reduction of rate made or allowed under sections sixteen to twenty-three, both inclusive, of this Act.

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Enactments to be amended.	Nature of Amendment.
Section 5	For the words " estimated for the purposes of exemption or abatement under this Act " there shall be substituted the words "required to be estimated in a return made in connection with any claim for a deduction from assessable income."
Section 16	A reference to any allowance or deduction shall be substituted for the reference to any exemption, abatement or relief under the preceding provisions of Part III. of the Income Tax Act, 1918.
Section 17	The words " allowance or deduction " shall be substituted for the words "exemption, abatement."
Section 18	The words "the Income Tax Acts" shall be , substituted for the words "any exemption," abatement, or relief under this Act."
Section 19	A reference to any claim for an allowance or deduction shall be substituted for the reference to the claim under the preceding provisions of Part III. of the Income Tax Act, 1918.
Section 20	A reference to any allowance or deduction shall be substituted for the reference to any exemption, abatement, or relief under the preceding provisions of Part III. of the Income Tax Act, 1918.
Section 22	A reference to any allowance or deduction shall be substituted for the reference to any exemption, abatement, or relief which is dependent wholly or partially on total annual income.
Section 23	The words " allowance or deduction" shall be substituted for the words "exemption, abatement, or relief."
Section 27	A reference to any allowance or deduction shall be substituted for the references to any exemption, abatement, or relief under the preceding provisions of Part III. of the Income Tax Act, 1918.
Section 28	A reference to claims for any allowance or deduction shall be substituted for the reference to claims under the preceding

NOTE.—In this schedule the expression " allowance or deduction" means any allowance, deduction, or reduction of rate made or allowed under sections sixteen to twenty-three, both inclusive, of this Act.



Enactments to be amended.	Nature of Amendment.
	provisions of Part III. of the Income Tax Act, 1918.
Section 29	The words " allowance or deduction " shall be substituted for "exemption, abatement."
Section 30	A reference to any allowance or deduction shall be substituted for the reference to any exemption, abatement, or relief therein before described in the Income Tax Act, 1918.
Section 32	In subsection (2) the word " annual " shall be omitted.  In paragraph (a) of subsection (3) the word " chargeable " shall be omitted, and the words "the provisions of the Income Tax Acts" shall be substituted for the words "this Act."  Paragraph (b) of subsection (3) shall be omitted.  Subsection (4) shall be omitted.
Section 39	The following shall be substituted for proviso (i) to paragraph (b) of subsection (3). "Any such interest shall be chargeable under Case III. of Schedule D."
Section 105	In paragraph (b) of subsection (1) the words " one hundred and fifty pounds " shall be substituted for the words "the sum for "the time being fixed as the limit for total " exemption from tax."
Section 236	The words " allowance or deduction " shall be substituted for the words "exemption, abatement."
First Schedule	In paragraph (5) of Rule 8 of No. V. in Schedule A. the words " the Income Tax Acts which relate to claims for any allowance or deduction " shall be substituted for the words "this Act which relates to claims for exemption, abatement, or relief."
Fifth Schedule	In paragraph XVII. a reference to any allowance or deduction shall be substituted for the reference to any exemption, abatement, or relief, dependent on total income.
NOTE.—In this schedule the expression " allowance or deduction " means any allowance, deduction, or reduction of rate made or allowed under sections sixteen to twenty-three, both inclusive, of this Act.	

*Status: This is the original version (as it was originally enacted).*

## FOURTH SCHEDULE

Section 64.

### ENACTMENTS REPEALED

Session and Chapter.	Short Title.	Extent of Repeal.
<a href="#">59 &amp; 60 Vict. c. 36.</a>	The Locomotives on Highways Act, 1896.	Section eight, as from the 1st day of January 1921.
<a href="#">62 &amp; 63 Vict. c. 9.</a>	The Finance Act, 1899.	Section two.
<a href="#">10 Edw.7. c. 8.</a>	The Finance (1909 -10) Act, 1910.	Sections one to three; subsection (1) of section four; in subsection (2) of section four the words " for the " purpose of the assessment of duty " thereon," and the words " and " to pay interest at the rate of " five per cent. per annum on any " duty ultimately payable by him " as from the date on which the " instrument has been executed " ; in subsection (3) of section four the words from "(a) either" to "assessment or," and the words from " which in their opinion " to the end of the subsection; subsection (4) of section four; in subsection (5) of section four the words from " and with respect " to the end of the subsection; subsection (6) of section four and in subsection (7) of section four the words from " but the Commissioners " to the end of the subsection ; sections five to nineteen ; in subsection (4) of section twenty-one the words from "or where" to " that duty," the words " or " increment value duty as the case " may be," the words " or reduction " and the words " or reduction as the case may be" ; sections twenty-two, twenty-three, twenty-five to twenty-nine; subsection (4) of section thirty-one; section thirty-two; in subsection (1) of section thirty-five the words

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Session and Chapter.	Short Title.	Extent of Repeal.
		from " and any increment " to the end of the subsection; sections thirty-six to forty; in section forty-one the definitions of " rent-charge," " rent," " incumbrance," " fixed charge," " owner," and "agriculture"; in paragraph (1) of section forty-two the definition of " rent," " rentcharge," " owner," " feeholder," and " incumbrance " ; paragraph (3) of section forty-two to "accordingly"; section sixty-two ; in section seventy-three the words " the conveyance or transfer " of any stock or marketable security as defined by section one " hundred and twenty-two of that " Act or to " and " as from the 1st day " of January, 1921, section eighty -"four; as from the 1st day of "July, 1921, section eighty-five; " as from the 1st day of January, " 1921, section eighty-six; and as " from the 1st day of July, 1921, " the Fifth Schedule."
1 & 2 Geo. 5. c. 2.	The Revenue Act, 1911.	Sections one to six.
1 & 2 Geo. 5. c. 48.	The Finance Act, 1911.	As from the 1st day of January, 1921, section eleven; and as from the 1st day of July, 1921, section twelve.
2 & 3 Geo. 5. c. 8.	The Finance Act, 1912.	Section ten.
5 & 6 Geo. 5. c. 62.	The Finance Act, 1915.	Section five.
5 & 6 Geo. 5. c. 89.	The Finance (No. 2) Act, 1915.	Subsection (5) of section twenty-one; section forty-nine; as from the 1st day of January, 1921, subsections (1) and (2) of section ten; and as from the 1st day of July, 1921, subsection (3) of section ten and section fourteen.

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Session and Chapter.	Short Title.	Extent of Repeal.
<a href="#">6 &amp; 7 Geo. 5. c. 24.</a>	The Finance Act, 1916.	Sections thirteen and fourteen as from the 1st day of January, 1921.
<a href="#">7 &amp; 8 Geo. 5. c. 31.</a>	The Finance Act, 1917.	Section nine as from the 1st day of January, 1921.
<a href="#">8 &amp; 9 Geo. 6. c. 15.</a>	The Finance Act, 1918.	Sections eighteen to twenty.
<a href="#">8 &amp; 9 Geo. 5. c. 40.</a>	The Income Tax Act, 1918.	Sections nine to thirteen; subsections (1) and (2) of section fourteen; sections fifteen; twenty-one, twenty-four, twenty-six, thirty-one, forty-two, fifty, fifty-two, and fifty-five.
<a href="#">9 &amp; 10 Geo. 5. c. 32.</a>	The Finance Act, 1919.	Sections three, twenty, twenty-one, twenty-three, twenty-seven; and the First Schedule.