



Finance (No. 2) Act 1915

1915 CHAPTER 89

PART II

INCOME TAX

20 Increase of income tax

- (1) In order, as far as may be, to provide for the collection of income tax for the last six months of the current income tax year at rates exceeding by forty per cent. the rates at which it is charged under the Finance Act, 1915, the following provisions shall have effect:—
- (a) The amount payable in respect of any assessment already made of income tax chargeable otherwise than by way of deduction shall be treated as increased by twenty per cent., and any authority to collect the tax, and remedy for non-payment of the tax, shall apply accordingly; and
 - (b) An assessment of any such income tax not already made shall be made for an amount exceeding by twenty per cent. that for which it would have been made if this Act had not passed; and
 - (c) Such deductions shall be made in accordance with regulations prescribed by the Commissioners of Inland Revenue in the case of dividends, interest, or other annual sums (including rent) due or payable after the fifth day of October, nineteen hundred and fifteen, as will make the total amount deducted in respect of income tax for the year equal to that which would have been deducted if income tax for the year had been at the rate of three shillings; and
 - (d) Subsection. (1) of section fourteen of the Revenue Act, 1911, shall apply in cases where no further payment in respect of dividends, interest, or other annual sums is made after the fifth day of October nineteen hundred and fifteen and before the 6th day of April nineteen hundred and sixteen as if this Act were the Act imposing income tax for the year, and as if three shillings were the rate ultimately charged for the year ;
 - (e) Where the amount of any exemption, relief, or abatement under the Income Tax Acts is to be determined by reference to the amount of income tax on any sum, the amount of the tax shall be calculated at three shillings, with

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a proportionate reduction where relief is granted Under section six of the Finance Act, 1914, as amended by section ten of the Finance Act, 1915 ; and where income tax is payable in respect of a part only of a year, the tax shall be deemed to be at the rate of three shillings.

- (2) If any individual who has been assessed or charged to income tax claims and proves in manner provided by the Income Tax Acts that his actual income from all sources is less by more than ten per cent. than the income on which he has been so assessed or charged, he shall be entitled to repayment of any additional tax paid by him owing to the increase in the rate of tax effected by this section in accordance with the table set out in the Third Schedule to this Act.
- (3) For the purpose of the Provisional Collection of Taxes Act, 1913, or of continuing income tax for any future income tax year, the rate of income tax for the current year shall be deemed to be three shillings and sixpence.

21 Reduction of exemption and abatements

- (1) The exemption granted under section one hundred and sixty-three of the Income Tax Act, 1842, as extended by section thirty-four of the Finance Act, 1894, to persons whose respective incomes do not exceed one hundred and sixty pounds a year shall be restricted so as to apply only to persons whose respective incomes do not exceed one hundred and thirty pounds a year.
- (2) The relief from income tax allowed under section thirty-four of the Finance Act, 1894, to persons whose respective incomes do not exceed five hundred pounds and under section eight of the Finance Act, 1898 to individuals whose incomes do not exceed seven hundred pounds shall be reduced so as to be—
 - (a) in the case of persons whose incomes do not exceed four hundred pounds, the tax upon one hundred and twenty pounds ; and
 - (b) in the case of persons whose incomes exceed four hundred pounds and do not exceed five hundred pounds, the tax upon one hundred pounds ; and
 - (c) in the case of individuals whose incomes exceed five hundred pounds and do not exceed six hundred pounds, the tax upon one hundred pounds.
- (3) Where relief for the current income tax year under either of the said sections has, before the commencement of this Act, been given by reduction of the assessment, the assessment shall, without further notice or authority, be treated as varied in such a manner as to give effect to the amendments made by this section.
- (4) One hundred and thirty pounds shall be substituted for one hundred and sixty pounds in section thirty-six of the Finance Act, 1894 (which relates to depositors in savings banks) and in section sixty-eight of the Finance (1909-10) Act, 1910 (which relates to relief from income tax with respect to children); and any reference in any enactment to section thirty-four of the Finance Act, 1894, or to section eight of the Finance Act, 1898, shall be deemed to be a reference to that section as amended by this Act.
- (5) Section twelve of the Finance Act, 1898 (which grants an exemption from land tax in the case of certain persons who have been allowed a total exemption from income tax by reason of their income not exceeding one hundred and sixty pounds), shall have effect as though the words, " relief from income tax," were substituted for the words, " a total exemption from income tax. "

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22 Charge of Schedule B tax

- (1) Sections twenty-six and twenty-seven of the Finance Act, 1896, shall, as respects income tax under Schedule B, have effect as if references to one-third of the annual value were references to the annual value.
- (2) The annual value in Ireland for the purpose of income tax under Schedule B. shall be taken to be—
 - (a) the judicial rent fixed under the Land Law (Ireland) Act or any of them; or
 - (b) the annual interest payable to the Irish Land Commission in lieu of rent under the Land Purchase (Ireland) Acts or any of them; or
 - (c) the purchase annuity payable under the Land Purchase (Ireland) Acts or any of them;in any case in which it is shown that the judicial rent, the annual interest in lieu of rent, or the purchase annuity, as the case may be, is less than the Poor Law valuation.
- (3) The election of a person occupying lands for the purposes of husbandry to be assessed under Schedule D. may, in the current income tax year, be signified as provided by section eighteen of the Customs and Inland Revenue Act, 1887, at any time before the seventh day of February nineteen hundred and sixteen.
- (4) Any person occupying woodlands, who proves to the satisfaction of the general Commissioners that those woodlands are managed by him on a commercial basis and with a view to the realisation of profits, may elect to be charged to income tax in respect of those woodlands under Schedule D. instead of under Schedule B. in the same manner as a person occupying lands for the purpose of husbandry only, and section eighteen of the Customs and Inland Revenue Act, 1887, shall apply accordingly, subject as follows:—
 - (a) Any such election shall extend to all woodlands so managed on the same estate ; and
 - (b) The election shall have effect, not only as respects the year of assessment mentioned in that section, but also as respects all future years of assessment so long as the woodlands are occupied by the person making the election.

23 Extension of scale of super-tax

Section three of the Finance Act, 1914, as amended by section ten of the Finance Act, 1915 (which contains the rates of super-tax), shall have effect as if the following items were substituted for the last item in subsection (1) thereof; namely—

for every pound of the next one thousand pounds of the excess }	two shillings and tenpence.
for every pound of the next one thousand pounds of the excess }	three shillings and twopence.
for every pound of the remainder of the excess }	three shillings and sixpence.

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24 Extension of relief in respect of children

Section seven of the Finance Act, 1914 (which extends the relief from income tax given in respect of children), shall have effect as if twenty-five pounds were substituted for twenty pounds.

25 Power for soldiers and sailors to claim pre-war rates of income tax in certain cases

- (1) Where any person who, during the current income tax year, has served or is serving as a member of any of the naval or military forces of the Crown, or in service of a naval or military character in connection with the present war for which payment is made out of money provided by Parliament, or in any work abroad of the British Red Cross Society or the St. John Ambulance Association, or any other body with similar objects, proves that his total income from all sources does not exceed three hundred pounds, and that he is assessed or charged to income tax, or has paid income tax either by way of deduction or otherwise on his pay in connection with any such service, he shall be entitled to claim such relief from income tax as will reduce the amount of income tax on that pay to the amount which "would have been payable at the rate in force immediately before the commencement of the present war.
- (2) The relief given under this section shall be in addition to and not in derogation of any exemption or other relief or abatement under the Income Tax Acts and shall not be subject to the reduction of exemption and abatements for which provision is made under this Act; but relief in respect of earned income shall be given in respect of the pay by reference to the rate in force immediately before the commencement of the present war; and, in calculating any earned income on which relief is to be given, any deductions from earned income made under subsection (2) of section nineteen of the Finance Act, 1907, shall be made primarily from the pay.
- (3) All the provisions of the Income Tax Acts which relate to claims for exemption or relief, or the proof to be given with respect to those claims, shall apply to claims for relief under this section and the proof to be given with respect to those claims.

26 Relief in respect of premiums on policies

- (1) In any income tax year to which this section applies, the whole amount of profits and gains by reference to which the limit of the relief granted in respect of the premiums on insurance policies under section fifty-four of the Income Tax Act, 1853, and any Act amending the same, is calculated shall be taken to be and to have been the whole amount of the profits and gains within the meaning of that section for the year ending the fifth day of April nineteen hundred and fourteen, where that amount is or was greater than the amount of the profits and gains by reference to which the limit would be calculated but for this section.
- (2) This section applies to the income tax year ended on the fifth day of April nineteen hundred and fifteen to the current income tax year, and to any future income tax year which includes any time during which the present war continues, and any amount which has been paid before the passing of this Act and would not have been paid if this section had been in force shall be repaid.

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27 Quarterly assessment and charge of employed persons

- (1) Weekly wage earners to whom this section applies shall be assessed and charged to income tax in respect of their wages in each quarter of the year instead of in the whole year, and shall in all cases be assessed and charged in respect of the actual amount of their wages for that quarter, and as respects any such assessment and charge and the collection of the tax the Income Tax Acts shall have effect as if income tax were charged for each quarter instead of for the year.
- (2) This section applies only to weekly wage earners employed by way of manual labour in respect of the wages arising from that employment, and does not apply to persons employed as clerks, typists, draftsmen, or in any other similar capacity:

The expression " weekly wage earner " means a person who receives wages which are calculated by reference to the hour, day, week, or any period less than a month, at whatever intervals the wages may be paid, or who receives wages, however calculated, which are paid daily, weekly, or at any less intervals than a month:

If any question arises whether any person is a person to whom this section applies, that question shall be determined jointly by the Commissioners of Inland Revenue and the general Commissioners, and their determination shall be final and conclusive on the question.
- (3) This section shall not have effect as respects the tax for the current income tax year.

28 Supplemental provisions as to quarterly assessment

- (1) Section twenty-one of the Finance Act, 1907, which relates to returns to be made by the employer, shall extend so as to apply to all weekly wage earners to whom the provisions of this Act as to quarterly assessment apply, and so as to enable returns to be required at such times and intervals as may be fixed by regulations made under this section.

Where an employer is a body corporate, including a company, that body corporate shall be liable to a penalty for failure to deliver a return in pursuance of section twenty-one of the Finance Act, 1907, as well as the secretary or other officer performing the duties of secretary of the body corporate.
- (2) The assessment and charge of income tax in each quarter under this Act shall not affect the grant of any exemption, relief, or abatement which is dependent wholly or partially on total annual income; and any such exemption, relief, or abatement shall be given, in cases where the income tax is assessed and charged quarterly under this Act, as if the total wages on which the tax is charged and the total tax charged for the four quarters of the year were respectively the total income -for the year from the wages and the total tax charged for the year in respect of the wages.

The Commissioners of Inland Revenue may, however, if they think fit in any case, in accordance with regulations made by them under this section, allow any such exemption, relief, or abatement by way of reduction of the quarterly assessment or repayment of the quarterly tax.
- (3) The Commissioners of Inland Revenue may make regulations generally with respect to the assessment and collection of income tax under this Act in the case of weekly wage earners, and with respect to the procedure to be adopted for the purpose, and may in particular by those regulations in the case of those weekly wage earners provide for the assessment of the tax by the surveyor of taxes and for the collection of the tax

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by a collector appointed by them, and for the application to the tax of the rules and provisions applicable to Schedule E. in cases where those rules and provisions are not otherwise applicable.

- (4) The amount of any income tax assessed and charged quarterly under this Act shall, without prejudice to any other method of recovery under the Income Tax Acts, be also recoverable summarily as a civil debt.
- (5) Nothing in this Part of this Act shall affect the right of appeal to the general Commissioners, and the general Commissioners may, if they think it necessary for the purpose of expediting the hearing of appeals, add to the number of general Commissioners by the co-optation or appointment of such persons for the purpose as they think fit.

The powers under this provision may be exercised notwithstanding any limitation under any Act of the number of the general Commissioners.

29 Extension of time for claim of relief on account of earned income

Subsection (4) of section nineteen of the Finance Act, 1907 (which limits the time within which a claim for relief on account of earned income is to be made), shall cease to have effect.

30 Income tax on securities representing a bank's subscription to war loan

Any bank carrying on a bond fide banking business in the United Kingdom shall be relieved, by repayment or otherwise, from income tax under Schedule C. in respect of the interest on any securities which the bank prove to the satisfaction of the special Commissioners to represent subscriptions by the bank to any Government loan issued for the purposes of the present war either before or after the passing of this Act, and the bank shall include the amount of any such interest in the computation of the balance of its profits and gains for the purpose of assessment under the first case of Schedule D.

31 Provisions with respect to the charge of income tax on non-residents

- (1) Section forty-one of the Income Tax Act, 1842 (which "relates to the charge of income tax in special cases), shall, so far as it relates to the taxation of non-residents, be extended—
 - (a) so as to make non-resident persons chargeable to income tax in the name of any branch or manager as well as in the name of any factor, agent, or receiver ; and
 - (b) so as to make non-resident persons so chargeable, although the branch, factor, agent, receiver, or manager may not have the receipt of the profits or gains of the non-resident.
- (2) A non-resident person shall be chargeable in respect of any profits or gains arising, whether directly or indirectly, through or from any branch, factorship, agency, receivership, or management, and shall be so chargeable under section forty-one of the Income Tax Act, 1842, as amended by this section, in the name of the branch, factor, agent, receiver, or manager.
- (3) Where a non-resident person not being a British subject or a British, Indian, Dominion, or Colonial Firm or Company, or branch thereof, carries on business with a resident person, and it appears to the Commissioners by whom the assessment is made that,

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owing to the close connection between the resident and the non-resident person, and to the substantial control exercised by the non-resident over the resident, the course of business between those persons can be so arranged, and is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise from that business, the non-resident person shall be chargeable to income tax in the name of the resident person as if the resident person were an agent of the non-resident person.

- (4) Where it appears to the Commissioners by whom the assessment is made or, on any objection or appeal, to the general or special Commissioners that the true amount of the profits or gains of any non-resident person chargeable in the name of a resident person with income tax cannot in any case be readily ascertained the Commissioners may, if they think fit, assess the non-resident person on a percentage of the turnover of the business done by the non-resident person through or with the resident, person in whose name he is chargeable, and in such case section fifty-three of the Income Tax Act, 1842, shall extend so as to require returns to be given of the business so done by the non-resident through or with the resident in the same manner as returns are to be given under that section of the profits or gains to be charged.
- (5) The amount of percentage shall in each case be determined, having regard to the nature of the business, by the Commissioners by whom the assessment on the percentage basis is made, subject, in the case of an assessment made by the additional Commissioners, to objection or appeal to the general or special Commissioners.

If either the resident or non-resident person is dissatisfied with the percentage determined either in the first instance or on objection or appeal by the general or special Commissioners he may, within four months of that determination, require the Commissioners to refer the question of the percentage to a referee or board of referees to be appointed for the purpose by the Treasury, and the decision of the referee or board shall be final and conclusive.

- (6) Nothing in section forty-one of the Income Tax Act, 1842 (as amended by any subsequent enactment or by this section), shall render a non-resident person chargeable in the name of a broker or general commission agent, or in the name of an agent, not being an authorised person carrying on the nonresident's regular agency or a person chargeable as if he were an agent in pursuance of this section, in respect of profits or gains arising from sales or transactions carried out through such a broker or agent.
- (7) The fact that a non-resident person executes sales or carries out transactions with other non-residents in circumstances which would make him chargeable in pursuance of this section in the name of a resident person shall not of itself make him chargeable in respect of profits arising from those sales or transactions.

32 Place for assessment of income tax

- (1) Notwithstanding anything in section one hundred and six or one hundred and forty-six of the Income Tax Act, 1842, or in any other enactment relating to income tax, a person may be charged to income tax under Schedule D or E, whether or not he is engaged in any trade, manufacture, adventure, or concern, or any employment, vocation, or office, by commissioners acting for any parish or place in which that person ordinarily resides; and if any person has been so charged before the commencement of this Act, the charge shall not be deemed invalid by reason of that person not having been charged by the right commissioners':

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Provided that nothing in this section shall affect the operation of section one hundred and seventy-one of the Income Tax Act, 1842, with respect to double assessments.

- (2) Section one hundred and eight of the Income Tax Act, 1842 (which makes provision as to the place at which persons are to be assessed to income tax in respect of profits or gains arising from foreign and colonial possessions or securities) is hereby repealed.

33 Payment of income tax by instalments in certain cases

- (1) Income tax for any year shall, in cases to which this section applies, instead of being payable on or before the first day of January in that year, or such other date as is specified in section eighty-two of the Taxes Management Act, 1880, be payable in two equal instalments, the first on or before the first day of January in that year, or such other day as aforesaid, and the second on or before the following first day of July:

Provided that where the assessment is not signed and allowed till after the said following first day of July, this provision shall not have effect, and the duties shall be due and payable as provided by section eighty-two of the Taxes Management Act, 1880.

- (2) The cases to which this section applies are income tax charged on any individual or firm under Schedule B in respect of lands occupied for husbandry only and income tax charged on any individual or firm under Schedule D or the rules thereof in respect of the profits or gains of any trade, manufacture, adventure, or concern in the nature of trade or of any profession or vocation, and income tax charged on any individual in respect of any office or employment, whether under Schedule D or E, except individuals whose income tax is deducted at definite intervals of less than half a year, and weekly wage earners whose tax is, under this Act, assessed and charged quarterly:

Provided that, as respects the tax for the current income tax year—

- (a) this section shall have effect as if two instalments, the one being the amount of tax payable under the Finance Act, 1915, and the other being the additional amount of tax payable under this Act (including any tax which is payable solely owing to alterations made by the provisions of this Act), were substituted for two equal instalments; and
- (b) the cases to which this section applies include cases in which income tax could be charged quarterly under the provisions of this Act if those provisions were in force during the current income tax year.
- (3) The provisions of the Income Tax Acts as to the recovery of income tax shall apply to each instalment of the tax in the same manner as they apply to, the whole amount of the tax.

34 Deductions in respect of Schedule A tax in Scotland

Notwithstanding anything in section forty of the Income Tax Act, 1853, or in section fifteen of the Revenue (No. 1) Act, 1864, or in any other enactment, deductions in respect of income tax under Schedule A on lands and heritages in Scotland made from any rent, interest, or payment due for the period ending on the fifteenth day of May, shall be made at the rate of the tax in force at the commencement of that period.

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35 Computation of profits and gains in relation to excess profits duty

- (1) Where any person has paid excess profits duty under this Act the amount so paid shall be allowed as a deduction for the purpose of income tax in computing the profits and gains of the year which included the end of the accounting period in respect of which the excess profits duty has been paid; but where any person has received repayment of any amount previously paid by him by way of excess profits duty, the amount repaid shall be treated as profit for the year in which the repayment is received.

The payment of excess profits duty shall not be deemed to be a specific cause for the purposes of section one hundred and thirty-four of the Income Tax Act, 1842.

- (2) Where in any income tax year the profits or gains from which a deduction may be made under this section come into computation, but owing to the time at which the amount of excess profits duty became ascertained it was impracticable to give effect to the deduction when assessing income tax, the amount by which the income tax would have been reduced if effect had been given to the deduction shall be deducted from the amount payable for excess profits duty or, if there is no excess profits duty, shall be repaid to the taxpayer.

36 Service of notices by post

Any notice or other document to be given, served, sent, or delivered, under the Income Tax Acts may be served by post in such cases as the Commissioners of Inland Revenue direct by regulations to be made by them for the purpose. Any notice or other document to be given, served, sent, or delivered to or on an employed person may be served by post at his place of employment.

37 Amendments to have effect in current income tax year

Any amendments made by this Part of this Act with respect to income tax shall have effect as respects the tax for the current income tax year except where the context otherwise requires.