



Finance (No. 2) Act 1945

1945 CHAPTER 13

PART I

PURCHASE TAX, CUSTOMS AND EXCISE.

Purchase Tax.

- 1 Cesser of charge of purchase tax in respect of certain cooking and heating appliances and refrigerators.**
- (1) Purchase tax shall cease to be chargeable in respect of goods of the classes specified in the First Schedule to this Act.
 - (2) In accordance with the preceding subsection, the Seventh Schedule to the Finance (No. 2) Act, 1940, shall be amended by inserting in the third column thereof, immediately before the entry relating to hurricane lamps and other lamps, the words contained in the First Schedule to this Act.
 - (3) The preceding provisions of this section shall be deemed to have come into operation on the twenty-fourth day of October, nineteen hundred and forty-five.
 - (4) Tax shall not be chargeable by virtue of a purchase of goods of any of the said classes in respect of any such goods delivered under the purchase on or after the said twenty-fourth day of October, notwithstanding that the purchase was made before the said day.
 - (5) Where, in respect of goods of any of the said classes bought under a purchase made before the said twenty-fourth day of October, any tax which would have been chargeable if this Act had not been passed does not become chargeable, the buyer may, in the absence of agreement to the contrary and if the seller has had in respect of the goods the benefit of the tax not becoming chargeable, deduct from the consideration a sum equal to the amount which would have been the amount of the tax chargeable in respect of the goods if this Act had not been passed.
 - (6) Nothing in this section shall affect the operation of section twenty of the Finance (No. 2) Act, 1940 (which empowers the Treasury by order to direct that tax shall

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become chargeable in respect of goods of any class in respect of which it is not for the time being chargeable).

2 Exemption from purchase tax of wireless sets for the blind.

The Commissioners may, subject to such conditions as they may impose for the protection of the Revenue, remit purchase tax chargeable in respect of a wireless receiving set, by virtue either of a purchase thereof or of such an appropriation or application thereof as is mentioned in section twenty-five of the Finance (No. 2) Act, 1940, if they are satisfied, by a certificate to that effect given to them on behalf of a charity registered under section three of the Blind Persons Act, 1920, that the purchase, appropriation or application, was made for the purpose of making the set available for the -use of the blind to the exclusion of use otherwise, and that the property therein will be retained by the charity for that purpose.

3 Temporary exemption from purchase tax of war memorials.

Subject to such conditions as they may impose for the protection of the Revenue, the Commissioners, upon an application in that behalf made to them within the period of five years beginning with the passing of this Act, may remit purchase tax chargeable in respect of an article of furniture, plate or textile material, or an ornament, by virtue either of a purchase thereof or of such an appropriation or application thereof as is mentioned in section twenty-five of the Finance (No. 2) Act, 1940, if they are satisfied that the purchase, appropriation or application was made for the purpose of placing the article or ornament in a place of religious worship as a war memorial and that it will be retained therein.

Mechanically Propelled Vehicles.

4 Amendment as to grading of certain of the rites of excise duty on mechanically propelled hackney and goods vehicles, etc..

(1) For the purpose of providing, as respects the duties of excise chargeable in respect of mechanically propelled vehicles,—

- (a) for the grading of certain of the rates of the said duties which are graded ' according to seating capacity, or to weight unladen, by reference to units consisting respectively of a single person and of one quarter of a ton, in lieu of by reference to larger units;
- (b) for revoking such of the rates of the said duties as are chargeable in respect of vehicles by reference to their not being fitted entirely with pneumatic tyres; and
- (c) for making certain formal amendments in the provisions by which the said duties are charged;

section thirteen of the Finance Act, 1920 (which imposes the said duties) shall, as from the first day of January, nineteen hundred and forty-six, have effect subject to the subsequent provision of this section.

(2) The said section thirteen shall have effect as respects vehicles of the descriptions specified in paragraph 3 of the Second Schedule to the said Act (which paragraph relates to hackney carriages) as if the paragraph set out in Part I of the Second Schedule to this Act were substituted for that paragraph.

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- (3) The said section thirteen shall have effect as respects vehicles of the descriptions specified in sub-paragraphs (a), (b) and (c) of paragraph 5 of the Second Schedule to the said Act (which paragraph relates to goods vehicles) as if for the rates of duty specified in those sub-paragraphs there were substituted the rates of duty specified in Part II of the Second Schedule to this Act.
- (4) The rates of the duties chargeable under the said section thirteen in respect of goods vehicles used solely within the area of a local authority by that local authority, or by any person acting in pursuance of a contract with that local authority, for the purpose of cleansing or watering roads or cleansing gullies shall be those specified in Part III of the Second Schedule to this Act, in lieu of those specified in sub-paragraphs (a) and (d) of the paragraph numbered 5 in the Third Schedule to the Finance Act, 1928, and—
- (a) such vehicles shall be excepted from the descriptions of vehicles specified in sub-paragraph (c) of paragraph 5 of the Second Schedule to the Finance Act, 1920, and, if used for drawing a trailer, from sub-paragraph (d) thereof;
 - (b) the proviso to section twenty-five of the Finance Act, 1933 (by virtue of which such vehicles are excepted as aforesaid), shall be repealed:

Provided that the said duties in respect of such vehicles shall be deemed for all purposes to be chargeable under paragraph 5 of the Second Schedule to the Finance Act, 1920.

5 Charge of excise duty on certain mechanically propelled vehicles by reference to cylinder capacity in lieu of horse-power.

- (1) Section thirteen of the Finance Act, 1920, shall have effect as if the following proviso were inserted at the end of paragraph 6 of the Second Schedule to that Act, that is to say,—

“Provided that, notwithstanding anything in the preceding provisions of this paragraph, the duty to be charged in respect of a vehicle falling within this paragraph which derives its motive power wholly from an internal combustion engine worked by a cylinder or cylinders shall, if the vehicle is registered under the Roads Act, 1920, for the first time on or after the appointed day, be charged at a rate for each unit or part of a unit of the cylinder capacity of the vehicle equal to four-fifths of the rate fixed by this paragraph for each unit or part of a unit of horse-power, so however that if duty so charged in respect of the vehicle would be less than duty charged in respect thereof at the rate fixed by this paragraph for a vehicle not exceeding 6 horse-power, the rate of the duty to be charged in respect of the vehicle shall be the last-mentioned rate.

For the purposes of this proviso—

- (a) a unit of cylinder capacity shall be one hundred cubic centimetres;
 - (b) the appointed day shall be such day as the Treasury may by order appoint.”
- (2) In—
- (a) subsection (3) of section thirteen of the Finance Act, 1920 (which confers power to make regulations as to the calculation of a unit of horse-power);
 - (b) subsection (3) of section thirteen of the Roads Act, 1920 (which relates to the burden of proof in respect of certain matters in proceedings relating to licences under the Finance Act, 1920); and

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- (c) paragraph (f) of section twelve of the Road Traffic Act, 1934 (which provides for the avoidance of restrictions by reference to certain matters on the scope of insurance against third-party risks);
 after the words "horse-power" there shall be inserted the words " or cylinder capacity".

6 Amendment as to rate of excise duty on electrically propelled bicycles.

As from the first day of January, nineteen hundred and forty-six, section thirteen of the Finance Act, 1920, shall have effect as if, in paragraph 1 of the Second Schedule to that Act (which relates to cycles)—

- (a) the following sub-paragraph were inserted after sub-paragraph (a), namely—
 “(aa) Bicycles which are electrically propelled: 17s. 6d.”;
- (b) for the words "sub-paragraph (a) of this paragraph" there were substituted the words " sub-paragraph (a) or (aa) of this paragraph".

Hydrocarbon Oils.

7 Extension of rebate on heavy oil used for farm tractors.

Section eight of the Finance Act, 1942 (which provides for a rebate, limited to expire on the expiration of the Emergency Powers (Defence) Act, 1939, on heavy oil for certain farm tractors, etc.) shall continue in force notwithstanding the expiration of the Emergency Powers (Defence) Act, 1939, until such date as His Majesty may by Order in Council determine, and accordingly for subsection (2) of the said section eight there shall be substituted the following subsection—

- “(2) This section shall cease to have effect on such date, not being earlier than the expiration of the Emergency Powers (Defence) Act, 1939, as His Majesty may by Order in Council determine.”

8 Amendment as to duty on oils used in refineries.

- (1) Subsections (1), (2) and (4) of section two of the Finance Act, 1934 (which impose, subject to certain modifications, customs duty on imported hydrocarbon oils used in a refinery) shall cease to have effect, and in lieu thereof the following provisions of this section shall have effect.
- (2) Where any dutiable hydrocarbon oils on which customs duty has not been paid are used in a refinery for generating heat, light or power, or for producing gas, the same customs duty shall be charged and the same rebate shall be allowed in respect thereof as would be chargeable or allowable on the importation of the like oils:

Provided that the duty shall not be charged under this subsection—

- (a) in respect of oils used for generating heat, light or power where it is shown to the satisfaction of the Commissioners that the heat, light or power is consumed inside the refinery; or
- (b) in respect of oils used for producing gas where it is shown to the satisfaction of the Commissioners that the gas is not for use in generating heat, light or power, or that the heat, light or power in the generation of which it is used is consumed inside the refinery.

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- (3) Nothing in the last preceding subsection shall affect the provisions of subsection (5) of section two of the Finance Act, 1928, as to the charge of duty or allowance of rebate on oils delivered from a refinery, but where it appears to the Commissioners that a refinery is not used primarily for the purpose of subjecting hydrocarbon oils to a process of purification or blending or a process resulting in the conversion thereof into other oils or solid or semi-solid residues, the Commissioners may, notwithstanding anything in the said subsection (5), require that customs duty shall be charged on the removal of such oils to that refinery instead of on their delivery therefrom, and that any rebate allowable shall be allowed accordingly :

Provided that—

- (a) where rebate has been allowed under this subsection on the removal of oils to a refinery and those oils are converted in the refinery into light oils, an amount equal to the rebate allowed on so much of those oils as appears to the Commissioners to have been so converted shall be charged on the delivery of the light oils from the refinery for home consumption; and
 - (b) where any oils are shown to the satisfaction of the Commissioners to have been removed from a refinery with respect to which a requirement under this subsection is in force to a refinery with respect to which no such requirement is -"in-"force; any customs duty charged on removal to the first mentioned refinery, less any rebate allowed, shall be repaid.
- (4) Where it is shown to the satisfaction of the Commissioners that any indigenous hydrocarbon oils have been delivered to a refinery (not being a refinery with respect to which a requirement under the last preceding subsection is in force) and used therein, except—
- (a) for generating heat, light or power for consumption outside the refinery; or
 - (b) for producing gas for use in generating heat, light or power for consumption outside the refinery,

the Commissioners shall pay to the occupier of the refinery out of the sums received by them on account of customs duties an amount equal to the duty for the time being chargeable on the importation of the like oils, not being indigenous oils, less the amount of any rebate allowable in respect thereof:

Provided that—

- (i) oils shall not be deemed for the purposes of this sub-section to have been used by reason only that they have been subjected to a process of purification or blending, or to a process resulting in the conversion thereof into other oils or solid or semi-solid residues, or have been wasted in the course of any such process; and
- (ii) where oils are used in a refinery in any process which permits the whole or part of the oils to be recovered in a useable state, only the part, if any, of the oils not so recovered shall be treated for the purposes of this subsection as having been used; and
- (iii) where oils are so used in a refinery that an amount falls to be paid to the occupier of the refinery under this subsection, the amount to be paid shall be computed as if the amount of oils so used included any wastage of the oils occurring in the refinery which, in the opinion of the Commissioners, is properly attributable to the oils so used; and
- (iv) in computing the amount payable under this subsection rebate shall be deemed to be allowable in respect of all oils other than such oils as satisfy both of the first two requirements specified in, the definition of " light oils " in

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subsection (3) of section two of the Finance Act, 1928, that is to say the requirement as to distillation at a temperature not exceeding one hundred and eighty-five degrees centigrade and the requirement as to distillation at a temperature not exceeding two hundred and forty degrees centigrade.

(5) It is hereby declared that—

- (a) any reference to hydrocarbon oils in section three of the Finance Act, 1928 (which enables the Commissioners to make regulations) includes a reference to indigenous hydrocarbon oils; and
- (b) save in so far as those powers relate only to imported hydrocarbon "oils, any of those powers may be exercised either as respects all hydrocarbon oils or any class of hydrocarbon oils, and in particular (but without prejudice to the generality of the preceding provision) either as respects indigenous hydrocarbon oils, or as respects other hydrocarbon oils, or as respects hydrocarbon oils whether indigenous or not; and
- (c) the reference in subsection (2) of the said section three to the value of the goods (including duty) includes a reference to the value of goods in respect of which no duty is payable,

and the power of the Commissioners to make regulations under the said section three shall include power—

- (i) to prescribe the time and manner in which payments are to be made under subsection (4) of this section and the proof to be given that the conditions specified in that subsection have been satisfied; and
- (ii) to make provision for securing that gas produced in a refinery from dutiable hydrocarbon oils on which customs duty has not been paid or has been repaid, or from oils in respect of which a payment is made under subsection (4) of this section, is not used in generating heat, light or power for consumption outside the refinery.

(6) In this section the expressions' " hydrocarbon oils ", " light oils " and " refinery " have the same meanings as in section two of the Finance Act, 1928, and the expression "indigenous hydrocarbon oils" means hydrocarbon oils which have neither been imported into the United Kingdom nor produced from oils or other materials imported into the United Kingdom.

(7) Any requirement made by the Commissioners under subsection (2) of section two of the Finance Act, 1934, that customs duty shall be charged on the removal of oils to a refinery instead of on delivery therefrom shall be deemed for the purposes of this section to have been a requirement under the corresponding provision thereof.

Spirits.

9 Power to substitute regulations for certain provisions of the Spirits Act, 1880, relating to distillers.

(1) The Commissioners may make regulations for all or any of the following purposes, that is to say—

- (a) for substituting, as respects distillers, for all or any of the provisions of the Spirits Act, 1880, specified in Part I of the Third Schedule to this Act such provisions for securing the duties on spirits and regulating the manufacture of spirits as may be set out in the regulations; and

(b) for relaxing the requirements of section ten of that Act (which provides that a distillery shall not be within a quarter of a mile of a rectifier's premises), and as from the date or which regulations made under this subsection first come into "operation, the provisions of section forty-six of that Act (which relate to the charging of excise duty on spirits made in a distillery) shall have effect subject to the provisions of Part II of that Schedule:

Provided that nothing in this subsection shall—

- (i) affect any of the said provisions in their application to rectifiers, dealers or retailers; or
 - (ii) affect the powers conferred by subsection (1) of section fourteen of the Finance Act, 1921, to make regulations with respect to spirits manufactured by a process other than the distillation of a fermented liquor.
- (2) If any person acts in contravention of or fails to comply with any regulation made under the preceding subsection, he shall for each offence be liable to an excise penalty of one thousand pounds, and the spirits in respect of which the offence was committed and any vessels, utensils and materials used for distilling or preparing those spirits shall be forfeited.
- (3) Any regulations made under subsection (1) of this section shall be laid before the Commons House of Parliament as soon as may be after they are made, and if that House within forty days from the date on which any such regulations are laid before it resolves that the regulations be annulled, the regulations shall thereupon cease to have effect but without prejudice to anything previously done or to the making of new regulations.

In reckoning any such period of forty days as aforesaid no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the Commons House is adjourned for more than four days.

10 Increased penalties for offences under the Spirits Act, 1880

- (1) The fine of five hundred pounds incurred by a person who contravenes section five of the Spirits Act, 1880 (which prohibits distilling, etc., without a licence) as amended by section fourteen of the Finance Act, 1921, shall be increased to a fine of one thousand pounds and accordingly for the words " five hundred " in subsection (2) of the said section five there shall be substituted the words " one thousand ".
- (2) The fine of two hundred pounds incurred under subsection (2) of section one hundred of the Spirits Act, 1880, by a distiller who removes without a permit spirits from approved premises, within two miles from his distillery, on which he carries on the business of a dealer shall be increased to a fine of five hundred pounds, and accordingly in the said subsection (2) for the words " incur the same fine and forfeiture as if the removal had been from his spirit store " there shall be substituted the words " for each offence incur a fine of five hundred pounds and the spirits in respect of which the offence is committed shall be forfeited ".

11 Cessation of certain allowances in respect of spirits.

As from the first day of January, nineteen hundred and forty-six, no allowance shall be payable—

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- (a) under section three of the Customs and Inland Revenue Act, 1885, in respect of plain British spirits exported from or used in, or spirits in the nature of spirits of wine exported from, or used or deposited in, a customs Or excise warehouse; or
- (b) under section six of the Finance Act, 1895, in respect of spirits used for methylation which are removed from a place of methylation and exported; or
- (c) under section one of the Revenue Act, 1906, in respect of spirits (including methylic alcohol) used by an authorised methylator or received by any person for use in any art or manufacture under section eight of the Finance Act, 1902; or
- (d) under section three of the Revenue Act, 1906, in respect of spirits of wine exported direct from the premises of a person licensed to rectify or compound spirits,

and the enactments specified in Part III of the Third Schedule to this Act shall be repealed to the extent specified in the third column of that Part of that Schedule:

Provided that nothing in this section shall affect any allowance in respect of plain British, spirits exported from a customs or excise warehouse where it is shown to the satisfaction of the Commissioners that the whole of the spirits were warehoused before the said date, or any allowance in respect of any other spirits where it is shown to the satisfaction of the Commissioners that the whole of the spirits were distilled before the said date.

12 Reduction of distiller's licence duty in certain cases.

After paragraph 3 of the " provisions applicable to manufacturers' licences " in the First Schedule to the Finance (1909-10) Act, 1910 (which-provides, amongst other things, for an excise duty on distillers' licences by reference to the amount of spirits distilled in the preceding year, subject to a minimum of ten pounds) there shall be inserted the following paragraph:—

- “3A In the case of a licence granted to a distiller of spirits on or after the first day of October, nineteen hundred and forty-six, there shall be left out of account in determining the duty thereon all spirits shown to the satisfaction of the Commissioners to have been directly delivered out of the distiller's store or the distiller's warehouse—
- (a) for use in any art or manufacture so as to be exempt from duty by virtue of section eight of the Finance Act, 1902; or
 - (b) for methylation; or
 - (c) at a strength exceeding sixty degrees over proof, for exportation or for use as ship's stores,

and in determining the amount of spirits so delivered there shall be included the amount of any wastage thereof which is shown to the satisfaction of the Commissioners to have occurred in the distiller's store or the distiller's warehouse:

Provided that the duty shall in the first place be charged, levied and paid as if the reference in this paragraph to spirits delivered for the purposes therein mentioned were a reference to spirits so delivered before the end of the preceding year, and the amount of the duty shall be subsequently adjusted where spirits are delivered as aforesaid after the end of the preceding year.”

Release of Imported Goods.

13 Release of imported goods.

- (1) Where it is impracticable immediately to ascertain whether any or what customs duty is payable in respect of any goods, the Commissioners may, if they think fit, upon the making of an entry of the goods for home consumption and upon the giving by the importer or his agent of security for payment of the duty by deposit of money or otherwise to their satisfaction, allow the goods to be delivered.
- (2) The Commissioners may treat an entry made for the purposes of the preceding subsection as a perfect entry if it contains all such particulars required for perfect entry as are then known to the importer or his agent, and in that event the importer or his agent shall supply the remaining particulars as soon as may be to the Commissioners.
- (3) Where goods are allowed to be delivered under this section, the Commissioners shall, when they have determined the amount of duty which in their opinion is payable, give to the importer or his agent a notice specifying that amount, and that amount shall, subject to the provisions of the next following subsection, be deemed to be the proper duty payable, and, where a deposit has been made under subsection (1) of this section, such additional amount shall be paid, or such amount shall be repaid, as-; may be required.
- (4) Sections thirty and thirty-one of the Customs Consolidation Act, 1876 (which relate to disputes respecting duties of customs) shall (both as originally enacted and as applied by any subsequent enactment) apply in relation to the amount specified in such a notice as aforesaid as if, on the date of the notice, the goods had been delivered under the said section thirty on deposit of the said amount:

Provided that where no amount has been deposited under subsection (1) of this section or the amount deposited thereunder is less than the amount specified in the notice, it shall not be competent for proceedings to be commenced in accordance with the said section thirty to ascertain whether any or what duty is payable on the goods until the amount specified in the notice, or the difference between that amount and the amount so deposited, as the case may be, has been paid, and no interest shall be allowed under the said section thirty-one in respect of any period before the said amount or the said difference, as the case may be, is paid.

- (5) Where goods which have been delivered out of a warehouse for removal under bond to be rewarehoused are delivered under this section without having been rewarehoused, the duty to be paid on the goods shall, notwithstanding anything in section nine of the Finance Act, 1900 (which, as amended by section three of the Finance Act, 1911, provides that the duty to be paid shall be the duty chargeable at the date on which duty is paid) be the duty chargeable on the date on which security is given under this section.

14 Purchase tax : provisions as to application of customs enactments to imported chargeable goods.

- (1) The reference to enactments relating to Customs generally in subsection (1) of section eleven of the Finance Act, 1944 (which provides that such enactments are to have effect, subject to the provisions of that section, in relation to imported goods that are chargeable goods for the purposes of purchase tax) shall include a reference to any such enactment passed or made after the passing of the Finance Act, 1944, unless the contrary intention appears.

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- (2) Subsection (4) of the last preceding section shall, in its application as respects purchase tax by virtue of subsection (1) of section eleven of the Finance Act, 1944, be limited as follows, that is to say, that, so far as regards any question as to the wholesale value of goods subsections (2) and (3) of section twenty-one of the Finance (No. 2) Act, 1940 (which relate to the determination by arbitration of any such question and to the deposit of tax pending a reference to arbitration) shall have effect to the exclusion of sections thirty and thirty-one of the Customs Consolidation Act, 1876.