

Finance (No. 2) Act, 1915.
[5 & 6 Geo. 5. CH. 89.]

ARRANGEMENT OF SECTIONS.

A.D. 1915.

PART I.

CUSTOMS AND EXCISE.

Section.

1. Increased duty on tea.
2. Additional duties on cocoa.
3. Additional duties on coffee.
4. Additional duties on chicory.
5. Additional Excise duty on coffee substitutes, &c.
6. Increased Customs duties on sugar, &c.
7. Excise duties on sugar, &c.
8. Additional duties on dried fruit.
9. Additional duties on tobacco.
10. Additional duty on motor spirit.
11. Additional medicine duties.
12. New import duties.
13. Supplemental provisions as to new import duties.
14. Allowance and repayment of duty in respect of motor spirit used by veterinary surgeons.
15. Restriction of delivery of goods from bond.
16. Increase of penalty for false declarations, &c.
17. Rate of reduction of licence duty where sale of liquor is curtailed.
18. Repeal of s. 2 of 2 & 3 Geo. 5. c. 8.
19. New tables for ascertaining weight and strength of spirits.

PART II.

INCOME TAX.

20. Increase of income tax.
21. Reduction of exemption and abatements.
22. Charge of Schedule B. tax.
23. Extension of scale of super-tax.
24. Extension of relief in respect of children.
25. Power for soldiers and sailors to claim pre-war rates of income tax in certain cases.
26. Relief in respect of premiums on policies.
27. Quarterly assessment and charge of employed persons.

A.D. 1915. Section.

- 28.. Supplemental provisions as to quarterly assessment.
29. Extension of time for claim of relief on account of earned income.
30. Income tax on securities representing a bank's subscription to war loan.
31. Provisions with respect to the charge of income tax on non-residents.
32. Place for assessment of income tax.
33. Payment of income tax by instalments in certain cases.
34. Deductions in respect of Schedule A. tax in Scotland.
35. Computation of profits and gains in relation to excess profits duty.
36. Service of notices by post.
37. Amendments to have effect in current income tax year.

PART III.

EXCESS PROFITS DUTY.

38. Charge of excess profits duty.
39. Trades and businesses to which excess profits duty applies.
40. Determination of profits and pre-war standard.
41. Adjustments for increased or decreased capital.
42. Reference to the Board of Referees of questions as to increase of percentages, &c.
43. Excess mineral rights duty.
44. Returns for purpose of Part III., and penalty for fictitious transactions.
45. Supplemental provisions as to excess profits duty.

PART IV.

GENERAL.

46. Extension of 4 & 5 Geo. 5. c. 76 to legacy and succession duty.
47. Power of Treasury to issue securities free of taxation.
48. Procedure on death of person entitled to Government stock.
49. Suspension of road improvement grant.
50. Rules and regulations to be laid before Parliament.
51. Construction, repeal, and short title.

SCHEDULES.



CHAPTER 89.

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 connexion with Finance.

A.D. 1915.

[23rd December 1915.]

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects the Commons of the United Kingdom of Great Britain and Ireland 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 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. In lieu of the duty of Customs payable on tea imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the following duty (that is to say):—

Increased duty on tea.

Tea, the pound - - - - one shilling.

2. In addition to the duties of Customs payable on cocoa imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be

Additional duties on cocoa.

A.D. 1915. charged, levied, and paid, the following additional duties, that is to say:—

	£	s.	d.
Cocoa - - - - - the lb.	0	0	0½
Cocoa husks and shells - - - the cwt.	0	1	0
Cocoa butter - - - - - the lb.	0	0	0½

Additional
duties on
coffee.

3. In addition to the duties of Customs payable on coffee imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the following additional duties, that is to say:—

	£	s.	d.
Coffee (not kiln-dried, roasted or ground) the cwt.	0	7	0
Coffee (kiln-dried, roasted or ground) the lb.	0	0	1

Additional
duties on
chicory.

4.—(1) In addition to the duties of Customs payable on chicory imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the following additional duties, that is to say:—

	£	s.	d.
Chicory, raw or kiln-dried - - - the cwt.	0	6	7
Chicory, roasted or ground - - - the lb.	0	0	1

(2) In addition to the duty of Excise payable on chicory there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the following additional duty, that is to say:—

	£	s.	d.
Chicory, raw or kiln-dried - - - the cwt.	0	6	7

and so in proportion for any less quantity.

Additional
Excise duty on
coffee substi-
tutes, &c.

5. In addition to the duty of Excise payable on any article or substance prepared or manufactured for the purpose of being in imitation of, or in any respect to resemble, or to serve as a substitute for coffee or chicory, and on any mixture of any such article or substance with coffee or chicory, there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the following additional duty, that is to say:—

	£	s.	d.
For every quarter of a pound of any such article, substance, or mixture which is sold or kept for sale in the United Kingdom - - - - -	0	0	0¼

6. In lieu of the present Customs duties, drawbacks and allowance in respect of sugar, molasses, glucose and saccharin, there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the duties specified in the first column of the table set out in Part I. of the First Schedule to this Act, and there shall be paid and allowed the drawbacks and allowance set out in Part II. of that Schedule.

A.D. 1915.

Increased Customs duties on sugar, &c.

This provision shall not affect the continuance after the first day of August, nineteen hundred and sixteen, of the duties, drawbacks, and allowance existing before the twenty-second day of September, nineteen hundred and fifteen.

7.—(1) There shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid in respect of sugar, molasses, glucose, and saccharin made in Great Britain or Ireland the Excise duties specified in the second column of the table set out in Part I. of the First Schedule to this Act, and on a licence to be taken out annually by a manufacturer of sugar an Excise duty of one pound.

Excise duties on sugar, &c.

(2) There shall be paid and allowed in respect of the Excise duties under this section the drawbacks and allowance set out in Part II. of the First Schedule to this Act; and the provisions contained in Part III. of that Schedule shall have effect in respect of the duties under this section.

(3) The Excise duties charged by this section on glucose and saccharin shall be deemed to be in lieu of the Excise duties chargeable before the twenty-second day of September, nineteen hundred and fifteen, on those articles, but this section shall not affect the continuance after the first day of August, nineteen hundred and sixteen, of the duties and drawbacks existing before the twenty-second day of September, nineteen hundred and fifteen, in respect of glucose and saccharin.

8.—(1) In addition to the duties of Customs payable on dried or preserved fruits imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the following additional duties, that is to say:—

Additional duties on dried fruit.

	£	s.	d.
Figs and fig cake, plums (commonly called French plums and prunelloes), prunes, all other dried or preserved plums, and raisins			
the cwt.	0	3	6

(2) Nothing in this section shall render any article liable to duty which was not liable to duty before the twenty-second day of September, nineteen hundred and fifteen.

A.D. 1915.

Additional
duties on
tobacco.

9.—(1) In addition to the duties of Customs payable on tobacco imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the additional duties specified in Part I. of the Second Schedule to this Act.

(2) In addition to the duties of Excise payable on tobacco grown in Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid the additional duties specified in Part II. of the Second Schedule to this Act.

10 Edw. 7. &
1 Geo. 5. c. 8.

(3) Subsection (3) of section eighty-three of the Finance (1909-10) Act, 1910, and any other enactment relating to drawback on tobacco shall have effect as if the rates set out in Part III. of the Second Schedule to this Act were substituted for the rates set out in Part III. of the Fourth Schedule to the Finance (1909-10) Act, 1910, in cases where it is shown that the additional duty under this section has been paid.

Additional
duty on motor
spirit.

10.—(1) In addition to the duty of Customs payable on motor spirit imported into Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid an additional duty at the rate of threepence per gallon.

(2) In addition to the duty of Excise payable on motor spirit made in Great Britain or Ireland there shall, as from the twenty-second day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid an additional duty at the rate of threepence per gallon.

(3) The like allowances and repayments shall be allowed and made in respect of the additional duties under this section as are allowed and made in respect of the duties payable under section eighty-four of the Finance (1909-10) Act, 1910.

Additional
medicine
duties.

42 Geo. 3. c. 56.
44 Geo. 3. c. 98:
52 Geo. 3.
c. 150.

11.—(1) In addition to the duties of Excise payable under the Medicines Stamp Act, 1802, the Stamp Act, 1804, and the Medicines Stamp Act, 1812, and any Act amending those Acts, there shall be charged, levied, and paid, as from the twentieth day of October, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, additional duties of an amount equal in each case to that payable under the said Acts.

(2) There shall be charged, levied, and paid in respect of any medicine liable to duty under the said Acts, and on which that duty has been paid before the twenty-first day of October, nineteen hundred and fifteen, on the first sale thereof on or after that date, an Excise duty of an amount equal to the amount of duty originally paid; and if any person sells any medicine liable to the duty payable under this provision without

paying the duty, he shall be liable to an Excise penalty of A.D. 1915. twenty pounds.

12.—(1) There shall, as from the twenty-ninth day of September, nineteen hundred and fifteen, until the first day of August, nineteen hundred and sixteen, be charged, levied, and paid on any of the following articles imported into Great Britain or Ireland the following duties of Customs (in this Act referred to as new import duties), namely:—

Motor cars, including motor bicycles and motor tricycles	} An amount equal to thirty-three and one-third per cent. of the value of the article.
Accessories and component parts of motor cars, motor bicycles, or motor tricycles other than tyres	
Musical instruments, including gramophones, pianolas, and other similar instruments	
Accessories and component parts of musical instruments, and records and other means of reproducing music	
Clocks, watches, and the component parts of clocks and watches	

Cinematograph films imported for the purpose of the exhibition of pictures or other optical effects by means of a cinematograph or other similar apparatus:—

	Per linear foot of the standard width of 1½ inches.
	£ s. d.
Blank film, on which no picture has been impressed, known as raw film or stock	0 0 0½
Positives, <i>i.e.</i> , films containing a picture and ready for exhibition	0 0 1
Negatives, <i>i.e.</i> , films containing a photograph from which positives can be printed	0 0 5

(2) The value of any article for the purposes of this section shall be taken to be the price which an importer would give for the article if the article were delivered, 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.

In the case of a motor car (including a motor bicycle and a motor tricycle) imported with tyres attached, the value of the tyres shall be deducted from the value of the car for the purpose of the charge of duty.

(3) Any dispute arising as to the proper rate of duty payable under this section shall, so far as any question of value is concerned, be referred to a referee appointed by the Treasury, and the decision of the referee shall be final and conclusive.

A.D. 1915.
 39 & 40 Vict.
 c. 36.

Sections thirty and thirty-one of the Customs Consolidation Act, 1876, shall, as respects any such dispute as to value, have effect as if an application for reference to a referee under this provision were substituted for the action or suit mentioned in that section.

(4) The procedure on any such reference shall be such as may be determined by rules made by the Treasury for the purpose.

If the decision of the referee involves any variation in the amount of duty payable, duty shall be paid or repaid, as the case may be, so as to correspond with that decision.

Supplemental
 provisions as
 to new import
 duties.

13.—(1) If it is proved to the satisfaction of the Commissioners of Customs and Excise that a new import duty has been duly paid in respect of any article, and that the article has not been used in Great Britain or Ireland, a drawback equal to the amount of duty paid shall be allowed on that article if exported as merchandise.

42 & 43 Vict.
 c. 21.

(2) Section six of the Customs and Inland Revenue Act, 1879, shall not apply to articles liable to the new import duties, and any such articles re-imported into Great Britain or Ireland after exportation therefrom shall be exempt from duty if it is shown to the satisfaction of the Commissioners of Customs and Excise either that the articles had not been imported previously to exportation or that no drawback of duty was allowed on exportation or that any drawback so allowed has been repaid to the Exchequer:

Provided that articles which have been imported and exported by way of transit only under bond shall not be deemed to have been imported or exported for the purposes of this provision.

(3) Where it is proved to the satisfaction of the Commissioners of Customs and Excise that any article is of a kind mainly used as an accessory or a component part which is liable to a new import duty but is imported for use for some other purpose or has been and is being exclusively used for some other purpose, the Commissioners shall, subject to such conditions (if any) as they think fit to impose, allow the article to be imported free of duty, or repay any duty paid on importation, as the case requires.

(4) Motor cars which are proved to the satisfaction of the Commissioners of Customs and Excise to be constructed and adapted for use, and intended to be used solely, as motor omnibuses, or motor ambulances, or in connection with the conveyance of goods or burden in the course of trade or husbandry, or by a local authority as fire engines or otherwise for the purposes of their fire brigade service, and chassis, component parts, and accessories, which are so proved to be intended to be used solely for any such motor cars, shall not be charged with the new import duty:

Provided that in such cases as the Commissioners of Customs and Excise direct, cars, chassis, accessories, or parts, as the case may be, shall not be exempted unless they are marked or stamped in such manner as the Commissioners direct or approve with some distinctive stamp or mark showing that they are only to be so used. A.D. 1915.

On any transfer of a motor car or chassis which has been exempted under this provision, the transferor shall give notice of the transfer and of the name and address of the transferee to the Commissioners of Customs and Excise.

If, while the duty on motor cars, motor bicycles and motor tricycles, and accessories and component parts thereof under this Act remains in force, any person obliterates or removes any such distinctive stamp or mark, or uses any motor car, chassis, accessory, or part which has been exempted from duty under this provision for any purpose other than the purposes therein mentioned, or fails to give notice of a transfer in accordance with this provision, he shall be liable on summary conviction to a fine not exceeding one hundred pounds, or, at the option of the court, to imprisonment, with or without hard labour, for a term not exceeding six months.

If it is shown to the satisfaction of the Commissioners of Customs and Excise that any motor car, chassis, component part, or accessory has been, and is being, exclusively used for purposes which entitle it to an exemption from duty under this provision, the Commissioners may, subject to such conditions (if any) as they think fit to impose, repay any duty paid on the car, chassis, part or accessory on importation.

(5) The Treasury may by order exempt any articles mentioned in the order which are liable to any new import duty from that duty if they are satisfied that, having regard to the small value of the article, it is inexpedient that the duty should be charged.

(6) The Treasury may make regulations providing for the total or partial exemption for a limited period from the new import duty of any motor cars, including motor bicycles and motor tricycles, brought into Great Britain or Ireland by persons making only a temporary stay therein.

14. For the purpose of giving veterinary surgeons an allowance or repayment of half the amount of motor spirit duty, whether payable under section eighty-four of the Finance (1909-10) Act, 1910, or this Act, Part I. of the Fifth Schedule to the Finance (1909-10) Act, 1910, shall be read as if the following paragraph were added thereto, namely:—

Allowance and repayment of duty in respect of motor spirit used by veterinary surgeons.

“(5) To a motor car kept by a registered veterinary surgeon whilst it is being used by him for the purposes of his profession.”

15.—(1) During the continuance of the present war and for a period of twelve months thereafter, the Treasury may by order authorise the Commissioners of Customs and Excise, Restriction of delivery of goods from bond.

A.D. 1915. — during any period named in the order not exceeding three months, to refuse to allow the delivery of goods or commodities for home use from ship's side or a warehouse on payment of duty in any cases where deliveries are demanded of amounts exceeding the deliveries which appear to the Commissioners to be reasonable deliveries in the circumstances.

(2) Any refusal of the Commissioners of Customs and Excise within one month before the twenty-first day of September, nineteen hundred and fifteen, to allow the delivery of goods or commodities is hereby confirmed, and shall be as valid as if an order of the Treasury had been in force under this section.

Where, by reason of the refusal of the Commissioners of Customs and Excise within the period aforesaid to allow the delivery of any goods any person has been prevented from performing any contract for the sale of, or otherwise in connection with, the goods in accordance with the terms thereof, that person shall be freed and discharged from all actions and proceedings under the contract for or in respect of his failure to perform the contract so far as due to the reason aforesaid.

Increase of
penalty for
false declara-
tions, &c.

16. The penalty under section one hundred and sixty-eight of the Customs Consolidation Act, 1876 (which relates to the punishment for false declarations, &c.) shall be increased from one hundred pounds to five hundred pounds; and the court may, if it thinks fit, in lieu of ordering the offender under that section to pay the penalty, order him to be imprisoned with or without hard labour for a term not exceeding two years.

Rate of reduc-
tion of licence
duty where
sale of liquor
is curtailed.

5 & 6 Geo. 5.
c. 7.
5 & 6 Geo. 5.
c. 62.

17.—(1) The amount of the repayment to be made to the holder of a retailer's on-licence in cases to which subsection (1) of section nine of the Finance Act, 1914, (Session 2) (which provides for a reduction of licence duty where the sale of liquor is curtailed) as extended by section six of the Finance Act, 1915, applies, shall in all cases be one-fourth part of the whole duty payable by the licence holder in respect of his licence:

Provided that when the suspension in respect of which the repayment is made ceases owing to the expiration of the Act under which the suspension has been imposed, or owing to the cessation of the war, during the currency of the year for which the licence is in force, the repayment to be made for the year shall be such proportion of one-fourth of the whole duty as the expired part of the year bears to the whole year.

(2) Where in any year the hours of sale of intoxicating liquor have been restricted in any area by an order made by the Central Control Board (Liquor Traffic) by virtue of regulations made in pursuance of the Defence of the Realm (Amendment) (No. 3) Act, 1915, the holder of a retailer's off-licence for premises within the area shall be entitled to the same repayment in respect of his licence duty as that to which the holder of a retailer's on-licence is entitled under subsection (1) of section nine of the Finance Act, 1914 (Session 2), as amended by this section.

5 & 6 Geo. 5.
c. 42.

(3) The holder of a retailer's on-licence in Scotland shall not be entitled to the rebate of two-fifteenths of his licence duty under subsection (2) of section nine of the Finance Act, 1914 (Session 2), as well as to the repayment of one fourth part of his licence duty under this section; but nothing shall prevent the allowance of the rebate of two-fifteenths of his duty, after any repayment under this section ceases owing to the discontinuance of the suspension in respect of which that repayment is given.

A.D. 1915.

18. Section two of the Finance Act, 1912 (which relates to the distribution of payments on account of liquor licence duties in certain cases) shall cease to have effect and is hereby repealed, without prejudice to the validity of any payments made in pursuance of that section before the passing of this Act.

Repeal of s. 2
of 2 & 3 Geo. 5.
c. 8.

19.—(1) The revised and extended table, an original copy of which marked Table I. (Spirits) has been signed by the Chairman of the Commissioners of Customs and Excise, and deposited in the office of the King's Remembrancer at the Royal Courts of Justice, shall be substituted, as the table to be used by Officers of Customs and Excise for the purpose of ascertaining the strength of spirits by means of Sikes's hydrometer, for the table of the Strengths of Spirits denoted by the said hydrometer which is required to be used for the purpose by the Spirits (Strength Ascertainment) Act, 1818.

New tables for
ascertaining
weight and
strength of
spirits.

58 Geo. 3. c. 28.

(2) Where by reason of the high temperature or strength of spirits the strength of the spirits cannot be ascertained by means of Sikes's hydrometer, the strength may be ascertained by means of a supplemental hydrometer (to be called Sikes's A. Hydrometer), a specimen of which, marked by the Chairman of the Commissioners of Customs and Excise, has been deposited in the office of the King's Remembrancer at the Royal Courts of Justice, and by means of the use of the supplemental table applicable to that hydrometer, an original copy of which, marked Table II. (Spirits), has been signed by the Chairman of the Commissioners and deposited in the same office.

(3) Section one hundred and fourteen of the Spirits Act, 1880 (which relates to the ascertainment by weighing of the quantity of spirits) shall be construed as if for a reference to the Table therein mentioned there were substituted a reference to the revised Tables, an original copy of which marked Tables III. and IV., has been signed by the Chairman of the Commissioners of Customs and Excise and deposited in the Office of the King's Remembrancer at the Royal Courts of Justice, and as if any reference to casks included a reference to other receptacles.

43 & 44 Vict.
c. 24.

PART II.

INCOME TAX.

20.—(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

Increase of
income tax.

A.D. 1915. 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

1 & 2 Geo. 5.
c. 2.

(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;

4 & 5 Geo. 5.
c. 10.

(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 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. A.D. 1915.
3 & 4 Geo. 5.
c. 3.

21.—(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. Reduction of exemption and abatements.
5 & 6 Vict. c. 35.
57 & 58 Vict. c. 30.

(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— 61 & 62 Vict. c. 10.

- (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."

22.—(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. Charge of Schedule B. tax.
59 & 60 Vict. c. 28.

A.D. 1915.

(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) Acts 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.

50 & 51 Vict.
c. 15.

(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.

Extension
of scale of
super-tax.

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

Extension of
relief in
respect of
children.

24. 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.—(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.

A.D. 1915.

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

(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.

7 Edw. 7. c. 13.

(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.—(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.

Relief in
respect of
premiums on
policies.
16 & 17 Vict.
c. 34.

(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.

A.D. 1915.

Quarterly
assessment
and charge
of employed
persons.

27.—(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.

Supplemental
provisions as to
quarterly
assessment.

28.—(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. A.D. 1915.

(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 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. 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.

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

30. Any bank carrying on a bonâ 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.

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

31.—(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—

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

- (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.

A.D. 1915.

(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, 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 non-resident'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. A.D. 1915.

(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.—(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: Place for assessment of income tax.

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.—(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: Payment of income tax by instalments in certain cases. 43 & 44 Vict. c. 19.

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

A.D. 1915. 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.

Deductions in respect of Schedule A. tax in Scotland.

27 & 28 Vict. c. 18.

34. 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.

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

35.—(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. 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.

A.D. 1915.
Service of notices by post.

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. 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.

Amendments to have effect in current income tax year.

PART III.

EXCESS PROFITS DUTY.

38.—(1) There shall be charged, levied, and paid on the amount by which the profits arising from any trade or business to which this Part of this Act applies, in any accounting period which ended after the fourth day of August nineteen hundred and fourteen, and before the first day of July nineteen hundred and fifteen, exceeded, by more than two hundred pounds, the pre-war standard of profits as defined for the purposes of this Part of this Act, a duty (in this Act referred to as "excess profits duty") of an amount equal to fifty per cent. of that excess.

Charge of excess profits duty.

(2) For the purposes of this Part of this Act the accounting period shall be taken to be the period for which the accounts of the trade or business have been made up, and where the accounts of any trade or business have not been made up for any definite period, or for the period for which they have been usually made up, or a year or more has elapsed without accounts being made up, shall be taken to be such period not being less than six months or more than a year ending on such a date as the Commissioners of Inland Revenue may determine.

Where any accounting period is a period of less than a year this section shall have effect as if there were substituted for two hundred pounds a proportionately reduced amount.

(3) Where a person proves that in any accounting period, which ended after the fourth day of August nineteen hundred and fourteen, his profits have not reached the point which involves liability to excess profits duty, or that he has sustained a loss in his trade or business, he shall be entitled to repayment of such amount paid by him as excess profits duty in respect of any previous accounting period, or to set off against a liability to excess profits duty payable by him in respect of any succeeding accounting period, such an amount as will make the total amount of excess profits duty paid by him during the whole period accord with his profits or losses during that period.

39. The trades and businesses to which this Part of this Act applies are all trades or businesses (whether continuously carried on or not) of any description carried on in the United Kingdom.

Trades and businesses to which excess profits duty is chargeable.

A.D. 1915. Kingdom, or owned or carried on in any other place by persons ordinarily resident in the United Kingdom, excepting—
 profits duty applies.

- (a) husbandry in the United Kingdom; and
- (b) offices or employments; and
- (c) any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on and in which no capital expenditure is required, or only capital expenditure of a comparatively small amount,

but including the business of any person taking commissions in respect of any transactions or services rendered, and of any agent of any description (not being a commercial traveller, or an agent whose remuneration consists wholly of a fixed and definite sum not depending on the amount of business done or any other contingency).

Determination of profits and pre-war standard.

40.—(1) The profits arising from any trade or business to which this Part of this Act applies shall be separately determined for the purpose of this Part of this Act, but shall be so determined on the same principles as the profits and gains of the trade or business are or would be determined for the purpose of income tax, subject to the modifications set out in the First Part of the Fourth Schedule to this Act and to any other provisions of this Act.

(2) The pre-war standard of profits for the purposes of this Part of this Act shall, subject to the provisions of this Act, be taken to be the amount of the profits arising from the trade or business on the average of any two of the three last pre-war trade years, to be selected by the taxpayer (in this Part of this Act referred to as the profits standard): Provided that if it is shown to the satisfaction of the Commissioners of Inland Revenue that that amount was less than the percentage standard as herein-after defined, the pre-war standard of profits shall be taken to be the percentage standard.

The percentage standard shall, for the purposes of this Part of this Act, be taken to be an amount equal to the statutory percentage on the capital of the trade or business as existing at the end of the last pre-war trade year, subject, however, to the provisions of this Act as to any alteration in the manner of calculating the percentage standard in special cases.

The statutory percentage shall be six per cent. in the case of a trade or business carried on or owned by a company or other body corporate, and seven per cent. in the case of any other trade or business, subject, however, to the provisions of this Act as to the increase in that percentage in certain cases.

The provisions contained in the Second Part of the Fourth Schedule to this Act shall have effect with respect to the computation of the profits of a pre-war trade year, and the provisions contained in the Third Part of the Fourth Schedule shall have effect with respect to the ascertainment of capital for the purposes of this Part of this Act.

“The last pre-war trade year” means the year ending at the end of the last accounting period before the fifth day of August nineteen hundred and fourteen, and “the three last pre-war trade years” means the three years ending at the three corresponding times. A.D. 1915.

(3) Where it appears to the Commissioners of Inland Revenue, on the application of a taxpayer in any particular case, that any provisions of the Fourth Schedule to this Act should be modified in his case, owing to a change in the constitution of a partnership, or to the postponement or suspension, as a consequence of the present war, of renewals or repairs, or to exceptional depreciation or obsolescence of assets employed in the trade or business due to the present war, or to the necessity in connection with the present war of providing plant which will not be wanted for the purposes of the trade or business after the termination of the war, or to any other special circumstances specified in regulations made by the Treasury, those Commissioners shall have power to allow such modifications of any of the provisions of that schedule as they think necessary in order to meet the particular case.

If the Commissioners refuse, on any such application, to allow any modification, or if the applicant is dissatisfied with any modification allowed, the applicant may require the Commissioners to refer the case to a Board of Referees, to be appointed for the purposes of this Part of this Act by the Treasury, and that Board shall consider any case so referred and have the same powers with respect thereto as the Commissioners have.

41.—(1) Where capital has been increased during the accounting period, a deduction shall be made from the profits of the accounting period at the statutory percentage per annum on the amount by which the capital has been increased, for the whole accounting period if the increased capital has been employed for the whole accounting period, and if the increased capital has been employed for part only of the accounting period, for that part of the accounting period. Adjustments
for increased
or decreased
capital.

(2) Where capital has been decreased during the accounting period, an addition shall be made to the profits of the accounting period at the statutory percentage per annum on the amount by which the capital has been so decreased, for the whole accounting period, if the capital has been decreased for the whole accounting period, and if the capital has been decreased for part only of the accounting period, for that part of the accounting period.

(3) For the purposes of this section capital shall be taken to be increased or decreased, as the case may be, where the pre-war standard of profits is a profits standard, if the capital employed in the trade or business exceeds or is less than the average amount of capital employed during the pre-war trade years or year by reference to which the profits standard has been arrived at, and, where the pre-war standard of profits is a

A.D. 1915. — percentage standard, if the capital exceeds or is less than the capital on which the percentage standard has been calculated.

(4) Where any capital employed in a trade or business which was so employed for the first time within three years before the first day of August nineteen hundred and fourteen has only commenced to be remunerative or fully remunerative in the accounting period, an amount equal to the statutory percentage, or where interest has been earned on the capital, but at a rate less than the statutory percentage, an amount which would bring the interest earned on the capital up to the statutory percentage, as the case may be, shall be added to the profits standard.

Reference to
the Board of
Referees of
questions as to
increase of per-
centages, &c.

42. Where an application is made to the Commissioners of Inland Revenue—

- (1) For an increase of the statutory percentage as respects any class of trade or business, or for a calculation of the percentage standard in the case of any class of trade or business in which the amount of capital actually employed in the trade or business is, owing to the nature of the trade or business, small compared with the capital necessarily at stake for that trade or business, by reference to some factor other than the capital of the trade or business or to some additional factor; or
- (2) For an alteration of the pre-war standard of profits as respects capital employed for the purpose of the manufacture of war materials or for munitions work and which could not be expected to be remunerative or wholly remunerative, except in time of war, in a business which has been wholly or mainly carried on for those purposes;

the Commissioners, unless they are of opinion that the application is frivolous or vexatious or relates to matters already decided by a Board of Referees, shall refer the case to a Board of Referees to be appointed for the purpose of this Part of this Act by the Treasury, and that Board shall deal with the case, and may, by order, if they think fit, increase the statutory percentage or alter the percentage standard for the class of trade or business the subject of the order; or alter the pre-war standard of profits, as the case requires.

On any such order being made, this Part of this Act shall have effect as from the date named in the order as if the percentage or standard named in the order was substituted for the percentage or standard fixed by this Act; and where, in pursuance of any such order, the statutory percentage is increased or the percentage standard is altered as respects any class of trade or business, the statutory percentage shall be increased and the percentage standard shall be altered respectively for all purposes of this Part of this Act as respects any trade or business belonging to that class.

A.D. 1915.

This section shall apply to any subdivision of a trade or business based either on any special feature of the trade or business or on locality as it applies to a class of trade or business, in any case where the Board of Referees are of opinion that the subdivision can properly be dealt with separately.

43.—(1) Where the amount payable to any person as rent in respect of the right to work minerals or of any mineral wayleaves (in cases where the right to work the minerals and the mineral wayleaves are not part of the assets of any trade or business) varies according to the price of the minerals, and the amount so payable in respect of any working year ending on any date after the commencement of the present war (in this section referred to as the accounting year) exceeds the pre-war standard of that rent, there shall be paid as an addition to any mineral rights duty payable or paid, either directly or by deduction, by reference to the amount of the rent paid in that working year, by that person (in this section referred to as the person liable) an amount equal to fifty per cent. of that excess. Excess mineral rights duty.

(2) The pre-war standard of rent shall, for the purposes of this section, be taken to be the average of any two of the three last pre-war rent values, to be selected by the taxpayer, and in cases where the minerals have not been worked or the wayleaves have not been let throughout the three years by reference to which the three last pre-war rent values are to be calculated, or for any other reason there are no proper data for ascertaining the pre-war rent values, shall be taken to be such amount as may be fixed by the Commissioners of Inland Revenue, having regard to the data afforded by the working and price of minerals in like circumstances, subject nevertheless to the same appeal as that to which the assessment of duty by the Commissioners is subject under Part I. of the Finance (1909–10) Act, 1910.

The pre-war rent value shall, as respects each of the three years immediately preceding the first accounting year, be taken to be the sum to which the rent for the accounting year would amount if the rent, so far as variable according to price, were based on the average prices governing the payment of the rent in that year.

(3) Any amount payable in any accounting year by the lessee of minerals or wayleaves to a superior lessor as rent in respect of the minerals or wayleaves shall be treated as a deduction from the amount payable to the lessee as rent for that year, and in computing the pre-war rent values a corresponding deduction shall be made on account of any such rent.

(4) Any increment value duty payable annually under section twenty-two of the Finance (1909–10) Act, 1910, shall, when paid, be treated as a deduction from the rent payable to any person in the year in which the duty is paid, and a corresponding deduction shall be made in computing the pre-war standard with which the rent for that year is to be compared.

A.D. 1915.

(5) Any duty payable under this section shall be assessed by the Commissioners of Inland Revenue on the person liable, subject to the same appeal as that to which an assessment of duty by the Commissioners under Part I. of the Finance (1909-10) Act, 1910, is subject, and shall be recoverable as a debt due to His Majesty from that person.

(6) Subsection (3) of section twenty of the Finance (1909-10) Act, 1910, shall extend so as to authorise particulars to be required of any lease of minerals or wayleaves and as to the sums paid or payable thereunder, and of such other particulars as to the minerals or wayleaves as the Commissioners may require for the purpose of this section.

(7) Expressions to which a special meaning is attached by Part I. of the Finance (1909-10) Act, 1910, shall have the same meaning in this section.

Returns for
purpose of
Part III.
and penalty
for fictitious
transactions.

44.—(1) The Commissioners of Inland Revenue may, for the purposes of this Part of this Act, require any person engaged in any trade or business to which this Part of this Act applies, or who was so engaged during any accounting period or pre-war trade year, to furnish them within two months after the requirement for the return is made, with returns of the profits of the trade or business during the accounting period or pre-war trade years and such other particulars in connection with the trade or business as the Commissioners may require.

(2) It shall be the duty of every person chargeable to excess profits duty under this Part of this Act to give notice that he is chargeable to the Commissioners of Inland Revenue before the thirty-first day of January nineteen hundred and sixteen, 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 excess profits duty, to give notice of the fact to the Commissioners of Inland Revenue.

If any person fails to furnish a proper return in accordance with 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.

(3) A person shall not, for the purpose of avoiding the payment of excess profits duty, enter into any fictitious or artificial transaction or carry out any fictitious or artificial operation, and, if he has entered into any such transaction or carried out any such operation before the commencement of this Act, shall inform the Commissioners of Inland Revenue of the nature of the transaction or operation.

If any person acts in contravention of, or fails to comply with, this provision, he shall be liable on summary conviction to a fine not exceeding one hundred pounds.

45.—(1) The excess profits duty shall be assessed by the Commissioners of Inland Revenue, and shall be payable at any time, not being less than two months, after it is assessed. A.D. 1915.

The Commissioners may, in any case where they think fit, allow the duty to be paid in instalments of such amount payable at such times as the Commissioners direct. Supplemental provisions as to excess profits duty.

(2) The duty may be assessed on any person for the time being owning or carrying on the trade or business or acting as agent for that person in carrying on the trade or business, or, where a trade or business has ceased, on the person who owned or carried on the trade or business or acted as agent in carrying on the trade or business immediately before the time at which the trade or business ceased, and where there has been a change of ownership of the trade or business, the Commissioners of Inland Revenue may, if they think fit, take the accounting period as the period ending on the date on which the ownership has so changed and assess the duty on the person who owned or carried on the trade or business or acted as agent for the person carrying on the trade or business at that date.

(3) The amount of duty payable shall be recoverable as a debt due to His Majesty from the person on whom it is assessed.

Any such amount shall if it is less than fifty pounds be recoverable also summarily as a civil debt.

(4) Where a company is wound up after the commencement of this Act, and before the first day of July, nineteen hundred and sixteen, and the company would be chargeable with excess profits duty if the provisions of this Act were continued and extended to accounting periods ending before the first day of July, nineteen hundred and sixteen, it shall be the duty of the liquidator of the company to give notice to the Commissioners of Inland Revenue, and to set aside such sum out of the assets of the company as appears to the Commissioners of Inland Revenue to be sufficient to provide for any such excess profits duty as may become chargeable.

(5) Any person who is dissatisfied with the amount of any assessment made upon him by the Commissioners of Inland Revenue under this Part of this Act may (except in cases where a special right of appeal is given under this Part of this Act) appeal to the general Commissioners for the division in which he is assessed, or to the special Commissioners, and those Commissioners shall have power on any appeal, if they think fit, to summon witnesses and examine them upon oath.

The power under sections twenty-one and twenty-two of the Income Tax Act, 1853, 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 fifty-nine of the Taxes Management Act, 1880 (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

A.D. 1915. rehearing of any such appeal in Ireland, and in the case of a reference to the Board of Referees under this Part of this Act, as it applies in the case of appeals to the general or special Commissioners under the Income Tax Acts.

(6) The duty assessed by the Commissioners of Inland Revenue shall be payable notwithstanding any appeal under this section except in cases where the Commissioners of Inland Revenue direct to the contrary, but the Commissioners shall make such repayments, if any, as are necessary to give effect to any decision on appeal as soon as possible after such decision has been given.

(7) The Commissioners of Inland Revenue may make regulations with respect to the assessment and collection of the excess profits duty 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 excess profits duty shall be subject to the same obligations as to secrecy with respect to excess profits duty 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 excess profits duty.

PART IV.

GENERAL.

Extension of
4 & 5 Geo. 5.
c. 76, to
legacy and
succession
duty.

46. Section two of the Death Duties (Killed in War) Act, 1914 (which provides for the remission of estate duty in respect of property passing more than once owing to deaths caused by the war), shall apply, and shall be deemed always to have applied, to succession and legacy duty as well as to estate duty.

Power of
Treasury to
issue securities
free of taxa-
tion.

47. The Treasury may, if they think fit, during the continuance of the present war and a period of twelve months thereafter, issue any securities which they have power to issue for the purpose of raising any money or any loan with a condition that neither the capital nor the interest thereof shall be liable to any taxation, present or future, so long as it is shown in manner directed by the Treasury that the securities are in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom, and securities issued with such a condition shall be exempt accordingly.

Procedure on
death of person
entitled to
Government
stock.

48. Where the holder of any Government stock dies, the production of probate, confirmation, or letters of administration granted by any court in the United Kingdom having authority to grant the same shall be sufficient authority to the Banks of England and Ireland, to the National Debt Commissioners, to

the Postmaster General, and to any savings bank authority to transfer the stock to the person to whom the probate, confirmation, or letters of administration were granted, or as directed by that person. A.D. 1915.

The expression "Government stock" has the same meaning as in the Savings Bank Act, 1893, as amended by any subsequent enactment. 56 & 57 Vict.
c. 69.

49. Until Parliament otherwise decides, the charge on the Consolidated Fund under section ninety of the Finance (1909-10) Act, 1910, for the road improvement grant shall cease, and without prejudice to any payments already made, no further payments shall be made out of the Consolidated Fund on account of that grant. Suspension of
road improve-
ment grant.

50. Any rule or regulation made under this Act shall be laid before each House of Parliament forthwith, and, if an address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such rule or regulation is laid before it praying that the rule or regulation may be annulled, His Majesty in Council may annul the rule or regulation, and it shall thenceforth be void, but, without prejudice to the validity of anything previously done thereunder. Rules and
regulations to
be laid before
Parliament.

51.—(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. Construction,
repeal, and
short title.

Part II. of this Act shall be construed together with the Income Tax Acts, 1842 to 1853, and any other enactments relating to income tax, and those enactments and Part II. of this Act are in this Act referred to as the Income Tax Acts.

In this and in any other Act passed after the commencement of this Act relating to Income Tax unless the context otherwise requires—

the expression "General Commissioners" means the Commissioners for the general purposes of the Acts relating to Income Tax, and

the expression "Special Commissioners" means the Commissioners for the special purposes of the Acts relating to Income Tax.

(2) The Acts mentioned in the Fifth Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.

(3) This Act may be cited as the Finance (No. 2) Act, 1915.

A.D. 1915.

SCHEDULES.

FIRST SCHEDULE.

SUGAR, ETC.

PART I.

DUTIES.

Sections 6, 7.

Article.	Customs Duty.			Excise Duty.		
	£	s.	d.	£	s.	d.
Sugar which, when tested by the polariscope, indicates a polarisation exceeding ninety-eight degrees - - - - - the cwt.	0	9	4	0	7	0
Sugar of a polarisation not exceeding seventy-six degrees - - - - - the cwt.	0	4	6	0	3	4
Sugar of a polarisation—						
Exceeding 76 and not exceeding 77 - the cwt.	0	4	7·5	0	3	5·6
" 77 " 78 - "	0	4	9·3	0	3	7
" 78 " 79 - "	0	4	11·1	0	3	8·3
" 79 " 80 - "	0	5	0·9	0	3	9·6
" 80 " 81 - "	0	5	2·7	0	3	11·0
" 81 " 82 - "	0	5	4·5	0	4	0·3
" 82 " 83 - "	0	5	6·3	0	4	1·7
" 83 " 84 - "	0	5	8·3	0	4	3·2
" 84 " 85 - "	0	5	10·3	0	4	4·7
" 85 " 86 - "	0	6	0·3	0	4	6·2
" 86 " 87 - "	0	6	2·3	0	4	7·7
" 87 " 88 - "	0	6	4·6	0	4	9·4
" 88 " 89 - "	0	6	6·8	0	4	11·1
" 89 " 90 - "	0	6	9·5	0	5	1·1
" 90 " 91 - "	0	7	0·2	0	5	3·1
" 91 " 92 - "	0	7	2·9	0	5	5·1
" 92 " 93 - "	0	7	5·6	0	5	7·2
" 93 " 94 - "	0	7	8·2	0	5	9·2
" 94 " 95 - "	0	7	10·9	0	5	11·2
" 95 " 96 - "	0	8	1·6	0	6	1·2
" 96 " 97 - "	0	8	4·3	0	6	3·2
" 97 " 98 - "	0	8	7·0	0	6	5·2

A.D. 1915.

Article.	Customs Duty.	Excise Duty.
	£ s. d.	£ s. d.
Molasses (except when cleared for use by a licensed distiller in the manufacture of spirits) and invert sugar and all other sugar and extracts from sugar which cannot be completely tested by the polariscope and on which duty is not specially charged by this section—		
If containing 70 per cent. or more of sweetening matter - - - - the cwt.	0 5 11	0 4 5
If containing less than 70 per cent. and more * than 50 per cent. of sweetening matter the cwt.	0 4 3	0 3 2
If containing not more than 50 per cent. of sweetening matter - - - - the cwt.	0 2 1	0 1 7
The amount of sweetening matter to be taken to be the total amount of cane, invert, and other sugar contained in the article as determined by analysis in manner directed by the Commissioners of Customs and Excise.		
Glucose :		
Solid - - - - - the cwt.	0 5 11	0 5 11
Liquid - - - - - „	0 4 3	0 4 3
Saccharin (including substances of a like nature or use) - - - - - the oz.	0 3 0	0 3 0

[NOTE.—The charge under this Schedule of a specified amount of duty on a specified weight of any article includes a charge of a proportionately less duty on any less weight of any article so charged.]

*PART II.

DRAWBACKS AND ALLOWANCES.

Sections 6, 7.

(1) CUSTOMS DRAWBACKS UNDER THE SECOND SCHEDULE OF THE FINANCE ACT, 1901.

	£ s. d.
Drawback to be allowed to a refiner on molasses produced in Great Britain or Ireland from imported sugar and delivered by him to a licensed distiller for use in the manufacture of spirits - - - - - the cwt.	0 2 1
Other drawbacks - - - - -	According to the amount of duty paid.

* The substituted drawbacks and allowances shall only take effect where it is shown that duty has been paid at the increased rate.

A.D. 1915.

(2) EXCISE DRAWBACKS.

<p>A.—Under the Third Schedule of the Finance Act, 1901</p>	<p>According to the amount of duty paid.</p>
<p>B.—Drawback to be allowed on molasses produced in Great Britain or Ireland from sugar made in Great Britain or Ireland and delivered to a licensed distiller for use in the manufacture of spirits the cwt.</p>	<p>£ s. d. 0 1 7</p>
<p>C.—Drawback to be allowed in any other case on articles liable to the Excise duty exported or shipped for use as stores, if it is shown to the satisfaction of the Commissioners of Customs and Excise that the Excise duty has been duly paid -</p>	<p>According to the amount of duty paid.</p>

(3) ALLOWANCES ON MOLASSES USED SOLELY FOR THE PURPOSE OF FOOD FOR STOCK.

	£ s. d.
<p>Allowance to a refiner on molasses under subsection (2) of section one of the Revenue Act, 1903 - - - - - the cwt.</p>	<p>0 2 1</p>
<p>Allowance on molasses produced from sugar made in Great Britain or Ireland in circumstances in which an allowance would be allowed under subsection (2) of section one of the Revenue Act, 1903, in respect of molasses produced from imported sugar - - - - - the cwt.</p>	<p>0 1 7</p>

PART III.

PROVISIONS AS TO EXCISE DUTIES.

Section 7.

1. No excise duty shall be charged on sugar made from material on which the duty of Customs payable in respect of sugar has been paid on importation.

2. A manufacturer's licence under this Act shall not be required for the manufacture of invert sugar by a person who has taken out a licence under section five of the Finance Act, 1901, nor shall a manufacturer's licence under that section be required for the manufacture of invert sugar so far as that manufacture is incidental to, and carried on on the same premises as, the manufacture of sugar by a person who has taken out a licence as a manufacturer under this Act.

3. The Commissioners of Customs and Excise may make regulations prohibiting the manufacture of sugar except by persons holding a licence and having made entry for the purpose, and for fixing the date of expiration of the licence, and also for regulating the manufacture of sugar and the removal from the manufactory of sugar with a view to securing and collecting the Excise duty imposed by this Act, and may by those regulations apply to the Excise duties and drawbacks on sugar and to

manufacturers of sugar any enactments relating to any duty or drawback of Excise or Customs and to persons carrying on any trade subject to the laws of Excise; and if any person acts in contravention of, or fails to comply with, any of those regulations, the article in respect of which the offence is committed shall be forfeited and the person committing the offence shall be liable in respect of each offence to an Excise penalty of fifty pounds. A.D. 1915.

4. The powers given to the Commissioners of Customs and Excise by this section shall be in addition to and not in derogation of any powers given to them under the Finance Act, 1901, section two of the Sugar Convention Act, 1903, or any other Act. 1 Edw. 7. c
3 Edw. 7. c

SECOND SCHEDULE.

TOBACCO.

PART I.

ADDITIONAL CUSTOMS DUTIES.

Section 9.

	<i>s.</i>	<i>d.</i>
Upon tobacco unmanufactured, viz. :—		
Containing 10 lbs. or more of moisture in every 100 lbs. weight thereof—		
Unstripped - - - - -	the lb.	1 10
Stripped - - - - -	the lb.	1 10
Containing less than 10 lbs. of moisture in every 100 lbs. weight thereof—		
Unstripped - - - - -	the lb.	2 0½
Stripped - - - - -	the lb.	2 0½
Upon tobacco manufactured, viz. :—		
Cigars - - - - -	the lb.	3 6
Cigarettes - - - - -	the lb.	2 10
Cavendish or negrohead - - - - -	the lb.	2 8
Cavendish or negrohead manufactured in bond - - - - -	the lb.	2 4
Other manufactured tobacco - - - - -	the lb.	2 4
Snuff containing more than 13 lbs. of moisture in every 100 lbs. weight thereof - - - - -	the lb.	2 2½
Snuff not containing more than 13 lbs. of moisture in every 100 lbs. weight thereof - - - - -	the lb.	2 8

PART II.

ADDITIONAL EXCISE DUTIES.

	<i>s.</i>	<i>d.</i>
Upon tobacco unmanufactured, viz. :—		
Tobacco containing 10 lbs. or more of moisture in every 100 lbs. weight thereof - - - - -	the lb.	1 10
Tobacco containing less than 10 lbs. of moisture in every 100 lbs. weight thereof - - - - -	the lb.	2 0½
Upon tobacco manufactured, viz. :—		
Cavendish or negrohead manufactured in bond - - - - -	the lb.	2 4

and so in proportion for any less quantity.

A.D. 1915.

PART III.

RATES OF DRAWBACK.

	s.	d.
Cigars - - - - -	the lb.	6 3
Cigarettes - - - - -	the lb.	6 1½
Cut, roll, cake, or other manufactured tobacco - - -	the lb.	6 0
Snuff (not being offal snuff) - - - - -	the lb.	5 9
Stalks, shorts, or other refuse of tobacco (including offal snuff) - - - - -	the lb.	5 7½

THIRD SCHEDULE.

Section 20 (2).

TABLE.

Percentage by which the actual income is less than the Income on which Income Tax has been assessed or charged.	Amount of Repayment of Additional Tax.
11 per cent. and under 12 per cent. - - - - -	10 per cent.
12 " " 13 " - - - - -	20 "
13 " " 14 " - - - - -	30 "
14 " " 15 " - - - - -	40 "
15 " " 16 " - - - - -	50 "
16 " " 17 " - - - - -	60 "
17 " " 18 " - - - - -	70 "
18 " " 19 " - - - - -	80 "
19 " " 20 " - - - - -	90 "
20 " or more - - - - -	100 "

FOURTH SCHEDULE.

Section 40.

PART I.—COMPUTATION OF PROFITS.

1. The profits shall be taken to be the actual profits arising in the accounting period; and the principle of computing profits by reference to any other year or an average of years shall not be followed.

2. The principle of the Income Tax Acts under which deductions are not allowed for interest on money borrowed for the purpose of the trade or business, or for rent, or royalties, or for other payments income tax on which is collected at the source (not being payments of dividends or payments for the distribution of profits), and under which profits or gains arising from lands, tenements, or hereditaments forming part of the assets of the trade or business are excluded shall not be followed.

3. Deductions for wear and tear or for any expenditure of a capital nature for renewals, or for the development of the trade or business or otherwise in respect of the trade or business, shall not be allowed except such as may be allowed under the Income Tax Acts, and if allowed shall be only of such amount as appears to the Commissioners of Inland Revenue to be reasonably and properly attributable to the year or accounting period.

4. Deductions shall not be allowed on account of the liability to pay, or the payment of, income tax or excess profits duty, but a deduction shall be allowed (if not otherwise allowed by means of the adoption of the principle of the Income Tax Acts) for any sum which has been paid in respect of the profits on account of any excess profits duty or similar duty imposed in any country outside the United Kingdom.

5. Any deduction allowed for the remuneration of directors, managers, and persons concerned in the management of the trade or business shall not, unless the Commissioners of Inland Revenue, owing to any special circumstances or to the fact that the remuneration of any managers or managing directors depends on the profits of the trade or business, otherwise direct, exceed the sums allowed for those purposes in the last pre-war trade year or a proportionate part thereof as the case requires, and no deduction shall be allowed in respect of any transaction or operation of any nature, where it appears, or to the extent to which it appears, that the transaction or operation has artificially reduced the amount to be taken as the amount of the profits of the trade or business for the purposes of this Act.

6. Where any company, either in its own name or that of a nominee, owns the whole of the ordinary capital of any other company carrying on the same trade or business or so much of that capital as under the general law a single shareholder can legally own, the provisions of Part III. of this Act as to excess profits duty and the pre-war standard of profits shall apply as if that other company were a branch of the first-named company, and the profits of the two companies shall not be separately assessed.

7. Where in the case of any trade or business—

- (a) the percentage standard is adopted as the pre-war standard of profits; and
- (b) the net result of the trade or business during the three last pre-war trade years has shown a loss; and
- (c) any part of the profits has been applied in extinction of that loss;

then in estimating the profits a deduction shall be allowed equal to the amount of profits so applied.

8. In estimating the profits no account shall be taken of income received from investments except in the case of life assurance businesses and businesses where the principal business consists of the making of investments. Where account is taken of any such income—

- (a) any variation in the value of any of those investments which appears to the Commissioners of Inland Revenue not to be due to a variation in profits shall also be taken into account; and
- (b) where the income has been derived from profits in respect of which any payment or repayment of excess profits duty has been made under this Act, such deduction or addition shall be made in computing the profits as will make proper allowance for that payment or repayment of duty.

9. In computing the total profits of a local authority from any trades or businesses carried on by that authority the total amount which is required to be raised by them, out of the rates or otherwise, for sinking fund purposes in connection with those trades or businesses shall be allowed as a deduction.

10. In the case of societies registered under the Industrial and Provident Societies Acts the excess profits duty shall be charged on the

A.D. 1915. — sum by which the profits per member for the accounting period (including any surplus arising from transactions with members) exceed the like profits per member in the pre-war trade year or average of years taken as the basis of computation for the purpose of the pre-war standard of profits, multiplied by the number of members in the accounting period.

11. 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.

PART II.

PRE-WAR STANDARD.

1. The profits of any pre-war trade year shall be computed on the same principles and subject to the same provisions as the profits of the accounting period are computed.

2. Where the accounting period for which the excess profits duty is to be assessed is less than a year, the amount of the pre-war standard of profits shall be proportionately reduced.

3. Where it is shown to the satisfaction of the Commissioners of Inland Revenue in the case of any trade or business that the three last pre-war trade years have been years of abnormal depression, any four of the last six pre-war trade years may be substituted for the purposes of the pre-war standard of profits for any two of the three last pre-war trade years.

The three last pre-war trade years shall not be considered as years of abnormal depression unless the average profits of those years have been at least twenty-five per cent. lower than the average profits of the preceding three years.

4. Where owing to the recent commencement of a trade or business there have not been three pre-war trade years, but there have been two pre-war trade years, the pre-war standard of profits shall be taken to be the amount of the profits arising from the trade or business on the average of those two years or, at the option of the taxpayer, the profits arising from the trade or business during the last of those two years, and where there have not been two pre-war trade years, but there has been one pre-war trade year, the pre-war standard of profits shall be taken to be the profits arising from the trade or business during that year; and where there has not been one pre-war trade year, the pre-war standard of profits shall be taken to be the statutory percentage on the average amount of capital employed in the trade or business during the accounting period.

Where the trade or business is an agency or business of a nature involving capital of a comparatively small amount, the pre-war standard of profits shall be computed by reference to the profits arising from any trade, business, office, employment or profession of any sort, whether liable to excess profits duty or not, carried on by the agent or other person before his new trade or business commenced as if it was the same trade or business; but only to the extent to which the income from the former trade, business, office, employment or profession has been diminished.

5. Where since the commencement of the three last pre-war trade years a trade or business has changed ownership, the provisions of this Part of this Schedule shall apply as if a new trade or business had been commenced on the change of ownership, except in cases when the taxpayer makes an application that the provisions of Part III. of this Act and this Schedule should apply as if the trade or business had not changed ownership, but in that case such modifications (if any) shall be made in the application of this Schedule as may be necessary to make the basis on which the profits standard is computed the same as that on which the profits of the accounting period are computed.

6. It is hereby declared that, where any business or trade is confined to the management of any particular assets, but power exists to substitute other assets for those particular assets or any of them, such a substitution shall not be deemed, for the purposes of Part III. of this Act, to constitute a change of ownership of the business; but, where any such substitution has been carried out by the sale of assets and the purchase of other assets, the capital of the trade or business shall be taken to be increased or decreased, as the case may be, only by the amount of the difference between the price of the assets purchased and the price obtained for the assets sold, and the capital representing the assets purchased shall be estimated on the same basis for all the purposes of Part III. of this Act.

PART III.

CAPITAL.

1. The amount of the capital of a trade or business shall, so far as it does not consist of money, be taken to be—

- (a) so far as it consists of assets acquired by purchase, the price at which those assets were acquired, subject to any proper deductions for wear and tear or replacement, or for unpaid purchase money; and
- (b) so far as it consists of assets being debts due to the trade or business, the nominal amount of those debts subject to any reduction which has been allowed in respect of those debts for income tax purposes; and
- (c) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the trade or business, subject to any proper deductions for wear and tear or replacement.

Nothing in this Part of this Schedule shall prevent accumulated profits employed in the business being treated as capital.

2. Any capital the income on which is not taken into account for the purposes of Part I. of this Schedule, and any borrowed money or debts, shall be deducted in computing the amount of capital for the purposes of Part III. of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where a trade or business has been converted into a company and the shares in the company are wholly or mainly held by the person who was owner of the trade or business, no value shall be attached to those shares so far as they are represented by goodwill or otherwise than by material assets of the company unless the Commissioners of Inland Revenue in special circumstances otherwise direct. Patents and secret processes shall be deemed to be material assets.

A.D. 1915.

FIFTH SCHEDULE.

Section 51.

ENACTMENTS REPEALED.

Session and Chapter.	Short Title.	Extent of Repeal.
5 & 6 Vict. c. 35.	The Income Tax Act, 1842	Section one hundred and eight.
43 & 44 Vict. c. 24.	The Spirits Act, 1880 -	Table B. in the Second Schedule.
7 Edw. 7. c. 13	The Finance Act, 1907 -	Subsection (4) of section nineteen.
2 & 3 Geo. 5 c. 8.	The Finance Act, 1912.	Section two.

Printed by PERCY LUND, HUMPHRIES & Co., LTD.

FOR

SIR WILLIAM RICHARD CODLING, C.B., C.V.O., C.B.E., the King's Printer of Acts of Parliament

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
 York House, Kingway, London, W.C.2; 120 George Street, Edinburgh 2;
 26 York Street, Manchester 1; 1 St. Andrew's Crescent, Cardiff;
 80 Chichester Street, Belfast;
 or through any bookseller

Price 9d. net