Finance Act 1963

1963 CHAPTER 25

PART I

CUSTOMS AND EXCISE

1 Amendments as to surcharges and rebates in respect of revenue duties

(1) The period after which orders of the Treasury under section 9 of the Finance Act 1961 may not be made or continue in force (which by section 1(3) of the Finance Act 1962 was extended until the end of August 1963) shall extend until the end of August 1964 or such later date as Parliament may hereafter determine.

(2) In reckoning, in the case of such an order of which the effect is—

(a) to reduce or further reduce duty, or

(b) to revoke or reduce an increase of duty,

the period of twenty-one days specified in paragraph 2(2) of Schedule 3 to the Finance Act 1961 (orders to cease to have effect unless approved by the Commons House within twenty-one days after being made), no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the Commons House is adjourned for more than four days.

2 Information as to gaming

(1) The following provisions of this section shall have effect to provide information for determining whether, and in what manner and to what extent, it is expedient to impose taxation in respect of gaming.

(2) Any person not exempted from the operation of this subsection who in the year ending with July 1963 provided facilities for gaming, otherwise than on private premises and on a domestic occasion, shall before the end of August 1963 notify that fact to the Commissioners.

(3) Any person not exempted from the operation of this subsection who in the year ending with July 1964 provides facilities for gaming, otherwise than as aforesaid, shall unless

he has previously given a notification under this or the foregoing subsection notify the Commissioners, within one month after the date on which he provides the facilities, of the fact that he has provided them.

(4) Any person required to give a notification under the foregoing provisions of this section shall within such time and in such form as the Commissioners may require furnish the Commissioners with such information as to the provision or intended provision by him of facilities for gaming, the premises and nature of the gaming concerned, and other matters as the Commissioners may by notice in writing require.

(5) Where any officer has reason to believe that facilities for gaming are being provided, otherwise than as aforesaid, by any person on any premises and are not being provided in such circumstances that the person providing them is exempted from the operation of subsection (3) of this section, and—

(a) no notification has been given by that person under the foregoing provisions of this section, or

(b) if such a notification has been given, the person giving it has failed to comply with any requirement made on him under those provisions,

the officer may (but by night only in the company of a constable) enter on and inspect the premises and search for and examine any apparatus capable of being used for gaming.

(6) Any person who in the course of a trade or business manufactures, imports or deals in machines to be used for gaming (including such machines as are described in section 50(2) (amusement machines) of the Betting, Gaming and Lotteries Act 1963) shall, if required to do so by the Commissioners or an officer, furnish such information as may be so required as to his dealings in such machines and shall produce to the Commissioners or an officer any of his records relating to such dealings which he may be so required to produce.

(7) The Treasury may by order made by statutory instrument direct that persons providing facilities for gaming who provide them only in such circumstances (whether related to the kind of gaming, the place or occasion at or on which the facilities are provided, or any other consideration) as may be prescribed by the order shall be exempted from the operation of subsections (2) and (3), or subsection (3), of this section ; and—

(a) an order under this subsection may be varied or revoked by a subsequent order of the Treasury made by statutory instrument;

(b) if an exemption is revoked, anything which but for the exemption would have been required to be done before; the revocation (and has not been done) shall be done before the expiration of one month beginning with the revocation.

Any order under this subsection shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(8) The Commissioners, if satisfied in any case that there is good reason why anything required to be done by or under the foregoing provisions of this section cannot be, or was not, done within the time limited by or under those provisions, shall extend the time by such period as appears to them to be required.

(9) Any person who fails to give the notification required by subsection (2) or (3) of this section, or to comply with any other requirement of the foregoing provisions of this section, shall be liable to a penalty of one hundred pounds, and if after conviction of a failure to furnish any particulars or information, or to produce any records, the failure

continues he shall be liable to a further penalty of ten pounds for each day on which it so continues.

(10) References in this section to the provision of facilities for gaming shall be construed as references to—

(a) the provision of accommodation for the carrying on of gaming, or

(b) the provision of apparatus to be used for gaming or the getting together of persons to take part in gaming,

or both, and references to facilities shall be construed accordingly, so however that a person shall not be treated for the purposes of the foregoing provisions of this section as a provider of any accommodation or apparatus if he provides it for a person who in turn provides it for other persons or another person.

(11) In this section "gaming" has the same meaning as in the Betting, Gaming and Lotteries Act 1963.

(12) A person receiving any entrance fee or subscription giving a right to use facilities for gaming shall be treated for the purposes of this section as providing such facilities.

3 Further reductions of customs duties on E.F.T.A. goods

As from the 4th April 1963, in the case of goods of Convention area origin within the meaning of the European Free Trade Association Act 1960—

(a) the duties of customs charged on imported spirits (other than perfumed spirits), the duties of customs and drawbacks of those duties charged or allowed on beer (other than black beer of an original gravity of 1200 degrees or more) and the duties of customs charged on manufactured tobacco (other than Cavendish or Negrohead manufactured in bond) and on snuff and snuff work (including tobacco dust or powder and ground tobacco) shall be reduced to the level of the corresponding Commonwealth rates; and

(b) the duties of customs charged on matches by section 4 of the Finance Act 1951 and on mechanical lighters by section 6 of the Finance Act 1928 shall be reduced to the level of the corresponding rates of excise duty,

and accordingly the Finance Act 1962 (which in section 2 thereof makes provision for reduced rates of the said duties and drawbacks in the case of such goods) shall have effect as from the 4th April 1963 as if for the reference in a provision thereof specified in the first column of Schedule 1 to this Act to an amount specified in relation thereto in the third column of that Schedule there were substituted a reference to the corresponding amount specified in relation thereto in the fourth column of that Schedule.

4 Matches

(1) As from the 1st September 1963—

(a) the duties of customs and excise charged on matches by section 4 of the Finance Act 1951 shall be charged at the same rates for matches in containers holding not more than 30 matches as are charged by that section for matches in containers holding more than 30 matches, and accordingly, in subsection (1) of that section, paragraph (a) and in paragraph (b) the words " in containers in which there are more than 30 matches " shall cease to have effect; and

(b) the duties of excise so charged shall be charged on matches sent out from a manufacturer's premises, and accordingly, in the said subsection (1), for the

words " manufactured in the United Kingdom " there shall be substituted the words " sent out from the premises of a manufacturer of matches ".

(2) As from the 1st September 1963, section 220(1) of the Act of 1952 (which empowers the Commissioners to make, in relation to matches, regulations for the protection of the revenue) shall be amended as follows, that is to say—

(a) in paragraph (a), for the words " the place of their manufacture", there shall be substituted the words " the premises of a licensed manufacturer ";

(b) for paragraph (d) (allowance for matches to be exported or shipped as stores), there shall be substituted the following:—

"(d) for authorising the removal from the premises of a licensed manufacturer without payment of duty of matches removed for exportation or shipment as stores or for warehousing, or removed to other premises of that manufacturer or to premises of another licensed manufacturer of matches ;";

(c) in paragraph (e) (number of matches to be notified on container in the case of imported matches) for the word " imported " there shall be substituted the word " any ".

(3) In the case of any matches which, immediately before the 1st September 1963, were on the premises of a manufacturer of matches—

(a) if excise duty on those matches was paid at any time before that date it shall, unless otherwise falling to be repaid, be set off against duty thereafter becoming payable in respect of the matches by virtue of subsection (1)(b) of this section ; or

(b) if not so paid, excise duty charged on those matches before that date shall be remitted, but without prejudice to any duty thereafter becoming payable by virtue of the said subsection (1)(b).

5 Repeal of television duty

Television duty shall not be chargeable, under section 2 of the Finance Act 1957, on a licence issued after the end of September 1963.

6 Brewers not for sale

(1) No licence for the brewing of beer shall be required by a person who brews only for his own domestic use or for consumption by farm labourers employed by him in the actual course of their labour or employment and is not also a dealer in or retailer of beer; and the excise duty on beer shall not be chargeable on beer brewed by such a person.

(2) An excise licence under section 125 of the Act of 1952 may be granted authorising the person to whom it is granted to brew beer not for sale and only for his own domestic use or for consumption by any persons employed by him in the actual course of their employment; and on every such licence there shall be charged a duty of four shillings.

(3) The Act of 1952 shall have effect subject to the amendments specified in Schedule 2 to this Act, being amendments consequential on the foregoing provisions of this section.

(4) Subsection (1) of this section, and subsection (3) thereof and Schedule 2 to this Act so far as they exempt from duty and from requirements as to licensing such persons as are specified in subsection (1) of this section, shall be deemed to have had effect as from the 4th April 1963.

7 Tobacco dealers

(1) The excise duty on a tobacco dealer's licence (that is to say, a licence under section 187 of the Act of 1952) is hereby abolished, and no person shall require any excise licence to deal in or sell tobacco; but a tobacco dealer shall nevertheless be deemed for the purposes of the Act of 1952 to be carrying on an excise trade and to be an excise trader.

(2) In the foregoing subsection and in the Act of 1952 " tobacco dealer " shall mean a person who deals in or sells tobacco in the course of a trade or business carried on by him.

(3) Any person who at the passing of this Act is the holder of a tobacco dealer's licence (or, if the last holder of such a licence is then dead, his personal representative) shall be entitled in respect of the duty on it to a repayment—

if the licence would have expired with the year 1963, of 2s. 6d.;

if with the year 1964, of 7s. 6d.;

if with the year 1965, of 12s. 6d.;

if with the year 1966, of 17s. 6d.

(4) Section 248(1) of the Act of 1952 (searching of excise trader's premises) shall apply to vehicles, vessels, aircraft or structures in or from which tobacco is sold or dealt in as it applies to premises.

(5) Subsection (1) of this section shall be deemed to have come into force on the 4th April 1963.

8 Amendments as to samples of hydrocarbon oils

(1) Part II of Schedule 2 to the Finance Act 1960 (which makes provision with respect to samples of heavy oils taken in pursuance of regulations made by virtue of section 9 of ihat Act) shall apply in relation to light oils as it applies in relation to heavy oils, and accordingly the word " heavy " in section 9(4) of that Act and in paragraph 3 of Part II of the said Schedule 2 shall cease to have effect.

(2) In Part II of the said Schedule 2, paragraph 2 (which provides that the result of an analysis of a sample so taken shall not be admissible in certain criminal proceedings unless the requirements there specified have been complied with) and paragraph 3 (which, in such proceedings, enables the results of an analysis to be proved by the production of an analyst's certificate) shall apply to all proceedings under the customs and excise Acts, and accordingly—

(a) in sub-paragraph (1) of the said paragraph 2, for the words from " proceedings " to " that Act " there shall be substituted the words " criminal proceedings under the customs or excise Acts or on behalf of the Commissioners in any civil proceedings under those Acts "; and

(b) in the said paragraph 3, for paragraphs (a) and (b) of the proviso there shall be substituted the following—

"(a) unless a copy thereof has, not less than seven days before the hearing, been served by the prosecutor or, in the case of civil proceedings, the Commissioners on all other parties to the proceedings; or

(b) if any of those other parties, not less than three days before the hearing or within such further time as the court may in special circumstances allow, serves notice on the prosecutor or, as

the case may be, the Commissioners requiring the attendance at the hearing of the person by whom the analysis was made."

9 Pipe-lines

(1) The Commissioners may, for the purposes of either or both of the two next following subsections, approve a pipeline for such period, and subject to such conditions, as they think fit.

(2) So long as a pipe-line is approved for the purposes of this subsection, then (subject to any conditions which the Commissioners think fit to impose) goods of such class or description as may for the time being be specified by them in relation to the line may, by means of it, be delivered on importation without payment of any duty chargeable thereon in any circumstances in which, apart from this subsection, the delivery on importation of goods of that class or description without such payment would not be lawful; but where, by virtue of this subsection, goods are, by means of a pipe-line, delivered on importation without payment of duty with which they are chargeable—

(a) the owner of the line shall, at the time of the discharge of the goods from the line, pay on the goods, at the rate in force at that time with respect thereto, any duty of customs then chargeable thereon, and section 34(2) of the Act of 1952 (duties, and rates thereof, chargeable on imported goods) shall not apply ;

(b) if at any time the goods are found to be missing or deficient, and it is not shown to the satisfaction of the Commissioners that their absence or deficiency can be accounted for by natural waste or other legitimate cause, then without prejudice to any penalty or forfeiture incurred under any provision of the Act of 1952 the Commissioners may require the owner of the line or the proprietor of the goods to pay immediately in respect of the missing goods or of the whole or any part of the deficiency, as they see fit, the duty on the goods.

(3) The following provisions shall have effect with respect to the removal of goods from a warehouse without payment of duty chargeable thereon, namely.—

(a) where, apart from this subsection, goods may lawfully be removed from a warehouse without such payment as aforesaid, it shall not be lawful for them so to be removed by means of a pipe-line that is not for the time being approved for the purposes of this subsection ;

(b) so long as a pipe-line is so approved, then (subject to any conditions which the Commissioners think fit to impose) goods of such class or description as may for the time being be specified by them in relation to the line may, by means of it, be removed from a warehouse without payment of any duty chargeable thereon in any circumstances in which, apart from this subsection, the removal of goods of that class or description from the warehouse without such payment would not be lawful;

but where, by virtue of paragraph (b) of this subsection, goods are, by means of a pipe-line, removed from a warehouse without payment of duty with which they are chargeable, the owner of the line shall, at the time of the discharge of the goods from the line, pay on the goods, at the rate in force at that time, any duty of customs or excise then chargeable thereon, and section 88(1) of the Act of 1952 (duties, and rates thereof, chargeable on warehoused goods) shall not apply.

(4) The Commissioners may at any time for reasonable cause vary the terms of their approval of a pipe-line under subsection (1) above and may at any time for like cause (provided that they have given to the owner of the line not less than three months'

written notice of their intention so to do) revoke their approval of a pipe-line under that subsection.

Section 49 of the Pipe-lines Act 1962 shall apply to a notice required by this subsection to be served on the owner of a pipe-line as it applies to a document required by that Act to be so served.

(5) A person—

(a) who contravenes or fails to comply with a condition imposed by the Commissioners under subsection (1), (2) or (3) above shall be liable to a penalty of one hundred pounds;

(b) who, on the written demand of an officer, refuses to pay any sum required to be paid under subsection (2)(b) above shall in addition be liable to a penalty of double that sum ;

(c) who, except with the authority of the proper officer or for just and sufficient cause, obtains access to goods in course of conveyance by a pipe-line, being goods chargeable with a duty of customs or excise which has not been paid, shall be liable to a penalty of five hundred pounds and may be detained.

(6) Section 82(3) of the Act of 1952 (which, save in the circumstances therein mentioned, protects the Commissioners and their officers from claims for loss or damage to goods in a warehouse or for unlawful removal of goods from a warehouse) shall have effect so as to protect them, save in corresponding circumstances, from claims for loss or damage to goods in a pipe-line or for unlawful removal of goods from a pipe-line, references to a pipe-line, to goods in a pipe-line and to the owner of the pipe-line being substituted for references respectively to a warehouse, to warehoused goods and to the occupier of the warehouse.

(7) In this section—

" owner ", in relation to a pipe-line, means (except in the case of a pipe-line vested in the Crown which in pursuance of arrangements in that behalf is operated by another) the person in whom the line is vested and, in the said excepted case, means the person operating the line;

" pipe-line" has the same meaning as it has for the purposes of the Pipe-lines Act 1962.

(8) In the application of this section to Northern Ireland references to the Pipe-lines Act 1962 shall have effect as if that Act extended to Northern Ireland.

PART II

INCOME TAX

CHAPTER I

RATES OF TAX, AND CHANGES IN PERSONAL RELIEFS

10 Charge of income tax for 1963-64

Income tax for the year 1963-64 shall be charged at the standard rate of 7s. 9d. in the pound, and in the case of an individual whose total income exceeds £2,000 at such higher rates in respect of the excess as Parliament may hereafter determine.

11 Surtax rates for 1962-63

Income tax for the year 1962-63 shall be charged, in the case of an individual whose total income exceeded £2,000, at the same higher rates in respect of the excess as were charged for the year 1961-62.

12 Amendments to Part VIII of Act of 1952 (personal etc reliefs)

(1) In section 210 of the Act of 1952 (personal reliefs), in paragraph (a) of subsection (1) (married) for the reference to £240 (inserted by section 2(3) of the Finance Act 1955) there shall be substituted a reference to £320, and in paragraph (b) of that subsection (single) for the reference to £140 (inserted as aforesaid) there shall be substituted a reference to £200; and in subsection (2) of the said section 210 (wife's earned income relief) for the reference to £140 (the maximum amount of that relief) there shall be substituted a reference to £200.

(2) In section 211(2) and (3) of the Act of 1952 (old age relief) as amended by section 14(2) of the Finance Act 1958, for the references to £800 (maximum income qualifying for full relief) there shall be substituted references to £900.

(3) In section 212 of the Act of 1952 (child relief), in the subsection (1A) inserted by section 12(3) of the Finance Act 1957, for the references to £150, £125, and £100 (being the amounts appropriate to children over sixteen, between eleven and sixteen, and not over eleven) there shall be substituted respectively references to £165, £140, and £115; and in subsection (4) of that section (maximum income of child if claimant not to be disqualified for relief) for the reference to £100 (inserted by section 12(4) of the Finance Act 1957) there shall be substituted a reference to £115.

(4) The amounts of £230 and £155 (relating to the total income of the dependent relative) specified, for the purposes of section 216 of the Act of 1952, by section 15 of the Finance Act 1961 shall each be increased by £25.

(5) The following Table shall be substituted for the Table set out in section 220(1) of the Act of 1952 (reduced rate relief) as amended by section 2(7) of the Finance Act 1955: —

TABLE

Where the relevant amount—	
does not exceed £100	a deduction equal to 3s. 9d. for each pound of the relevant amount.
does exceed £100, but does not exceed £300	the same deduction as if the relevant amount were £100, plus Is. 9d. for each pound of the relevant amount in excess of £100.
exceeds £300	the same deduction as if the relevant amount were £300.

(6) In section 15 of the Finance Act 1952 (small income relief), as amended by section 8(1) of the Finance Act 1962, for the reference in subsection (1) to £400 (maximum income for full relief) and the corresponding references in subsection (2) there shall be substituted references to £450; and in the said subsection (2), as so amended, for the reference to £550 (the limit for marginal relief) there shall be substituted a reference to £680.

(7) In section 13 of the Finance Act 1957 (relief for persons over sixty-five with small incomes) in subsection (1)(a)(i), as amended by section 8(2) of the Finance Act 1962, for the reference to £300 (maximum income qualifying for full relief to a single man) there shall be substituted a reference to £325, and in subsection (1)(a)(ii), as so amended, for the reference to £480 (maximum income for full relief to a married man) there shall be substituted a reference to £520; and the like substitutions shall be made in paragraph (b) of that subsection (marginal relief).

(8) Section 19 of the Finance Act 1960 (relief for National Insurance contributions), as amended by section 16 of the Finance Act 1961, shall have effect as if for the Table set out in Part I of Schedule 3 to the said Act of 1960 there were substituted the Table set out in Schedule 3 to this Act, and as if in paragraph 2 of Part II of the said Schedule 3 to the Act of 1960 for references to £5, £18, and £8 there were substituted respectively references to £7, £22 and £10.

(9) The amounts of tax deductible or repayable under section 157 (pay as you earn) of the Act of 1952 before the 6th July 1963 shall not be deemed to have been affected by the foregoing provisions of this section, but this subsection shall not prevent the resulting over-deductions or under-repayments from being adjusted subsequently by means of diminished deductions or increased repayments under that section or, if need be, by an assessment.

13 Child relief: amendments as to child's income

Section 212 of the Act of 1952 (child relief) shall have effect for the year 1964-65 and subsequent years of assessment as if subsection (4) (which, as amended by section 12(3) of this Act, precludes the allowing of relief where the child's own income exceeds £115 a year, but in the proviso directs income from a scholarship or similar source to be disregarded) were amended by the substitution of the following for the words preceding the proviso:—

"(4) In the case of a child who is entitled in his own right to an income exceeding £115 a year the appropriate amount for the child shall be reduced by the amount of the excess, and accordingly no relief shall be allowed under this section where the excess is equal to or greater than the amount which apart from this subsection would be the appropriate amount for the child:",

and as if in the subsection (1A) inserted by section 12(3) of the Finance Act 1957 there were inserted, after the words " assessment, and ", the words " subject to subsection (4) of this section ".

CHAPTER II

ABOLITION OF CHARGE ON OWNER-OCCUPIERS,
TAXATION OF RENTS AND CONNECTED PROVISIONS

Abolition of Schedule A tax, and taxation of rents, etc.

14 Abolition of charge on owner-occupiers

(1) For the purpose of removing from the charge to income tax the occupier's beneficial interest in land in the United Kingdom.—

(a) Schedule A shall cease to have effect; and

(b) the provisions in that behalf of this Chapter shall have effect for charging under a new Case of Schedule D rents and certain other receipts from such land.

(2) The foregoing subsection has effect, as respects the year 1963-64, subject to the transitional provisions hereinafter contained.

15 Charge to income tax of profits and gains arising from land

(1) Without prejudice to any other provisions of the Income Tax Acts directing income tax to be charged under Schedule D, tax under that Schedule shall be charged, subject to and in accordance with the provisions of this Act, on the annual profits or gains arising in respect of any such rents or receipts as follow, that is to say—

(a) rents under leases of land in the United Kingdom;

(b) rentcharges, ground annuals and feu duties, and any other annual payments reserved in respect of, or charged on or issuing out of, such land;

(c) other receipts arising to a person from, or by virtue of, his ownership of an estate or interest in or right over such land or any incorporeal hereditament or incorporeal heritable subject in the United Kingdom:

Provided that the said rents or receipts do not include yearly interest or any payment charged to tax under section 180 (mineral rents and royalties, etc.) of the Act of 1952.

(2) Tax charged under Schedule D by virtue of this section shall be charged under a new Case VIII of that Schedule (hereinafter referred to as " Case VIII"), and shall be charged by reference to the rents or receipts to which a person becomes entitled in the year of assessment.

(3) In computing for the purposes of Case VIII the profits or gains arising to a person in any year of assessment, such deductions shall be made from any rents or receipts to which he becomes entitled in the year as are provided for by Schedule 4 to this Act.

(4) Notwithstanding anything in subsection (2) of this section, where rent is payable under a lease under which the tenant is entitled to the use of furniture, and tax in respect of the payment for its use is chargeable under Case VI of Schedule D, tax in respect of the rent shall be charged under Case VI of Schedule D unless the landlord, by notice in writing to the surveyor given within two years after the end of the year of assessment, requires that this provision shall not apply.

Where notice is given under this subsection any adjustment of the liability to tax of the person giving the notice which is required in consequence thereof may be made by an additional assessment or by repayment or otherwise, as the case may require.

16 Assessment and collection of tax under Case VIII

(1) The profits or gains arising to a person for any year of assessment which are assessable to tax under Case VIII may either be assessed in one assessment—

(a) in a division in which they would be assessable apart from this subsection, or

(b) in a division in which are situated all or any of the premises from which profits or gains so assessable may arise to him for the year of assessment,

or may be assessed in one or more separate assessments in any division in which there are such premises, or may be assessed partly in the one way and partly in the other.

(2) Where an assessment to tax under Case VIII for any year of assessment is made in that year.—

(a) it shall be made on the basis that all sources of income and all amounts relevant in computing profits or gains are the same as for the last preceding year of assessment, and

(b) tax shall be leviable accordingly, but any necessary adjustments shall be made after the end of the year, whether by way of additional assessment, repayment of tax or otherwise, to secure that tax is charged by reference to the rents or receipts to which the person assessed becomes entitled in the year of assessment:

Provided that if before the 1st January in any year a person delivers a statement in writing to the surveyor—

(i) showing that since the beginning of the last preceding year of assessment he has ceased to possess one or more sources of income chargeable under Case VIII; and

(ii) giving the aggregate of the rents and receipts relevant for purposes of Case VIII to which he has become or is likely to become entitled in the current year; and

(iii) showing that that aggregate is less than the aggregate of such rents and receipts to which he became entitled in the last preceding year, and that it would not have been less if he had not ceased to possess the said source or sources,

then, if the surveyor is satisfied as to the correctness of the declaration, an assessment made on that person in the current year shall be made on an amount which bears to the amount arrived at under paragraph (a) of this subsection the same proportion as the said aggregate for the current year bears to the said aggregate for the last preceding year, and paragraph (b) of this subsection shall apply accordingly.

(3) Any additional assessment under Case VIII may be made and signed by the surveyor.

(4) Where any tax under Case VIII is charged in respect of profits or gains arising from any land to a person who is not the occupier of the land, but the tax is not paid by that person (in this subsection referred to as " the person in default "), it may be recovered in accordance with the following provisions:—

(a) subject to the following paragraph, the collector may from time to time by notice in writing, in such form as may be prescribed by the Commissioners of Inland Revenue, require any lessee of the land or any part thereof whose interest is derived (directly or indirectly) from that held by the person in default (in this subsection referred to as " a derivative lessee ") to make to him payment, on the date or dates specified in the notice, of such sum or sums as may be required to satisfy the tax;

(b) the sum demanded from a derivative lessee to be paid during any period shall not exceed the amount of the rent or other payments arising out of the land which becomes due from him at the end of the period and payable to the person in default or to another derivative lessee;

(c) in default of payment by a derivative lessee of any amount duly demanded of him under this subsection, that amount may be recovered from him in like manner as if he had been charged with tax of that amount;

(d) where any sum on account of tax has been collected from a derivative lessee in pursuance of this subsection, he may deduct that sum from any subsequent payment arising as aforesaid and payable to the person in default or to another derivative lessee, and shall be acquitted and discharged of the amount so deducted;

(e) where under the foregoing paragraph, or under that paragraph as applied by this paragraph, a sum is deducted from an amount payable to another derivative lessee, that paragraph shall apply as if the sum had been collected from him under a demand made under this subsection by the collector, and where the amounts from which under that paragraph he is entitled to make deductions in respect of that sum during the following twelve months are less than that sum, he shall be entitled to recover from the Commissioners of Inland Revenue an amount equal to the difference, which shall be treated as reducing the tax recovered under this subsection.

(5) Where any person (hereinafter referred to as " the agent") is in receipt of rents or receipts from land on behalf of another person (hereinafter referred to as " the principal"), and any tax under Case VIII charged on the principal has not been paid, the collector may by notice in writing, in such form as may be prescribed by the Commissioners of Inland Revenue, require the agent to pay to the collector in or towards the satisfaction of the tax any sums from time to time received by the agent on behalf of the principal on account of rents or receipts from any land (including any sums so received which are in his hands when the notice is given) until the liability in respect of the tax has been satisfied; and the agent shall pay all such sums over to the collector accordingly and the payment shall acquit and discharge him as against the person on whose behalf he received them.

If the agent fails to comply with the requirements of a notice duly served on him, he shall be liable to a penalty not exceeding fifty pounds for each failure, non-compliance as respects sums in his hands when the notice is given, or as respects any one payment subsequently received by him, being treated as a separate failure.

(6) Section 369 of the Act of 1952 (taxation of non-residents in name of agent) shall not apply to tax on profits or gains chargeable to tax under Case VIII, or on any of the profits or gains chargeable under Case VI of Schedule D—

(a) in a case falling within subsection (4) of the foregoing section, or

(b) which arise under the terms of a lease, but to a person other than the landlord, or otherwise arise out of any disposition or contract such that if they arose to the person making it they would be chargeable under Case VIII,

where payment is made (whether in the United Kingdom or elsewhere) directly to a person whose usual place of abode is outside the United Kingdom, but section 170 of the Act of 1952 shall apply in relation to the payment as it applies to other payments being annual payments charged with tax under Schedule D and not payable out of profits or gains brought into charge to tax.

(7) Where by virtue of the foregoing subsection the tax chargeable for any year of assessment on a person's profits or gains chargeable to tax under either or both of the Cases therein mentioned would apart from this subsection be greater than the tax which would be chargeable thereon apart from subsection (2) of this section, then on a claim in that behalf being made relief shall be given from the excess, whether by repayment or otherwise.

17 Relief for rent, etc. not paid

(1) Where on a claim in that behalf a person proves—

(a) that he has not received an amount which he was entitled to receive in respect of any rents or receipts on the profits or gains arising from which he would be chargeable under Case VIII, and

(b) if the non-receipt of the said amount was attributable to the default of the person by whom it was payable, that the claimant has taken any reasonable steps available to him to enforce payment,

(c) if the claimant waived payment of the said amount, that the waiver was made without consideration and was reasonably made in order to avoid hardship,

the claimant shall be treated for tax purposes for all relevant years of assessment as if he had not been entitled to the said amount, and such adjustment shall be made, by repayment or otherwise, as the case may require; but if all or any part of the said amount is subsequently received, the claimant or, if he is dead, his executors or administrators shall not later than six months thereafter give notice in writing of its receipt to the surveyor, and such re-adjustment of liability to tax (for all relevant years of assessment) shall be made as may be necessary and may be made at any time at which it could be made if it related only to tax for the year of assessment in which the amount, or the part of the amount, is received.

(2) The foregoing subsection shall be deemed to be included in the third column of Schedule 6 to the Finance Act 1960 (relating to penalties on persons failing to furnish particulars or furnishing false particulars).

18 Returns, etc. for purposes of Case VIII

(1) For the purpose of obtaining particulars of profits or gains chargeable to tax under Case VIII, the surveyor may by notice in writing require—

(a) any lessee, occupier, or former lessee or occupier of land (including any person having, or having had, the use of land) to give such information as

may be prescribed by the Commissioners of Inland Revenue as to the terms applying to the lease, occupation or use of the land, and where any of those terms are established by any written instrument, to produce the instrument to the surveyor ;

(b) any lessee or former lessee of land to give such information as may be so prescribed as to any consideration given for the grant or assignment to him of the tenancy;

(c) any person who as agent manages land or is in receipt of rent or other payments arising from land to furnish the surveyor with such particulars relating to payments arising therefrom as may be specified in the notice.

(2) The foregoing subsection shall be deemed to be included in the second column of Schedule 6 to the Finance Act 1960 (relating to penalties on persons, other than the taxpayer, failing to furnish particulars or furnishing false particulars).

19 Provisions as to repayments

The provisions of Schedule 6 to the Act of 1952 shall apply to any claim for relief under the provisions of this Chapter:

Provided that—

(a) any such claim shall be made in such form as the Commissioners of Inland Revenue may direct and shall be delivered to the surveyor ;

(b) where the surveyor objects to a claim, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of the Act of 1952 relating to the statement of a case for the opinion of the High Court on a point of law shall apply;

(c) any claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners.

20 Transitional provisions for Schedule A tax for 1963-64

(1) Section 15 of this Act shall not have effect as respects tax for the year 1963-64, and—

(a) paragraph (a) of section 14(1) of this Act shall not have effect as respects tax for that year, but

(b) the occupier of a unit of assessment shall not be assessed to tax under Schedule A for that year unless he is liable in respect of the unit to pay rent under a short lease (within the meaning of section 173 of the Act of 1952) or to make any other payment, not being one specified in the proviso to section 15(1) of this Act, on which he may deduct tax, and if so assessed shall not be assessed on any amount such that as reduced for the purpose of collection it exceeds the amount on which tax may be deducted ;

(c) the landlord shall not be so assessed (by virtue of section 109 or 110 of the Act of 1952) on any amount such that as reduced for the purpose of collection it exceeds the greater of the two following amounts, that is to say—

(i) the rent to which he is entitled, less any rates or other charge or composition specified in section 86(1) of the Act of 1952 (deduction for tenant's rates etc.) paid by him,

(ii) the amount of any payment on which tax may be deducted by him as mentioned in paragraph (b) above.

(2) Subject to the provisions of this section.—

(a) no claim under section 101 of the Act of 1952 (maintenance claims) shall be made as respects tax for the year 1963-64 by the occupier of the unit of assessment, and

(b) a landlord shall not be entitled under the said section 101 to repayment of tax for 1963-64 on an amount greater than the excess (if any) of the amount specified in sub-paragraph (i) above over that specified in sub-paragraph (ii) above.

(3) References in the foregoing provisions of this section to the occupier shall be construed, where different parts of a unit of assessment are the subject of separate occupations, and an immediate lessor (within the meaning of Chapter II of Part VII of the Act of 1952) is in occupation of a part, as references to the immediate lessor, but in such a case—

(a) subsection (1)(b) of this section shall apply only (and with any necessary apportionment) as respects so much of the unit as is in the occupation of the immediate lessor, and

(b) subsection (2)(a) of this section shall not prevent a claim by the immediate lessor in respect of so much of the cost of maintenance, repairs, insurance and management as is attributable to any part of the unit of assessment not in his occupation.

(4) Where any of the circumstances relevant to the existence or amount of liability to tax under Schedule A for the year 1963-64 are not the same at the time as at which that liability falls to be determined as at another time (whether earlier or later) in the year, the relief (if any) from such tax to be given under the foregoing provisions of this section shall be such as is appropriate having regard to the different circumstances and the proportion of the year for which they obtained ; and for the purpose of securing that any amount of tax to be levied shall be borne by the right person and in the right proportions such assessments or additional assessments, or repayments of tax, shall be made as may be just, regard being had to any arrangements made between the persons concerned.

(5) Paragraph 7 of Schedule 4 to this Act shall apply in relation to the year 1963-64 as it applies in relation to subsequent years, but with the substitution for sub-paragraph (1) of the following sub-paragraph:—

"(1) Where this paragraph applies to an estate for the year 1963-64 the owner shall be treated for the purposes of tax under Schedule A or under Chapter II of Part VII of the Act of 1952 (excess rents) as if he were not the occupier of any part of the estate occupied by him, and as if—

(a) in relation to a part of the estate which for any period in the year is not comprised in a lease under which he is the landlord, he were entitled under a lease of that part to rent for the said period, becoming due from day to day, at a rate per annum equal to the annual value of that part ascertained in accordance with Schedule 5 to this Act; and

(b) in relation to a part of the estate which for any period in the year is comprised in a lease under which he is the landlord, the rent, so far as it relates to that part, were at a rate per annum not less than the annual value of that part ascertained in accordance with the said Schedule 5.",

but as respects any period during which the sub-paragraph (1) hereinbefore contained does not exclude the operation of subsection (2)(a) of this section, the cost of the maintenance, repairs, insurance and management of any part of the land referred to in that sub-paragraph as the estate, being a part in the occupation of the owner, shall be disregarded in the application of section 101(4) of the Act of 1952 to the land.

(6) Paragraph 9 of Schedule 4 to this Act, and the provisions of paragraph 10 of that Schedule modifying the application of the said paragraph 9 in certain cases, shall apply for the purpose of computing rent payable by a person in determining his liability to tax for the year 1963-64 under section 175 or 176 (excess rents) of the Act of 1952 as they apply for the purpose of computing amounts deductible for purposes of Case VIII in subsequent years.

(7) The amounts of tax deductible or repayable under section 157 (pay as you earn) of the Act of 1952 before the 6th July 1963 shall not be deemed to have been affected by the foregoing provisions of this Chapter, but any necessary adjustment of a person's liability to tax shall be made by adjusting subsequent deductions or repayments or, if need be, by an assessment.

21 Cost of maintenance, repairs, insurance and management for 1963-64

(1) In the case of any person who became the owner of a unit of assessment during the year 1963-64, an allowance under section 101 of the Act of 1952 in respect of the unit of assessment for that year shall be computed as if that section required the cost of maintenance, repairs, insurance and management to be ascertained on the basis of the actual cost in the year instead of according to the average of the preceding five years, and as if subsection (2) of that section (by virtue of which " maintenance" includes the replacement of farm buildings, etc.) were omitted.

(2) The foregoing provisions of this section shall apply in relation to section 176(1)(g) of the Act of 1952 (deduction for maintenance etc. in taxing excess rents under certain short leases) as they apply in relation to section 101 of that Act, but with the substitution—

(a) for references to a unit of assessment of references to land in respect of the excess rents for which the person in question is chargeable to tax under the said section 176, and

(b) for the reference to an owner of a reference to a lessor.

Provisions as to premiums, etc.

22 Treatment of premiums, etc. as rent

(1) Where the payment of any premium is required under a lease, or otherwise under the terms subject to which a lease is granted, and the duration of the lease does not exceed fifty years, the landlord shall be treated for the purposes of the Income Tax Acts as becoming entitled, when the lease is granted, to an amount by way of rent (in addition to any actual rent) equal to the amount of the premium reduced by one-fiftieth of that amount for each complete period of twelve months (other than the first) comprised in the duration of the lease.

(2) Where the terms subject to which a lease is granted impose on the tenant an obligation to carry out any work on the premises, the lease shall be deemed for the purposes of this section to have required the payment of a premium to the landlord (in addition

to any other premium) of an amount equal to the amount by which the value of the landlord's estate or interest, immediately after the commencement of the lease, exceeds what its then value would have been if the said terms did not impose that obligation on the tenant:

Provided that this subsection shall not apply in so far as the obligation requires the carrying out of work payment for which would, if the landlord and not the tenant were obliged to carry it out, be deductible from the rent under Schedule 4 to this Act.

(3) Where, under the terms subject to which a lease is granted, a sum becomes payable by the tenant in lieu of the whole or a part of the rent for any period, or as consideration for the surrender of the lease, the lease shall be deemed for the purposes of this section to have required the payment of a premium to the landlord (in addition to any other premium) of the amount of that sum; but—

(a) in computing tax chargeable by virtue of this subsection in respect of a sum payable in lieu of rent, the duration of the lease shall be treated as not including any period other than that in relation to which the sum is payable;

(b) notwithstanding anything in subsection (1) of this section, rent treated as arising by virtue of this subsection shall be deemed to become due when the sum in question becomes payable by the tenant.

(4) Where, as consideration for the variation or waiver of any of the terms of a lease, a sum becomes payable by the tenant otherwise than by way of rent, the lease shall be deemed for the purposes of this section to have required the payment of a premium to the landlord (in addition to any other premium) of the amount of that sum; but in computing tax chargeable by virtue of this subsection the duration of the lease shall be treated as not including any period which precedes the time at which the variation or waiver takes effect or falls after the time at which the variation or waiver ceases to have effect, and notwithstanding anything in subsection (1) of this section rent treated as arising by virtue of this subsection shall be deemed to become due when the contract providing for the variation or waiver is entered into.

(5) Where a payment falling within subsection (1), (3) or (4) of this section is due to a person other than the landlord, no charge to tax shall arise under that subsection, but any amount which would otherwise fall to be treated as rent shall be treated as profits or gains of that other person chargeable under Case VI of Schedule D:

Provided that where the amount relates to a payment falling within the said subsection (4) it shall not be so treated unless the payment is due to a person connected with the landlord.

(6) Where an amount by reference to which a person is chargeable to tax by virtue of this section is payable by instalments, he may, before the expiration of the year of assessment following that in which he becomes entitled to the first such instalment, by notice in writing to the surveyor claim that the tax chargeable by reference to that amount shall, instead of being computed in accordance with the foregoing provisions of this section, be computed as if each instalment were rent payable under the lease or, in the case of instalments payable to a person other than the landlord, or payable to a person after he has ceased to be the landlord, were an annual profit or gain chargeable to tax under Case VI of Schedule D, and where a claim is so made all such additional assessments, alterations of assessments and repayments of tax shall be made as may be necessary.

(7) Section 16(2) of this Act shall not apply in relation to amounts which in computing profits or gains under Case VIII are relevant only by virtue of the foregoing provisions of this section.

(8) Where by virtue of this section a person is treated as becoming entitled in the year 1963-64 to any rent in respect of a unit of assessment, the computation under section 175(1) (excess rents) of the Act of 1952 of the amount which would have been the amount of the assessment of the unit for the purposes of Schedule A, as reduced for the purpose of collection, if the annual value had been determined (having regard to that rent) as therein mentioned shall be made without increasing, on account of that rent, the amount by which the assessment would have been reduced for the purpose of collection.

23 Charge on assignment of lease granted at undervalue

(1) Where the terms subject to which a lease of a duration not exceeding fifty years was granted are such that the grantor, having regard to values prevailing at the time it was granted, and on the assumption that the negotiations for the lease were at arm's length, could have required the payment of an additional sum (hereinafter referred to as " the amount foregone ") by way of premium, or additional premium, for the grant of the lease, then, on any assignment of the lease for a consideration—

(a) where the lease has not previously been assigned, exceeding the premium (if any) for which it was granted, or

(b) where the lease has been previously assigned, exceeding the consideration for which it was last assigned,

the amount of the excess, in so far as it is not greater than the amount foregone reduced by the amount of any such excess arising on a previous assignment of the lease, shall in the same proportion as the amount foregone would under section 22(1) of this Act have fallen to be treated as rent if it had been a premium under the lease, be treated as profits or gains of the assignor chargeable to tax under Case VI of Schedule D.

(2) If there is submitted to the surveyor, by the grantor or any assignor or assignee of the lease, a statement showing whether or not a charge to tax arises or may arise under this section, and if so the amount on which the charge arises or may arise, then if the surveyor is satisfied as to the accuracy of the statement he shall certify the accuracy thereof.

24 Charge on sale of land with right to reconveyance

(1) Where the terms subject to which an estate or interest in land is sold provide that it shall be, or may be required to be, reconveyed at a future date to the vendor or a person connected with him, the vendor shall be chargeable to tax under Case VI of Schedule D on any amount by which the price at which the estate or interest is sold exceeds the price at which it is to be reconveyed or, if the earliest date at which, in accordance with those terms, it would fall to be reconveyed is a date two years or more after the sale, on that excess reduced by one-fiftieth thereof for each complete year (other than the first) in the period between the sale and that date.

(2) Where under the terms of the sale the date of the reconveyance is not fixed, then—

(a) if the price on reconveyance varies with the date, the price shall be taken for the purposes of this section to be the lowest possible under the terms of the sale;

(b) the vendor may, before the expiration of six years after the date on which the reconveyance takes place, claim repayment of any amount by which tax assessed on him by virtue of this section exceeded the amount which would have been so assessed if that date had been treated for the purposes of this section as the date fixed by the terms of the sale.

(3) Where the terms of the sale provide for the grant of a lease directly or indirectly out of the estate or interest to the vendor or a person connected with him, this section shall apply as if the grant of the lease were a reconveyance of the estate or interest at a price equal to the sum of the amount of the premium (if any) for the lease and the value at the date of the sale of the right to receive a conveyance of the reversion immediately after the lease begins to run :

Provided that this subsection shall not apply if the lease is granted, and begins to run, within one month after the sale.

25 Provisions supplemental to ss. 22 to 24

(1) Paragraph 8 of Schedule 4 to this Act, and the provisions of paragraph 10 of that Schedule modifying the application of the said paragraph 8 in certain cases, shall have effect for reducing or removing a charge to tax imposed otherwise than under Case VIII by virtue of any of the three foregoing sections (excluding section 22(6)) as they have effect in relation to a charge to tax imposed under Case VIII; and the provisions of Schedule 6 to this Act shall have effect for giving relief, on a claim being made by him in that behalf, from any increase in an individual's liability to tax which is attributable to amounts being treated by virtue of any of the three foregoing sections (excluding section 22(6)) as receipts for a single year of assessment rather than as receipts for the period in relation to which they are chargeable.

(2) Sections 16(6), 17 and 18 of this Act shall apply in relation to sums chargeable to tax under Case VI of Schedule D by virtue of any provision of the three foregoing sections as they apply to profits or gains chargeable to tax under Case VIII.

(3) In relation to amounts which by virtue of any provision of the three foregoing sections would, in the case of a person resident in the Republic of Ireland and not resident in the United Kingdom, be included in his income if he were not resident in the Republic of Ireland, Chapter IV (prevention of tax avoidance by means of transactions resulting in the transfer of income to persons abroad) of Part)(VIII of the Act of 1952 shall apply as if his income included those amounts and as if references to an individual included references to any person, but shall so apply as if subsection (3) of section 412 (which provides relief for certain transactions) were omitted.

(4) For the purposes of section 346 (loss relief under Case VI of Schedule D) of the Act of 1952, a loss sustained in a transaction falling within any of the three foregoing sections shall be disregarded.

(5) In ascertaining for the purposes of the three foregoing sections the duration of a lease, the following provisions shall have effect:—

(a) where the terms of the lease include provision for the determination thereof by notice given either by the landlord or by the tenant, the lease shall not be treated as granted for a term longer than one ending at the earliest date on which it could be determined by notice;

(b) where any of the terms of the lease (whether relating to forfeiture or to any other matter) or any other circumstances render it unlikely that the lease will

continue beyond a date falling before the expiration of the term of the lease, the lease shall not be treated as having been granted for a term longer than one ending on that date:

Provided that where the duration of a lease falls to be ascertained after a date on which the lease has for any reason come to an end, the duration shall be taken to have extended from its commencement to that date, and where the duration falls to be ascertained at a time when the lease is subsisting the provisions of the foregoing paragraphs shall be applied in accordance with circumstances prevailing at that time.

(6) Nothing in the three foregoing sections shall apply in relation to a lease granted or an estate or interest in land sold before the beginning of the year 1963-64 or in pursuance of a contract entered into before the 4th April 1963:

Provided that section 22(4) of this Act shall apply to the variation or waiver of any terms of a lease (not being a variation or waiver made in pursuance of a contract entered into before the 4th April 1963) notwithstanding that the lease was granted before the beginning of the year 1963-64.

(7) In relation to Scotland the expression " term" in this section, where referring to the duration of a lease, means " period ".

Miscellaneous

26 Mines, quarries and other concerns

(1) Profits or gains arising out of land in the case of any concern specified in Schedule 7 to this Act shall be charged to tax under Case I of Schedule D.

(2) The foregoing subsection shall not apply to tax for the year 1963-64, but in relation to tax for that year the concerns specified in the proviso to paragraph 1 of Schedule A (mining and other concerns the profits of which are charged under Case I of Schedule D) shall include quarries of sand or gravel, sand pits, gravel pits and brickfields.

27 Collection of outstanding Schedule A tax

Where any assessment to tax under Schedule A falls to be made after the end of the year 1963-64, the assessment may be made on any person liable to bear any of the tax, to the extent of the amount to be borne by him, as if to that extent he were assessable in respect thereof under section 110 of the Act of 1952 (landlord's option to be assessed in lieu of occupier); and where such an assessment is made subsections (3) and (4) of that section (payment of tax by occupier, and deduction of amount paid from rent) shall apply, but not so as to authorise recovery, from a person not liable (apart from this provision) to bear the tax, of tax which he cannot deduct from rent payable to a person so liable.

28 Amendments as to Schedule B

(1) In paragraph 1 of Schedule B (which specifies the lands which are to be charged to tax under Schedule B) for the words from " all lands " to the end of the paragraph there shall be substituted " woodlands in the United Kingdom managed on a commercial basis and with a view to the realisation of profits, so however that this paragraph has

effect subject to the right given by section 125 of this Act to elect for assessment under Schedule D " ; and paragraphs 3 to 5 of Schedule B shall cease to have effect.

(2) Annual value for the purposes of Schedule B shall be determined in accordance with the provisions set out in Schedule 5 to this Act (being provisions corresponding with the provisions enacted for determining gross value for rating purposes), but as if the land, instead of being woodlands, were let and occupied in its natural and unimproved state, so however that where a person is in occupation of land chargeable to tax under Schedule B for part only of the year, or where land in a person's occupation is so chargeable to tax for part only of a year, the value by reference to which he is chargeable under Schedule B shall be the appropriate proportion of the value determined as aforesaid.

(3) Profits or gains arising in any year of assessment from payments for any easement over or right to use any land made to the person who occupies the land shall not be excluded from the charge to tax under Case VIII by reason only that he is chargeable with respect to the land under Schedule B, but shall be treated for purposes of Case VIII as limited to the amount (if any) by which they exceed the assessable value of the land or, as the case may be, by which they exceed such proportion of that value as corresponds to the proportion of the year for which he occupies the land.

(4) Any assessment to tax under Schedule B made after the end of the year 1963-64 as respects land in England or Wales or in Scotland may be made either in any division where the person assessed is engaged in a trade, profession, or vocation or in which he ordinarily resides, or in any division where the land is situated, and an assessment made in pursuance of the provisions of this subsection shall be valid and effectual notwithstanding the subsequent removal of the person assessed from the division in which he is assessed.

29 Cases I and II of Schedule D: amendments in relation to land

(1) In computing profits or gains under Case I or Case II of Schedule D no deduction shall be made in respect of the annual value of land occupied for the purpose of the trade, profession or vocation; and section 136 of the Act of 1952 (which allows such deductions in the case of land separately assessed and charged under Schedule A) shall cease to have effect:

Provided that the provisions of Schedule 8 to this Act shall have effect for allowing deductions, in the cases there provided, by reference to deductions which would have fallen to be made if the said section 136 had applied for the years 1963-64 and 1964-65.

(2) Section 137(n) of the Act of 1952 (prohibition of deduction of rent and certain other payments, being payments made subject to deduction of tax) shall not apply to payments in relation to land made in respect of periods ending on or before the 5th April 1964, and in making any deductions permitted by this subsection the amount of the payment shall be taken to be the gross amount thereof :

Provided that—

(a) this subsection shall not apply to any payment to which section 180 (mineral rents and royalties, etc.) of the Act of 1952 applies;

(b) the aggregate amount of the deductions permitted by this subsection as respects any land in computing profits or gains for the year 1963-64 shall not exceed the assessment of the land for that year under Schedule A, as reduced for the purpose of collection.

(3) Where, in relation to any land used in connection with a trade, profession or vocation.—

(a) tax has become chargeable under section 22 (except subsection (6)), 23 or 24 of this Act on any amount (disregarding any reduction in that amount under paragraph 8 of Schedule 4 to this Act), or

(b) tax would have become so chargeable on that amount but for the operation of section 22(6) of this Act or the said paragraph 8, or but for any exemption from tax,

the provisions of Schedule 9 to this Act shall have effect, in the cases there provided, for allowing deductions calculated by reference to that amount in computing the profits or gains of the trade, profession or vocation.

(4) Where during a period in the five years ending with the year 1962-63 any premises were occupied by a person for the purposes of a trade, profession or vocation carried on by him, and payments relating to the premises made by him during that period in respect of maintenance, repairs or insurance were not deducted in computing the profits or gains of the trade, profession or vocation chargeable under Case I or II of Schedule D, he shall be entitled to a deduction in computing those profits or gains for the year 1963-64 of any amount by which the aggregate of the payments exceeds the aggregate of so much of the relief which was or, on a claim in that behalf, could have been allowed to him under sections 99 to 101 of the Act of 1952 as related to the premises and is attributable to any part of the said period.

(5) In computing the profits or gains of a trade of dealing in land, any trading receipt falling within subsection (1), (3) or (4) of section 22 of this Act shall be treated as reduced by the amount on which tax is chargeable by virtue of that section.

(6) In a case falling within section 22(6) of this Act.—

(a) if no claim is made under that subsection, the foregoing subsection shall have effect as if it provided that sc much only of any instalment falling within subsection (1), (3) or (4) of section 22 of this Act shall be treated as a trading receipt as exceeds the sum which bears to the amount on which tax is chargeable by virtue of the said section 22 the proportion which the instalment bears to the sum of which it is an instalment;

(b) if a claim is made, the foregoing subsection shall not apply, but no part of any instalment shall be treated as a trading receipt.

(7) In computing the profits or gains of a trade of dealing in land, any trading receipts falling within section 23 or 24 of this Act shall be treated as reduced by the amount on which tax is chargeable by virtue of that section, but where on a claim being made under subsection (2)(b) of the said section 24 the amount on which tax was chargeable by virtue of that section is treated as reduced this subsection shall be deemed to have applied to the amount as reduced, and such adjustment of liability to tax shall be made (for all relevant years of assessment), whether by means of an additional assessment or otherwise, as may be necessary and may be so made at any time at which it could be made if it related only to tax for the year of assessment in which the said claim is made.

30 Supplemental provisions as to annual value

(1) Where, as respects tax for the year 1964-65 or any subsequent year, any question arises as to the annual value of land, it shall be determined by the General Commissioners for the division in which the land is situated, or if it is situated partly in one division

and partly in another the General Commissioners for such one of those divisions as the person in whose case the question falls to be determined may elect; and those Commissioners shall hear and determine the question in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of the Income Tax Acts relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

(2) Any person authorised in that behalf by the Commissioners of Inland Revenue may, on producing if so required evidence of his authority, at any reasonable time enter on and inspect, with a view to establishing its annual value, any land the annual value of which falls to be determined for purposes of tax for the year 1964-65 or any subsequent year.

31 Deductions in respect of tithe redemption annuities

(1) A payment made as an instalment, or part of an instalment, of an annuity within the meaning of the Tithe Acts 1936 and 1951 shall be treated for income tax purposes as follows.

(2) Five-sixths of the amount of the payment, but no more, shall be deducted from or set off against the income of the person making the payment for the year of assessment in which the instalment becomes payable, and tax shall be discharged or repaid accordingly.

(3) No part of the payment shall be allowed as a deduction for the year 1963-64 under section 97 of the Act of 1952 (allowance under Schedule A for tithe annuities) or shall be included for any subsequent year among the deductions provided for by Schedule 4 to this Act.

32 Interpretation of Chapter II

(1) In this Chapter, except where the context otherwise requires.—

" assignment ", in relation to Scotland, means an assignation ;

" lease " includes an agreement for a lease, and any tenancy, but does not include a mortgage or heritable security, and " lessee ", " lessor " and " letting " shall be construed accordingly, and " lessee " and " lessor " include, respectively, the successors in title of a lessee or a lessor;

" premium " includes any like sum, whether payable to the immediate or a superior landlord ;

" reversion ", in relation to Scotland, means the interest of the landlord in the property subject to the lease;

" unit of assessment " means any land forming a unit of assessment for the purposes of Schedule A,

and paragraph 20 of Schedule 9 to the Finance Act 1962 (meaning of " connected person ") shall apply for the purposes of this Chapter.

(2) For the purposes of this Chapter any sum (other than rent) paid on or in connection with the granting of a tenancy shall be presumed to have been paid by way of premium except in so far as other sufficient consideration for the payment is shown to have been given.

(3) In the application of this Chapter to Scotland " premium " includes in particular a grassum payable to any landlord or intermediate landlord on the creation of a sub-

lease; and in this subsection " intermediate landlord " means, where an occupying lessee is a sub-lessee, any person for the time being holding the interest of landlord under a sub-lease which comprises the property of which the occupying lessee is sub-lessee, but does not include the immediate landlord.

CHAPTER III

CAPITAL ALLOWANCES

33 Increase of investment allowances

Investment allowances in respect of expenditure incurred after the 5th November 1962 (other than expenditure on the provision of a ship) shall be increased by one-half, and accordingly, in relation to expenditure incurred after that date, for references in section 16(2) and (5) of the Finance Act 1954 and section 21(4) of the Finance Act 1959 to one-tenth there shall be substituted references to three-twentieths and for references in section 16(3), (4) and (6) of the Finance Act 1954 and section 15 of the Finance Act 1957 to one-fifth there shall be substituted references to three-tenths.

34 Doubling of annual allowances for industrial buildings and for dredging

An annual allowance under section 266 of the Act of 1952 in respect of capital expenditure incurred after the 5th November 1962 on the construction of a building or structure, or under section 17 of the Finance Act 1956 in respect of capital expenditure incurred after that date on dredging, shall be equal to one twenty-fifth of the expenditure instead of (as heretofore) one-fiftieth thereof, and accordingly, as respects any such allowance, for the word " one-fiftieth " where it occurs in sections 266(1) and 268(5) of the Act of 1952 and section 17(1) of the Finance Act 1956, there shall be substituted the words " one twenty-fifth ", and for the word " fiftieth " where it occurs in sections 266(2) and 267(1) of the Act of 1952 there shall be substituted the word " twenty-fifth ".

35 Rates of annual allowances for machinery and plant

(1) The provisions of this section shall have effect for calculating annual allowances under Chapter II of Part)(of the Act of 1952 in respect of machinery or plant to which this section applies, that is to say new machinery or plant capital expenditure on the provision of which was incurred after the 5th November 1962; and such machinery or plant shall continue to be treated as machinery or plant to which this section applies notwithstanding any sale of it or other change of circumstances.

(2) Where, for any year of assessment, an annual allowance in respect of machinery or plant to which this section applies falls to be computed in accordance with section 281 (normal method) of the Act of 1952 by reference to a percentage established before the year 1963-64 under that section, the amount of the allowance resulting from the application of that percentage—

(a) where it is less than fifteen per cent. of the relevant capital amount, shall be increased so as to equal fifteen per cent. of that amount; or

(b) where it is between fifteen and twenty per cent. of the relevant capital amount, shall be increased so as to equal twenty per cent. of that amount; or

(c) where it is less than twenty-five but not less than twenty per cent. of the relevant capital amount, shall be increased so as to equal twenty-five per cent. of that amount.

(3) Where for the year 1963-64 or a subsequent year of assessment a percentage established before the year 1963-64 under the said section 281 falls to be redetermined or a percentage falls to be determined under that section for a new class of machinery or plant, the percentage shall for the purpose of its application to machinery or plant to which this section applies be redetermined or determined, and Chapter II of Part)(of the Act of 1952 shall thereafter apply in relation to machinery or plant of the class in question to which this section applies, as if, instead of requiring the annual allowance to be five-fourths of the percentage therein specified of the relevant capital amount, the said section 281 required it to be a percentage of that amount determined by the Commissioners of Inland Revenue by reference to the anticipated normal working life of machinery or plant of the class in question, being such a percentage as is mentioned below, that is to say—

(a) where that life is eighteen years or more, fifteen per cent.; or

(b) where that life is less than eighteen but not less than fourteen years, twenty per cent.; or

(c) where that life is less than fourteen years, twenty-five per cent.

(4) Where a percentage has been determined for a year of assessment under the foregoing subsection and is not for any later year superseded by a subsequent determination, it shall be treated as if it had been determined for that later year also.

(5) In deciding, as respects a class to which a percentage established before the year 1963-64 under the said section 281 applies, whether or not, for the purposes of machinery or plant to which this section applies, a redetermination of the percentage is necessary, the amount of the percentage as falling to be adjusted, that is to say as increased by one quarter and further increased, where so required, under subsection (2) of this section, shall be treated as if it were a percentage determined in accordance with subsection (3) of this section:

Provided that where the percentage so established, as increased by one quarter, is greater than the percentage mentioned in paragraph (c) of the said subsection (3), this subsection shall apply as if that greater percentage were instead so mentioned.

(6) Subsections (2) to (5) of this section shall apply in relation to allowances falling to be computed in accordance with section 282 (alternative method) of the Act of 1952 as if references to section 281 of that Act were references to that section, and as if for any reference to fifteen, twenty or twenty-five per cent. there were substituted a reference to six and one quarter, eight and one half or eleven and one quarter per cent. respectively.

(7) If, in relation to any machinery or plant to which this section applies, a direction falls to be made under section 285 (adjustments of annual allowances in cases of abnormal use) of the Act of 1952 for the year 1963-64 or any subsequent year of assessment, the anticipated normal working life of the machinery or plant shall be ascertained as though it were used throughout its working life in the manner in which and to the extent to which it is used in the year in question, and the annual allowance in respect of the machinery or plant for that year shall be calculated as, by virtue of subsection (3) of this section (or by virtue of that subsection as applied by the foregoing subsection), it would be if the relevant percentage for machinery or plant of that class

fell to be redetermined for that year and its anticipated normal working life were as so ascertained.

(8) Where, in the case of machinery or plant of any class, annual allowances for the year 1962-63 or any earlier year of assessment falling to be computed in accordance with section 281 or 282 of the Act of 1952 were computed by reference to a percentage which, though not determined or deemed to have been determined by the Commissioners under that section, was commonly treated as if it had been so determined, that percentage shall, notwithstanding that a percentage is after the commencement of this Act so determined for that year, be regarded for the purposes of annual allowances under Chapter II of Part)(of that Act for the year 1963-64 or any subsequent year of assessment in respect of machinery or plant of that class to which this section applies as the percentage so determined for the year 1962-63 or that earlier year, as the case may be.

(9) In relation to machinery or plant of any class, references in this section to a percentage established before the year 1963-64 shall be construed as references to a percentage established by a determination made or deemed to have been made under section 281(2) or, as the case may be, section 282(2) of the Act of 1952 and applying for the year 1962-63 to that class, and references to the anticipated normal working life of the machinery or plant shall be construed in accordance with section 281(6) or, as the case may be, section 282(6) of that Act.

(10) In section 283 of the Act of 1952 (which provides for a change from the normal method of computing annual allowances to the alternative method), in subsection (1)(b), for the words " the percentage mentioned in subsection (2) of the last preceding section " there shall be substituted the words " the percentage that would otherwise apply ".

(11) Nothing in this section shall affect the operation of section 284 of the Act of 1952 (by which a person to whom an annual allowance is to be made in respect of machinery or plant used for working mineral deposits may elect to have the allowance computed by a special method).

36 Scientific research allowances

(1) In the case of expenditure incurred after the 5th November 1962, an allowance under section 336 of the Act of 1952 (allowances for capital expenditure on scientific research) shall be made by allowing in the first of the five years of assessment mentioned in that section a deduction equal to the whole of the expenditure instead of by allowing in that year a deduction equal to three-fifths of the expenditure and in each of the remaining four years a deduction equal to one-tenth of the expenditure, and accordingly, in relation to expenditure so incurred, that section shall have effect as if—

(a) in subsection (1), for the words from " a deduction " to the end, there were substituted the words " a deduction equal to the whole of the expenditure shall be allowed in charging the profits or gains of the trade for the relevant year of assessment as defined by the following subsections ";

(b) in subsections (2) and (4), for the words " the five years shall be that and the next four years ", there were substituted the words " the relevant year of assessment shall be that year "; and

(c) in subsection (3), for the words from " the five years " to the end, there were substituted the words " the relevant year of assessment shall be the year of assessment next following that in which the trade was set up and commenced. ",

and section 16(6)(a) of the Finance Act 1954 (which provides for an investment allowance to be made only for the first year of assessment for which an allowance under the said section 336 falls to be made) shall not have effect.

(2) The said section 336, as amended by the foregoing subsection, shall have effect in relation to expenditure incurred after the 5th November 1962 as if the following subsection were inserted at the end:—

"(5) If the expenditure is incurred during the year of assessment in which the trade is permanently discontinued, the relevant year of assessment shall be that year."

(3) In the case of an asset representing expenditure incurred after the 5th November 1962, Part)(I of the Act of 1952 shall apply as if, in section 337 thereof, subsection (1) (which restricts allowances where an asset ceases to be used for scientific research) were omitted and the following were substituted for subsection (2):—

"(2) Where an asset representing scientific research expenditure of a capital nature incurred by the person carrying on a trade ceases to be used by that person for scientific research related to that trade and is then or thereafter sold by him—

(a) if the sale occurs in or after the year of assessment for which an allowance in respect of the expenditure is made under the last preceding section, then—

(i) the sum by which the aggregate of the proceeds of sale and the amount of the allowance exceeds the amount of the expenditure, or (if it is less than that sum) the amount of the allowance, shall be treated as a trading receipt of the trade accruing at the time of the sale or, if the sale occurs on or after the date on which the trade is permanently discontinued, accruing immediately before the discontinuance; or

(ii) if, by reason of the operation of section 21(4) of the Finance Act 1954 (which requires demolition costs to be treated as expenditure on an asset), the said aggregate is less than the amount of the expenditure, a deduction equal to the difference shall, unless the asset was used for other purposes after it ceased to be used for scientific research related to the trade, be allowed in charging the profits or gains of the trade for the year of assessment in which the sale occurs or, if the sale occurs on or after the date on which the trade is permanently discontinued, for the last year of assessment in which the trade is carried on before the discontinuance;

(b) if the sale occurs before the year of assessment for which an allowance in respect of the expenditure would fall to be made under the last preceding section, that allowance shall not be made, but if the proceeds of sale are less than the expenditure a deduction equal to the difference shall be allowed in charging the profits or gains of the trade for the year of assessment in which the sale occurs:

Provided that no amount shall be allowed or charged by virtue of this subsection in respect of any sale if the sale gives rise to a balancing allowance or balancing charge under Chapter I or II of Part)(of this Act".

37 Annual allowances for mineral depletion in the United Kingdom

(1) Subject to the provisions of this section, where, foi the purposes of a trade carried on or about to be carried on by him, a person incurs capital expenditure on the acquisition of a mineral asset the acquisition of which entitles him to work a mine, oil well or other source of mineral deposits of a wasting nature in the United Kingdom, and the trade consists of or includes the working of that source, he shall be entitled for any year of assessment the basis period for which ends after the incurring of the expenditure to an annual allowance in respect of the expenditure.

(2) Subject as aforesaid, the annual allowance for a year of assessment shall be equal to the fraction mentioned below of the royalty value of the output in the basis period for the year from the source to which the expenditure relates, that is to say—

(a) where the first working of the source after the expenditure was incurred was less than ten years before the end of that basis period, one-half ;

(b) where that first working was less than twenty but not less than ten years before the end of the basis period, one-quarter;

(c) in any other case, one-tenth.

(3) An annual allowance under this section in respect of any expenditure shall not be made to a person for a year of assessment unless the amount of the expenditure exceeds the aggregate of any allowances under this section made to him for previous years in respect of the expenditure together with any capital sums accruing to him in or before the basis period for the year by virtue of his acquisition of the mineral asset in question, and where made shall not be greater than the amount of the excess; and for this purpose there shall be deemed to have been made for years preceding the year 1963-64 such annual allowances as would have fallen to be made if this section had always had effect.

(4) Where in the basis period for any year of assessment a person ceases to work the source to which capital expenditure incurred by him relates and, apart from this and the foregoing subsection, an annual allowance under this section would fall to be made to him for that year in respect of the expenditure, the allowance shall not be made, and—

(a) if the aggregate of any allowances under this section made to him for previous years in respect of the expenditure exceeds so much of the expenditure as represents the cost of acquiring the output got by him from the source (other than output got before the 4th April 1963), a balancing charge on an amount equal to the excess shall be made on him for that year, or

(b) if that aggregate is less than so much of the expenditure as represents the cost of acquiring that output, a balancing allowance equal to the difference shall be made to him for that year.

(5) So much of the capital expenditure incurred by a person on the acquisition of a mineral asset as remains after deducting—

(a) the market value of the asset at the time the source to which the expenditure relates ceases to be worked by ' him, and

(b) any capital sums accruing to him before that time by virtue of his acquisition of the asset,

shall be taken for the purposes of the foregoing subsection to represent the cost of acquiring the output got by him from the source; and where part of the output was got by him before the 4th April 1963, the cost of acquiring the part got on or after that date shall be taken for those purposes to be an amount which bears to the amount so remaining the same proportion as the royalty value of the output from the source on

or after that date bears to the royalty value of the whole output got by virtue of the expenditure.

In this subsection " market value ", in relation to an asset, means the price which it might reasonably be expected to fetch on a sale in the open market (whether for use by the purchaser for mining purposes or other purposes) if, before the sale, the owner of the asset had carried out such works (if any) for restoring or otherwise making good the land surface at the site of the source as, having regard to the obligations imposed on him and other relevant circumstances, he might reasonably be expected to carry out whether or not he sold the asset, but reduced by so much of that price as is attributable to matters not representing any part of the capital expenditure in question.

(6) Where a balancing adjustment is made in respect of a person under subsection (4) of this section, or would fall to be so made if the relevant amounts were not equal, and after ceasing to work the source he carries out any works for restoring or otherwise making good the land surface at the site of the source, the cost of those works shall not be taken into account in computing for the purposes of tax under Case I of Schedule D the profits or gains of his trade unless it was assumed, in computing the market value of the asset for the purposes of the said subsection (4), that those works would be carried out.

(7) Where any allowance under this section falls to be made to a person in or before a year of assessment in the basis period for which he ceases to work the source to which the expenditure in question relates, and in the basis period for a later year of assessment he again begins to work the source, then—

(a) in computing, in accordance with subsection (2) of this section, the amount of an annual allowance for the later year or any subsequent year, the period between the cessation and recommencement of working shall be disregarded ; and

(b) in computing, for the purposes of subsection (3) or (4) of this section, the aggregate of allowances for previous years, those allowances shall be treated as reduced by the amount on which any balancing charge under paragraph (a) of the said subsection (4) has been made in respect of the expenditure.

(8) Allowances or charges falling to be made under this section to or on any person shall be made to or on him in charging the profits or gains of his trade.

(9) Where a person (in this subsection referred to as " the transferee ") acquires a mineral asset from another person (in this subsection referred to as " the transferor "), and the transferee is a body of persons over whom the transferor has control, or the transferor is a body of persons over whom the transferee has control, or both the transferee and the transferor are bodies of persons and some other person has control over both of them, the capital expenditure incurred by the transferee on the acquisition of the asset shall be taken for the purposes of this section (including this subsection) not to exceed the capital expenditure incurred by the transferor on its acquisition by him or, where the asset consists of an interest or right granted by the transferor, so much of the capital expenditure so incurred by the transferor as, on a just apportionment, is referable to that interest or right; and the expenditure incurred by the transferee shall where necessary be treated as reduced accordingly.

(10) Where in the basis period for any year of assessment a person, having previously incurred capital expenditure on the acquisition of a mineral asset the acquisition of which entitled him to work a source, incurs for the purposes of the trade capital expenditure on the acquisition of another mineral asset the acquisition of which

entitles him to work the same source, this section shall apply as respects that year and subsequent years of assessment as if the assets were one mineral asset capital expenditure on the acquisition of which was incurred by him when he incurred the first-mentioned expenditure and was of an amount equal to the aggregate of that expenditure and the further expenditure:

Provided that where the first-mentioned expenditure was incurred before the 4th April 1963 and the further expenditure on or after that date—

(a) no greater allowances shall for the purpose of subsection (3) of this section be deemed by reason of this subsection to have been made before that date;

(b) the cost of acquiring output got before that date, as computed under subsection (5) of this section, shall not by reason of this subsection be treated as increased.

If the asset to which the further expenditure relates extends to mineral deposits or land not included in the asset to which the first-mentioned expenditure relates, so much of it as so extends shall be treated for the purposes of this section as a separate mineral asset, and the further expenditure shall be apportioned between the assets as may be just.

(11) References in this section to expenditure on the acquisition of an asset do not include—

(a) expenditure to which Chapter III of Part X of the Act of 1952 applies; or

(b) expenditure on machinery or plant, or on any asset which has been treated for any year of assessment as machinery or plant; or

(c) expenditure on any building or structure,

and where expenditure was incurred on the acquisition of an asset in respect of which, for years of assessment previous to a year for which he first becomes entitled in respect of the expenditure to an allowance under this section, the person incurring the expenditure has been allowed any deductions under Schedule 9 to this Act, the expenditure shall be treated for the purposes of this section as reduced by so much of those deductions as, if he had been entitled to an allowance under this section for earlier years, would have been excluded by paragraph 5 of that Schedule.

(12) In this section—

" mineral asset " means any mineral deposits or land comprising mineral deposits, or any interest in or right over such deposits or land ;

" output " in relation to a source, means mineral deposits lifted or extracted from the source ;

" royalty value " in relation to any output from a source means the amount of the royalties that would be payable on that output if the person working the source were a lessee under a lease, for a term expiring immediately after that output was produced, granted to him at the date when the expenditure in question was incurred and providing for the payment of such royalties on output from the source as might reasonably have been expected to be provided for by such a lease, but reduced by the amount of any royalties actually payable in respect of that output.

(13) Subject to the provisions of this section, the Income Tax Acts shall have effect, and this section shall be construed, as if it were contained in Part X of the Act of 1952:

Provided that the provisions of the said Part X shall apply in relation to this section subject to the following modifications, that is to say—

(a) section 323(1) shall be deemed to require a claim for an allowance to be made in such form and accompanied by such plans and other particulars as the Commissioners of Inland Revenue may direct;

(b) section 325(2) (meaning of " basis period ") shall apply for the purposes of subsection (2) of this section with the omission of the proviso ;

(c) in section 326(1) (apportionment of the consideration on sales etc.) the reference to expenditure incurred on the provision or the purchase of property shall be deemed to include a reference to expenditure on the acquisition of a mineral asset;

(d) section 327 and Schedule 14 shall not apply, so how ever that paragraph 2 of that Schedule (but not paragraph 4) shall apply for determining the amount of any capital sum accruing to a person by virtue of his acquisition of a mineral asset.

(14) The foregoing provisions of this section shall have effect only for the year 1963-64 and subsequent years of assessment but for that purpose shall apply in relation to expenditure incurred and other things done before as well as after the beginning of the year 1963-64.

38 Annual allowances for new machinery and plant in development districts

(1) Subject to the provisions of this section, annual allowances under Chapter II of Part X of the Act of 1952 in respect of capital expenditure incurred after the 3rd April 1963 on the provision of new machinery or plant (not being mobile equipment) for use in a development district for industrial purposes shall be computed in accordance with section 281 (normal method of computation) of the Act of 1952 as if, instead of requiring an annual allowance to be five-fourths of the percentage therein specified of the relevant capital amount, that section required it to be so much of that amount as is specified by the person to whom the allowance is to be made in making his claim for the allowance; and accordingly (but subject as aforesaid) neither section 35 of this Act nor section 282 (alternative method of computation), 284 (special method for mines, etc.) or 285 (adjustments in cases of abnormal use) of the Act of 1952 shall apply in relation to such allowances.

(2) If, during the basis period for any year of assessment and within the three years beginning when it was first put into use, any machinery or plant is used—

(a) in a place which is not included in any development district, or

(b) for purposes other than industrial purposes, or

(c) in a building or structure prevented by section 271(3) (dwelling-houses, retail shops, showrooms, hotels and offices) of the Act of 1952 from being an industrial building or structure within the meaning of Chapter I of Part X of that Act,

the foregoing subsection shall not apply to the annual allowance in respect of the machinery or plant for that or any subsequent year of assessment and shall be deemed not to have applied to the annual allowance in respect thereof for any previous year of assessment.

(3) Subsection (1) of this section shall not apply to annual allowances falling to be made to a person in respect of expenditure on the provision of machinery or plant treated as incurred by him by virtue of section 299 of the Act of 1952 (allowances to lessees) unless the contract of letting provides that he shall or may become the owner of the machinery or plant on the performance of the contract; and where the contract so

provides, but without becoming the owner of the machinery or plant he ceases to be entitled (otherwise than on his death) to the benefit of the contract so far as it relates to the machinery or plant, the said subsection (1) shall be deemed not to have applied to annual allowances falling to be made to him in respect of the machinery or plant.

(4) Where subsection (1) of this section is to be deemed not to have applied to annual allowances for any year of assessment, there shall be made all such additional assessments and adjustments of assessments as may be necessary.

(5) A district shall be treated as being a development district within the meaning of this section—

(a) if and so long as, being within Great Britain, it is for the purposes of the Local Employment Act 1960 a development district as defined by section 1(2) of that Act, or

(b) if it is within Northern Ireland,

and a certificate given by a person authorised in that behalf by the President of the Board of Trade and stating that at the time or during the period specified in the certificate a place in Great Britain was or was not included in any development district shall be conclusive for the purposes of this section.

(6) In relation to any new town outside a development district which draws or will draw its population mainly from the district, this section shall apply as if the new town were included in the district, and a certificate given by a person authorised in that behalf by the Minister of Housing and Local Government, or (where the new town is in Scotland) the Secretary of State, and stating whether or not a new town draws or will draw its population mainly from a specified district shall be conclusive for the purposes of this subsection.

(7) Where a district in Great Britain ceases at any time to be a development district, this section shall apply in relation to the following machinery or plant as if the district had continued to be a development district, that is to say—

(a) machinery or plant which at that time is within, and has before that time been used in, the district;

(b) machinery or plant provided for use in the district under a contract entered into before that time ;

(c) machinery or plant provided for use in the district under a contract entered into within two years after that time and in the case of which the following conditions are satisfied—

(i) that it is for use in or about a building or structure provided for use for industrial purposes under a contract entered into after the 3rd April 1963, or is for use in conjunction with other machinery or plant so provided, and

(ii) that its provision was required for the fulfilment of the purpose for which the building or structure or, as the case may be, the other machinery or plant was provided, and

(iii) that contracts for the provision of a substantial proportion of the assets required for the fulfilment of that purpose had been entered into before the district ceased to be a development district.

(8) In this section—

" industrial purposes " means the purposes of a trade, or a part of a trade, which—

(a) is carried on in a mill, factory or other similar premises, or

(b) consists in the carrying on of a dock, water, electricity or hydraulic power undertaking (as defined by section 271(5) of the Act of 1952) or a gas, transport, inland navigation, tunnel or bridge undertaking, or

(c) consists in the manufacture of goods or materials or the subjection of goods or materials to any process, not being a process in the construction or erection of a building or structure, or

(d) consists in the storage—

(i) of goods or materials which are to be used in the manufacture of other goods or materials, or

(ii) of goods or materials which are to be subjected, in the course of a trade, to any process, or

(iii) of goods or materials which, having been manufactured or produced or subjected, in the course of a trade, to any process, have not yet been delivered to any purchaser, or

(iv) of goods or materials on their arrival by sea or by air into any part of the United Kingdom, or

(e) consists in the working of any mine, oil well or other source of mineral deposits, or

(f) consists in the distribution of hydrocarbon oils by pipe-line;

" mobile equipment " means machinery or plant having its own means of propulsion, or constructed or adapted for being towed, but does not include machinery or plant suitable for use only in or about a building or structure used for industrial purposes or any similar purposes or at a source of mineral deposits ;

" new town " means an area designated under the New Towns Act 1946 as the site of a new town.

39 Annual allowances for new mining expenditure in development districts

(1) Annual allowances under Chapter III (mines, oil wells, etc.) of Part X of the Act of 1952 in respect of capital expenditure incurred after the 3rd April 1963 on new machinery or plant provided for use or used in a development district, or on the construction of any works in a development district, shall, instead of being computed by applying the fraction specified in section 307 of the Act of 1952 to the residue of the expenditure (as defined by that section), be of an amount equal to so much of that residue as is specified by the person to whom an allowance is to be made in making his claim to the allowance, and subsection (3) of that section (adjustment where source ceases to be worked) shall not apply:

Provided that the foregoing provisions of this subsection shall not have effect in relation to annual allowances under the said Chapter III falling to be made to a person in respect of any expenditure if he so elects in making his claim to the first of those allowances.

(2) Where a person incurs expenditure on new machinery or plant in connection with a source of mineral deposits, and the machinery or plant is later sold in circumstances such that the person acquiring it is by virtue of section 309(2) of the Act of 1952 deemed to have incurred expenditure in connection with the source, the expenditure so deemed to have been incurred by him shall, so far as it relates to the machinery or plant, be treated for the purposes of the foregoing subsection as capital expenditure

on new machinery or plant incurred by him when the first-mentioned expenditure was incurred.

(3) Subsections (5), (6) and (7) of the foregoing section shall apply for the purposes of this section as they apply for the purposes of that section, but so that the said subsection (7) shall apply as if references to machinery or plant included references to works expenditure on the construction of which is expenditure to which the said Chapter III applies, and as if, in the application of paragraph (c) of that subsection to such works, references to a building or structure were omitted.

40 Contributions to expenditure for treatment of trade effluents

(1) Where a sewerage authority in the United Kingdom incurs expenditure on the provision of an asset to be used in the treatment of trade effluents, then, in relation to any contribution of a capital sum made to that expenditure, subsection (3) of section 332 of the Act of 1952 (by virtue of which, in a case where the person receiving a capital sum would, apart from subsection (1) of that section, qualify for capital allowances in respect of his expenditure, the contributor is treated for the purpose of investment, initial and annual allowances as if his contribution had been expenditure on an asset provided for the purposes of his trade) shall apply as if such allowances fell to be made to the sewerage authority in respect of the expenditure as apart from subsection (1) of that section would fall to be made if the asset were to be so used for the purposes of a trade carried on by the sewerage authority.

(2) In this section—

" sewerage authority " means a public body having power under any enactment relating to the public health to construct and maintain sewers ;

" trade effluents " means liquid or other matter discharged into public sewers from premises occupied for the purposes of a trade.

(3) This section shall apply only where the contribution was made, and the expenditure in question was incurred, after the 31st May 1963.

41 Motor cars: amendments as to capital allowances and deductions for hiring

(1) In relation to initial and annual allowances and balancing allowances under Chapter II of Part)(of the Act of 1952 falling to be made for the year 1963-64 and subsequent years, the provisions of the six following subsections shall have effect in substitution for the provisions of subsections (2) to (6) of section 23 of the Finance Act 1961 (capital allowances for vehicles costing over two thousand pounds) in cases where that section would otherwise have applied.

(2) The amount to be allowed by way of initial allowance for any one vehicle shall not exceed six hundred pounds (whether the allowance falls to be made by reference to lump sum expenditure or by reference to the amounts of instalments), the references in paragraph 3(2) of Schedule 14 to the Act of 1952 to seven-tenths of the limit of recharge on the seller having effect accordingly as references to the limit of recharge reduced by six hundred pounds.

(3) The amount of an annual allowance shall not exceed five hundred pounds ; and—

(a) where the amount of an annual allowance, if calculated in accordance with section 281 (normal method of calculating annual allowances) of the Act of 1952, would be reduced by the foregoing provisions of this subsection the allowance shall be so calculated ;

(b) section 291 of that Act (annual allowances where previous use has not attracted full allowances) shall have effect as if at the end of subsection (1) thereof there were added " and in any case where the machinery or plant was not in fact used for the purposes of the trade in the first of those previous years (whether or not the trade was then being carried on) there shall be deemed to have been made to him for that year the maximum allowances permitted by subsections (2) and (3) of section 41 of the Finance Act 1963 ".

(4) Where apart from this subsection a balancing allowance would fall to be made in respect of any vehicle, and the event giving rise to the allowance takes place within the basis period for a year of assessment as respects which the foregoing subsection would operate to reduce the amount of any annual allowance falling to be made in respect of the vehicle, or would so operate but for any provision of the Income Tax Acts (other than this section) reducing annual allowances.—

(a) if the person to whom the balancing allowance would fall to be made proves that as respects the period during which the vehicle has been used for the purposes of his trade the amount (if any) falling to be made to him by way of annual allowances in respect of the vehicle is less than an amount at a rate of five hundred pounds a year, the amount of the balancing allowance shall not exceed the amount of the difference, increased, if any amount which could have been allowed by way of initial allowance was not claimed, by that amount;

(b) in any other case no balancing allowance shall be made unless any amount which could have been allowed by way of initial allowance was not claimed, and if so the balancing allowance shall not exceed that amount.

(5) It is hereby declared that the provisions of the Income Tax Acts (other than this section) which in special circumstances reduce initial or annual allowances, and balancing allowances, apply to allowances after modification by the foregoing provisions of this section ; and in particular—

(a) the reference in section 286 of the Act of 1952 to an annual allowance computed in accordance with the preceding provisions of Chapter II of Part)(of that Act includes a reference to an annual allowance computed in accordance with those provisions and the foregoing provisions of this section;

(b) where, in a case falling within section 293 or the proviso to section 294 of that Act (effect on balancing allowances of part-time use otherwise than for trade purposes, and of subsidies for wear and tear), it is just and reasonable that the foregoing subsection should apply with the substitution for the reference to five hundred pounds of a reference to a smaller amount, that subsection shall so apply, without prejudice to the determination in accordance with the said section 293 or the said proviso whether any balancing allowance falls to be made, or would fall to be made apart from the foregoing subsection.

(6) Where under section 332(1) of the Act of 1952 any part of the expenditure incurred in the provision of a vehicle is to be treated as not having been incurred by a person, or under section 332(3) of that Act a person's contribution to such expenditure is to be treated as expenditure on the provision of a similar vehicle, the foregoing provisions of this section shall have the like effect as if for the references to six hundred and to five hundred pounds there were substituted references to sums which bear the same proportion thereto as the amount of expenditure which is to be treated as having been incurred by the person providing the vehicle, or as the case may be the amount of the contribution, bears to the whole expenditure incurred in the provision of the vehicle.

(7) Section 296(1) of the Act of 1952 (optional treatment of balancing charge in certain cases of replacement) shall not have effect where the vehicle is the new plant referred to in that subsection, and this provision shall apply in relation to balancing charges as well as in relation to initial and annual allowances.

(8) Section 25 of the Finance Act 1961 (which limits the deduction to be made for the cost of hiring a vehicle of which the retail price exceeds two thousand pounds in the proportion which two thousand pounds bears to the retail price) shall have effect in relation to assessments for the year 1963-64 and subsequent years as if after the words " the proportion which two thousand pounds" there were inserted the words " together with one half of the excess ".

(9) Where a person, having on or after the 4th April 1963 hired (otherwise than by way of hire purchase) a vehicle to which section 25 of the Finance Act 1961 applies subsequently becomes the owner thereof, and the retail price of the vehicle at the time it was made exceeded two thousand pounds, then for the purposes of the Income Tax Acts (and in particular this section)—

(a) so much of the aggregate of the payments for the hire of the vehicle and of any payment for the acquisition thereof as does not exceed the retail price of the vehicle at the time it was made shall be treated as capital expenditure incurred in the provision of the vehicle, and as having been incurred when the hiring began, and

(b) the payments to be treated as expenditure on the hiring of the vehicle shall be rateably reduced so as to amount in the aggregate to the balance.

(10) In section 26 of the Finance Act 1961 (provisions as to hire purchase, etc.) subsections (2) and (3) shall cease to have effect.

(11) Paragraph 4 of Schedule 3 to the Finance Act 1957 (additional assessments and adjustments of assessments) shall have effect as if references therein to that Schedule included references to subsection (9) of this section; and any claim for an allowance by virtue of that subsection may be made in connection with the making or adjusting of assessments in pursuance of the said paragraph 4, and whether so made or not may notwithstanding anything in section 323 of the Act of 1952 be made at any time not later than two years after the claimant became the owner of the vehicle.

(12) The said paragraph 4 shall have effect in relation to section 27(3) of the Finance Act 1961 as applied for the purposes of this section as that paragraph had effect in relation to that subsection as originally enacted.

42 Supplemental provisions as to Chapter III

(1) As respects expenditure incurred before the 6th April 1963, a provision of the foregoing sections of this Chapter which applies to that expenditure but is not expressed to apply for the year 1963-64 and subsequent years shall apply for the year 1962-63 as well as subsequent years, and for that purpose there shall be made all such amendments of assessments, additional assessments and repayments of tax as may be necessary.

(2) Expenditure shall not be treated for the purposes of any of the provisions of this Chapter as having been incurred after a date mentioned in those provisions by reason only of section 265(6), 279(2) or 309(1) of the Act of 1952 (which relate to expenditure incurred by a person for the purposes of a trade before he begins to carry it on).

(3) In this Chapter—

" new machinery or plant " means machinery or plant being unused and not secondhand ;

" relevant capital amount " means the amount specified in section 281(1)(a) or, as the case may be, section 282(1)(a) of the Act of 1952 as the amount by reference to which an annual allowance is to be computed.

(4) The provisions of this Chapter (except section 37), so far as they relate to any Chapter of Part)(of the Act of 1952, or to Part)(I of that Act, shall be construed as if contained in that Chapter or in the said Part)(I, as the case may be.

CHAPTER IV

MISCELLANEOUS

43 Co-operative housing associations

(1) Where a housing association makes a claim in that behalf for any year or part of a year of assessment during which the association was approved for the purposes of this section.—

(a) rent to which the association was entitled from its members for the year or part shall be disregarded for income tax purposes, and

(b) any yearly interest payable by the association for the year or part shall be treated for tax purposes as payable not by the association but severally by the members of the association who during the year or part were tenants of property of the association, in the proportion which the rents payable by those members for the year or part bear to the aggregate of the rents to which the association was entitled for the year or part from the properties to which the interest relates.

(2) Where the property, or any of the properties, to which any such interest as aforesaid relates is for any period not subject to a tenancy, paragraph (b) of the foregoing subsection shall not apply in relation to so much of the interest as is attributable to the property not subject to a tenancy, but for the purposes of that paragraph as it applies in relation to a tenant of any other property to which the interest relates the association shall be deemed to have received, in respect of the property not subject to a tenancy, rent at the rate payable therefor when it was last let by the association.

(3) In computing the profits or gains of the association no payments shall be deductible under paragraphs 2 to 4 of Schedule 4 to this Act in so far as attributable to a period as respects which a claim under subsection (1) of this section had effect.

(4) Where a claim under subsection (1) of this section has effect.—

(a) any amount in respect of tax for which a member of the association is liable to account by virtue of the claim shall, if not otherwise recovered, be recoverable from the association, but the association shall be entitled to have recouped to it by the member any amount recovered from it under this paragraph ;

(b) any adjustment of the liability to tax of a member or of the association which is required in consequence of the claim may be made by an additional assessment or by repayment or otherwise, as the case may require.

(5) References in this section to the approval of an association shall be construed as references to approval—

(a) by the Minister of Housing and Local Government, in the case of an association in England or Wales,

(b) by the Secretary of State in the case of an association in Scotland,

(c) by the Minister of Health and Local Government for Northern Ireland, in the case of an association in Northern Ireland;

and an association shall not be approved unless the approving authority is satisfied—

(i) that the association is duly registered under the Industrial and Provident Societies Acts 1893 to 1961 or the Industrial and Provident Societies Acts (Northern Ireland) 1893 to 1963, and is a housing association within the meaning of the Housing Act 1957, the Housing (Scotland) Act 1950 or section 12 of the Housing and Local Government (Miscellaneous Provisions) Act (Northern Ireland) 1946,

(ii) that the rules of the association restrict membership to persons who are tenants or prospective tenants of the association, and preclude the granting or assignment (or in Scotland the granting or assignation) of tenancies to persons other than members, and

(iii) that the association satisfies such other requirements as may be prescribed by the approving authority, and will comply with such conditions as may for the time being be so prescribed.

(6) An approval given for the purposes of this section shall have effect as from such date (whether before or after the giving of the approval) as may be specified by the approving authority, and shall cease to have effect if revoked by him.

(7) The Minister of Housing and Local Government and the Secretary of State as respects England and Wales and Scotland, or the Minister of Health and Local Government for Northern Ireland as respects Northern Ireland, may make regulations for the purpose of carrying out the provisions of this section; and from the coming into operation of regulations under this subsection prescribing requirements or conditions for the purposes of paragraph (iii) of subsection (5) of this section, " prescribed " in that paragraph shall mean prescribed by or under such regulations.

The power to make regulations conferred by this subsection on the Minister of Housing and Local Government and the Secretary of State shall be exercisable by statutory instrument.

(8) The provisions of Schedule 10 to this Act shall have effect in relation to claims under subsection (1) of this section.

(9) As respects the year 1963-64, subsections (1) and (2) of this section shall apply to any other payment for the time being comprised within section 177 of the Act of 1952 as they apply to yearly interest.

44 Exemption from tax on housing grants

Where, under any enactment relating to the giving of financial assistance for the provision, maintenance or improvement of housing accommodation or other residential accommodation, a payment is made to a person by way of grant or other contribution towards expenses incurred or to be incurred by that or any other person,

the payment shall not be treated as a receipt in computing profits or gains for any income tax purposes:

Provided that the foregoing provision shall not apply to a payment in so far as it is made in respect of an expense giving rise to a deduction in computing profits or gains for any income tax purposes.

45 Overseas Trade Corporations: holding companies

A company shall not be prevented from qualifying as an Overseas Trade Corporation by reason only that it has a subsidiary company which is resident in the United Kingdom but is not an Overseas Trade Corporation, and accordingly the proviso to section 23(1) of the Finance Act 1957 shall cease to have effect.

46 Amendment of s. 130 of Act of 1952 (cessations)

(1) Where a trade, profession or vocation is permanently discontinued in the year 1964-65 or any subsequent year of assessment, section 130 of the Act of 1952 (which by paragraph (b) of subsection (1) provides for an additional assessment so as to bring the profits chargeable for the year preceding the year of assessment in which the discontinuance occurs up to the level of the profits of the year ending on the 5th April in that preceding year) shall have effect as if in the said paragraph (b)—

(a) for the reference to the profits or gains of the said year ending on the 5th April there were substituted a reference to the aggregate of the profits or gains (if any) of the years ending on the 5th April in each of the two years preceding the year of assessment in which the discontinuance occurs, and

(b) for the reference to the amount on which a person has been or would have been charged for the preceding year there were substituted a reference to the aggregate of the amounts on which he has been or would have been charged for each of the said two preceding years,

as if for other references in that section to the year preceding the year of assessment in which the discontinuance occurs there were substituted references to each of the two years preceding that year of assessment, and as if references in that section to the making of an additional assessment included references to any other adjustment of a person's liability to tax (whether by the reduction or discharge of an assessment or by repayment).

(2) In accordance with the foregoing subsection, for the references in section 19(4)(b) of the Finance Act 1953 (changes in ownership of trade etc.) and paragraph 2(2) of Schedule 3 to the Finance Act 1954 (permanent discontinuance after certain changes in the persons carrying on a trade) to the end of the year of assessment following that in which the. change occurs there shall be substituted references to the end of the next-but-one year of assessment following that in which the change occurs.

47 Accommodation occupied by holder of office or employment

(1) Where any premises in the United Kingdom are available to the occupier by reason of his or his wife's holding an office or employment, and—

(a) he pays no rent for the premises, or

(b) the rent he pays for them is less than the annual value of the premises, determined in accordance with Schedule 5 to this Act,

the holder of the office or employment shall be treated for the purposes of tax under Schedule E as being in receipt (in addition to any other emoluments) of emoluments at an annual rate equal to the annual value of the premises, determined as aforesaid, reduced by the annual amount of any rent which he pays for them:

Provided that this section shall not apply if the rent is not less than might reasonably be expected to have been obtained at the time when the tenancy was granted, having regard to the terms of the tenancy, and, if at any subsequent time the landlord had the power (whether by terminating the tenancy or otherwise) to obtain a higher rent, the rent is not less than might reasonably be expected to have been obtained as aforesaid at that subsequent time.

(2) Where in the case of any premises any amount falls under the foregoing subsection to be treated as a person's emoluments, then if section 161(1) of the Act of 1952 (taxation of benefits in kind) applies to expense incurred in the provision of accommodation for him in the premises the expense shall be treated for the purposes of that section as reduced by that amount (or, if that amount is greater than the expense, shall be treated as not having been incurred).

(3) Where the occupier of premises holds them under a tenancy from or by the leave of the person from whom he or his wife holds an office or employment or any other person with whom that person is connected, the premises shall be conclusively presumed to be available to him by reason of his or his wife's holding the office or employment; and paragraph 20 of Schedule 9 to the Finance Act 1962 (meaning of " connected person ") shall apply for the purposes of this subsection.

(4) Subsection (1) of this section shall not apply in the case of premises provided by a local authority if the occupier proves that the terms on which he occupies are no more favourable than those on which similar premises provided by that authority are available to persons similarly circumstanced apart from the identity of the employer.

(5) For the purposes of this section any person who under section 163(1) of the Act of 1952 would be a director of a body corporate shall be treated as holding an office from the body corporate.

(6) This section shall apply to an occupier being a woman as it applies to an occupier being a man, with the substitution of " her husband " for " his wife ".

(7) In this section " terms of the tenancy " does not include any obligation imposed on the occupier or his wife in connection with his or her office or employment.

48 Dealers in land: provisions as to purchase and sale of woodlands

(1) In computing for income tax purposes the profits or gains of a trade of dealing in land, so much of the cost of woodlands in the United Kingdom purchased in the course of the trade shall be disregarded as is attributable to trees growing on the land.

(2) Where any amount has been disregarded under the foregoing subsection, and on a subsequent sale of the woodlands in the course of the trade all or any of the trees to which the amount disregarded was attributable are still growing on the land, so much of the price for the land shall be disregarded, in computing the profits or gains of the trade for income tax purposes, as is equal to the amount disregarded under the foregoing subsection in respect of those trees.

(3) References in this section to trees include references to saleable underwood.

(4) This section shall not apply where the purchase was made under a contract entered into before the 1st May 1963.

49 India, Pakistan and Burma pensions

The exemption from income tax conferred by section 40(1) of the Finance Act 1956 in respect of a pension which is paid under the authority of the Pensions (India, Pakistan and Burma) Act 1955 and is the income of a person who satisfies the Commissioners of Inland Revenue that he is not resident in the United Kingdom shall not apply to so much of any such pension as is paid by virtue of the application to the pension of the Pensions (Increase) Act 1959 or the Pensions (Increase) Act 1962, and accordingly the proviso to the said section 40(1) shall be amended by omitting the word " or " and inserting at the end the words " the Pensions (Increase) Act 1959 or the Pensions (Increase) Act 1962 ".

50 Certificates of deduction of tax

(1) Where after the passing of this Act a person makes any payment which is subject to deduction of tax by virtue of section 169 or 170 of the Act of 1952, then if the recipient so requests in writing the payer shall furnish the recipient with a statement in writing showing the gross amount of the payment, the amount of tax deducted and the actual amount paid.

(2) The duty imposed by the foregoing subsection shall be enforceable at the suit or instance of the person requesting the statement.

51 Deduction of tax from certain dividend payments

Paragraph 5 of Schedule C (by which tax on certain half-yearly payments in respect of public revenue dividends which do not exceed fifty shillings is chargeable under Case III of Schedule D and not under Schedule C) shall not apply to payments in respect of any public revenue dividends which are obtained by means of coupons in respect of bonds to bearer or stock certificates; and accordingly that paragraph shall be amended as follows:—

(a) the words from " but subject to" to " stock certificates) " shall be omitted ; and

(b) after the words " the distribution" there shall be inserted the words " (not being a payment obtained by means of a coupon in respect of a bond to bearer or stock certificate) ".

PART III

ESTATE DUTY

52 Extension of exemption for small estates

As respects deaths occurring on or after the 4th April 1963 the scale of rates of estate duty set out in the Seventh Schedule to the Finance Act 1949, as amended by section 32(1) of the Finance Act 1954 and section 27(1) of the Finance Act 1962, shall have effect with the substitution for the entries relating to estates of a principal value not exceeding ten thousand pounds of the following entries:—

"Principal value of estate	*Rate per cent. of duty*
Not exceeding £5,000	Nil
Exceeding £5,000 and not exceeding £6,000	1
Exceeding £6,000 and not exceeding £7,000	2
Exceeding £7,000 and not exceeding £8,000	3
Exceeding £8,000 and not exceeding £10,000	4"

53 Gifts in consideration of marriage

(1) In the case of a person dying after the passing of this Act a disposition purporting to operate as a gift inter vivos shall not be treated for the purposes of section 59(2) of the Finance (1909-10) Act 1910 as a gift made in consideration of marriage—

(a) in the case of an outright gift, if or in so far as it is a gift to a person other than a party to the marriage ;

(b) in the case of any other disposition, if the persons who are or may become entitled to any benefit under the disposition include any person other than—

(i) the parties to the marriage, issue of the marriage, or a wife or husband of any such issue;

(ii) persons becoming entitled on the failure of trusts for any such issue under which trust property would (subject only to any power of appointment to a person falling within sub-paragraph (i) or (iii) of this paragraph) vest indefeasibly on the attainment of a specified age or either on the attainment of such an age or on some earlier event, or persons becoming entitled (subject as aforesa(d) on the failure of any limitation in tail;

(iii) a subsequent wife or husband of a party to the marriage, or any issue, or the wife or husband of any issue, of a subsequent marriage of either party ;

(iv) persons becoming entitled under such trusts, subsisting under the law of England or of Northern Ireland, as are specified in section 33(1) of the Trustee Act 1925 (protective trusts), the principal beneficiary being a person falling within sub-paragraph (i) or (iii) of this subsection, or under such trusts modified by the enlargement, as respects any period during which there is no such issue as aforesaid in existence, of the class of potential beneficiaries specified in paragraph (ii) of the said section 33(1);

(v) persons becoming entitled under trusts subsisting under the law of Scotland and corresponding with such trusts as are mentioned in the foregoing sub-paragraph;

(vi) as respects a reasonable amount by way of remuneration, the trustees of the settlement.

(2) A disposition made by either of the parties to a marriage shall not be prevented from being treated as a gift for the purposes of section 2(1)(c) of the Finance

Act 1894 (description of property deemed to pass on death) by reason only that it is in any way made in consideration of marriage, and references to a gift in the other enactments relating to estate duty (including the foregoing subsection) shall be construed accordingly.

(3) References in this section to issue shall apply as if any person legitimated by a marriage, or adopted by the husband and wife jointly, were included among the issue of that marriage.

(4) This section shall not apply where the disposition was made before the 4th April 1963.

54 Exemption for gifts of land of outstanding scenic, historic or scientific interest

(1) As respects estate duty leviable on or with reference to any death occurring on or after the 4th April 1963, subsections (2) to (4) of section 33 of the Finance Act 1951 (estate duty exemptions in connection with preservation of buildings for public benefit) shall subject to the provisions of this section apply to any gift, devise or bequest of land (with or without buildings thereon) which in the opinion of the Treasury is of outstanding scenic, historic or scientific interest.

(2) In relation to gifts, devises or bequests to which the said subsections apply by virtue of this section they shall have effect subject to the following modifications:—

(a) for references to a house or other building with or without grounds there shall be substituted references to land with or without buildings;

(b) for references to preservation of a house or building there shall be substituted references to preservation of the character of land ;

(c) in subsection (2) the words " and the 1949 section, together with the foregoing subsection of this section " shall be deemed to be omitted;

(d) for paragraph (a) of subsection (3) there shall be substituted—

"the land is of outstanding scenic, historic or scientific interest;"

(e) for the reference in the said subsection (3) to securing reasonable access for the public there shall be substituted a reference to securing reasonable access for the public or prohibiting or restricting access, as may be appropriate to the character of the land.

PART IV

STAMP DUTIES

Reduction of duties

55 Reduced duty on conveyance or transfer on sale

(1) Subject to subsections (2) and (3) below and to the following provisions of this Part of this Act, the stamp duty chargeable under the heading " Conveyance or Transfer on sale " in Schedule 1 to the Stamp Act 1891 shall be charged by reference to the amount or value of the consideration for the sale at the following rates, that is to say—

(a) where the amount or value of the consideration is £4,500 or under and the instrument is certified within the meaning of section 34 of the Finance Act 1958 at £4,500, nil;

(b) where the amount or value of the consideration is £6,000 or under and the instrument is certified as aforesaid at £6,000, the rate specified in column 2 of Part I of Schedule 11 to this Act;

(c) in any other case, the rate specified in column 3 of Part I of that Schedule ;

and any duty chargeable by reference to that heading shall be charged accordingly.

(2) In relation to duty chargeable under or by reference to the said heading as it applies to a conveyance or transfer of stock or marketable securities, and to duty chargeable by reference to that heading by virtue of the heading " Lease or Tack " in the said Schedule 1 in a case where part of the consideration consists of rent and that rent exceeds £50 a year, subsection (1) above shall have effect as if paragraphs (a) and (b), and the words " in any other case " in paragraph (c), were omitted.

(3) Nothing in this section shall affect any enactment imposing an upper limit on the amount of duty chargeable ad valorem.

(4) In subsection (8) of section 34 of the Finance Act 1958 for the words " this section relating to instruments certified at three thousand five hundred pounds " there shall be substituted the words " section 55 of the Finance Act 1963 relating to instruments certified at £4,500 ".

56 Reduced duty on leases

(1) The Table set out in Part II of Schedule 11 to this Act shall be substituted for the Table set out in paragraph (3) of the heading " Lease or Tack " in Schedule 1 to the Stamp Act 1891, and accordingly paragraph (1) of that heading shall be omitted and in paragraph (2)(a) of that heading for £25 there shall be substituted £100.

(2) The duty chargeable under paragraph (2)(a) and paragraph (4) of the said heading shall in all cases be 10s. and £1 respectively.

(3) For the purposes of the said heading a lease granted for a fixed term and thereafter until determined shall be treated as a lease for a definite term equal to the fixed term together with such further period as must elapse before the earliest date at which the lease can be determined; and section 75 of the said Act of 1891 (agreements for leases) shall be construed accordingly.

(4) Section 76, subsections (3) and (4) of section 77 and section 78 of the said Act of 1891 shall cease to have effect.

57 Miscellaneous reductions

(1) The rates of stamp duty chargeable under or by reference to the following headings or parts of headings in Schedule 1 to the Stamp Act 1891, that is to say—

Bond, Covenant or Instrument of any kind whatsoever

Marketable Security, paragraph (1)(b) (security not transferable by delivery)

Mortgage, Bond, Debenture, Covenant and Warrant of Attorney,

and under the following enactments, that is to say—

Stamp Act 1891, sections 114 and 115

Finance Act 1899, section 8

Finance Act 1939, section 37,

shall be those at which the duty would be chargeable if section 52 of the Finance Act 1947 (which doubled the rates) had not been enacted.

(2) The duty chargeable under the heading " Bond of any kind whatsoever not specifically charged with any duty " in the said Schedule shall be calculated as if paragraph (b) of subsection (2) of section 55 of the Finance Act 1947 had not been enacted.

58 Transitional provisions relating to reduction of duty

(1) The duty chargeable under section 115 of the Stamp Act 1891 (composition by local authorities) on any half-yearly account required to be delivered on or within seven days before 1st August 1963 shall be the same as if the account had been delivered on that day; and where any such account has been delivered before the passing of this Act any duty paid thereon in excess of the duty chargeable in accordance with this subsection shall be repaid.

(2) Where delivery of a statement of loan capital for the purposes of section 8 of the Finance Act 1899, which should otherwise have taken place before the said date, has under section 10(2) of the Finance Act 1907 been postponed to that or a later day, the duty chargeable on the statement so far as it relates to capital issued before that date shall be the same as if this Act had not been passed.

(3) Any agreement entered into for the purposes of section 37 of the Finance Act 1939 (composition in respect of colonial stock) before the passing of this Act shall, so far as it relates to payments to be made on or after the said date, have effect as if it provided for the making of those payments at the reduced rate at which duty is chargeable under that section by virtue of this Act.

Bearer Instruments

59 Stamp duty on bearer instruments

(1) In Schedule 1 to the Stamp Act 1891, after the heading "Bank Note" there shall be inserted the following heading:—

BEARER INSTRUMENT

(1) Inland bearer instrument (other than deposit certificate for overseas stock).	Duty of an amount equal to three times the transfer duty.
(2) Overseas bearer instrument (other than deposit certificate for overseas stock or bearer instrument by usage).	Duty of an amount equal to twice the transfer duty.
(3) Instrument excepted from paragraph (1) or (2) of this heading.	Duty of 6d. for every £25 or part of £25 of the market value.

"EXEMPTIONS

1. Instrument constituting, or used for transferring, stock which is exempt from all stamp duties on transfer by virtue of General Exemption (1) in this Schedule or of any other enactment.
2. Bearer letter of allotment, bearer letter of rights, scrip, scrip certificate to bearer or other similar instrument to bearer where the letter, scrip, certificate or instrument is required to be surrendered not later than six months after issue.
3. Renounceable letter of allotment, letter of rights or other similar instrument where the rights under the letter or instrument are renounceable not later than six months after the issue of the letter or instrument.

(4) Inland or overseas bearer instrument given in substitution for a like instrument duly stamped ad valorem (whether under this heading or not).	Duty of 6d.”;

“EXEMPTIONS

1. Instrument constituting, or used for transferring, stock which is exempt from all stamp duties on transfer by virtue of General Exemption (1) in this Schedule or of any other enactment.
2. Bearer letter of allotment, bearer letter of rights, scrip, scrip certificate to bearer or other similar instrument to bearer where the letter, scrip, certificate or instrument is required to be surrendered not later than six months after issue.
3. Renounceable letter of allotment, letter of rights or other similar instrument where the rights under the letter or instrument are renounceable not later than six months after the issue of the letter or instrument.

and paragraph (1)(a) and (c) and paragraphs (3) and (4) of the heading " Marketable Security" and the whole of the heading " Share Warrant and Stock Certificate to Bearer " in that Schedule shall be omitted, and sections 4, 5(1) and 6 of the Finance Act 1899 shall cease to have effect.

(2) For the purposes of the heading set out in subsection (1) above—

(a) " inland bearer instrument " means any of the following instruments issued by or on behalf of any company or body of persons corporate or unincorporate formed or established in the United Kingdom, that is to say—

(i) any marketable security transferable by delivery;

(ii) any share warrant or stock certificate to bearer and any instrument to bearer (by whatever name called) having the like effect as such a warrant or certificate;

(iii) any deposit certificate to bearer;

(iv) any other instrument to bearer by means of which any stock can be transferred ;

(b) " overseas bearer instrument" means an instrument issued otherwise than by or on behalf of any such company or body of persons as is mentioned in paragraph (a) above, being an instrument described in sub-paragraphs (i) to (iv) of that paragraph or a bearer instrument by usage;

(c) " deposit certificate " means an instrument acknowledging the deposit of stock and entitling the bearer to rights (whether expressed as units or otherwise) in or in relation to the stock deposited or equivalent stock; and " deposit certificate for overseas stock" means a deposit certificate in respect of stock of any one company or body of persons not being such a company or body as is mentioned in paragraph (a) above;

(d) " bearer instrument by usage " means an instrument not described in the said sub-paragraphs (i) to (iv) which is used for the purpose of transferring the right to any stock, being an instrument delivery of which is treated by usage as sufficient for the purpose of a sale on the market, whether that delivery constitutes a legal transfer or not;

and section 82 of the Stamp Act 1891 (meaning of " marketable security ") shall not apply.

(3) For the purposes of the said heading " the transfer duty " means the duty which would be chargeable under the heading " Conveyance or Transfer on sale " in the said Schedule 1 in respect of an instrument in writing transferring the stock constituted by

or transferable by means of the inland or overseas bearer instrument in question for a consideration equal to the market value of that stock.

(4) For the purposes of this section and the two next following sections, " stock" includes securities, and references to stock include references to any interest in, or in any fraction of, stock or in any dividends or other rights arising out of stock and any right to an allotment of or to subscribe for stock; " transfer " includes negotiation and " transferable ", " transferred " and " transferring " shall be construed accordingly; and a bearer instrument by usage used for the purpose of transferring the right to any stock shall be treated as transferring that stock on delivery of the instrument, and as issued by the person by whom or on whose behalf it was first issued, whether or not it was then capable of being used for transferring the right to the stock without execution by the holder.

(5) Section 44 of the Finance Act 1944 (repayment of transfer duty in case of securities transferable by delivery) shall cease to have effect.

60 Payment of duty

(1) Duty under the heading set out in subsection (1) of section 59 of this Act shall be chargeable on issue in the case of the following instruments, that is to say—

(a) any instrument issued in Great Britain; and

(b) any instrument issued by or on behalf of a company or body of persons corporate or unincorporate formed or established in Great Britain, not being a foreign loan security;

and for the purposes of this subsection " foreign loan security " means a security issued outside the United Kingdom in respect of a loan which is expressed in a currency other than sterling and is neither offered for subscription in the United Kingdom nor offered for subscription with a view to an offer for sale in the United Kingdom of securities in respect of the loan.

(2) Duty under the said heading in respect of any instrument not chargeable under subsection (1) above shall be chargeable on transfer in Great Britain of the stock constituted by or transferable by means of the instrument :

Provided that the duty chargeable by virtue of this subsection on the transfer of stock shall be chargeable only where duty would be chargeable under or by reference to the heading " Conveyance or Transfer on sale " in Schedule 1 to the Stamp Act 1891 if the transfer were effected by an instrument not being a bearer instrument.

(3) Any instrument which is chargeable under the said heading on issue shall, before being issued, be produced to the Commissioners (together with such particulars in writing of the instrument as the Commissioners may require) and shall be deemed to be duly stamped if, and only if, it is stamped with a particular stamp denoting that it has been produced to the Commissioners; and within six weeks of the date on which any such instrument is issued, or such longer time as the Commissioners may allow, a statement in writing containing the date of issue and such further particulars as the Commissioners may require in respect of that instrument shall be delivered to the Commissioners, and the duty chargeable in respect of that instrument shall be paid to the Commissioners on delivery of that statement or within such longer time as the Commissioners may allow.

(4) If default is made in complying with subsection (3) above in respect of any instrument, the person by whom or on whose behalf the instrument is issued, and any person who

acts as the agent of that person for the purposes of the issue, shall be liable to a fine not exceeding the aggregate of £50 and an amount equal to the stamp duty chargeable in respect of that instrument, and shall also be liable to pay to Her Majesty the duty chargeable in respect of that instrument and interest on the duty at the rate of five per cent. per annum from the date of the default.

(5) Where any instrument which is chargeable under the said heading on transfer of the stock constituted by or transferable by means of the instrument is presented to the Commissioners for stamping, the person presenting it, and the owner of the instrument, shall furnish to the Commissioners such particulars in writing as they may require for determining the amount of duty chargeable on that instrument.

(6) Any person who in Great Britain transfers, or is concerned as broker or agent in transferring, any stock by or by means of any such instrument as is mentioned in subsection (5) above shall, if the instrument is not duly stamped, be liable to a fine not exceeding the aggregate of £50 and an amount equal to the stamp duty chargeable in respect of that instrument, and shall also be liable to pay to Her Majesty the duty chargeable in respect of that instrument and interest on the duty at the rate of five per cent. per annum from the date of the transfer in question.

(7) If any person, in furnishing particulars under this section in respect of any instrument, wilfully or negligently furnishes any particulars which are false in any material respect, he shall be liable to a fine not exceeding the aggregate of £50 and an amount equal to twice the amount by which the stamp duty which ought to be charged in respect of that instrument exceeds the stamp duty paid in respect thereof.

(8) Where any such instrument as is mentioned, in subsection (5) above has been stamped ad valorem or with a stamp indicating that it is chargeable under paragraph (4) of the said heading and with the duty specified in that paragraph, that instrument shall be deemed for all purposes other than subsection (7) above to have been duly stamped.

(9) Any instrument which is deemed to be duly stamped by virtue of subsection (3) or (8) of this section shall be deemed to be duly stamped in Northern Ireland, and any instrument which is deemed to be duly stamped by virtue of the corresponding provisions in force in Northern Ireland shall be deemed to be duly stamped in Great Britain.

61 Ascertainment of market value

(1) In relation to an instrument which is chargeable on issue, the market value of the stock constituted by or transferable by means of that instrument shall be taken for the purposes of section 59 of this Act to be—

(a) where the stock was offered for public subscription (whether in registered or in bearer form) within twelve months before the issue of the instrument, the amount subscribed for the stock ;

(b) in any other case, the value of the stock on the first day within one month after the issue of the instrument on which stock of that description is dealt in on a stock exchange in the United Kingdom or, if stock of that description is not so dealt in, the value of the stock immediately after the issue of the instrument.

(2) In relation to an instrument which is chargeable on transfer of the stock constituted by or transferable by means of that instrument, the market value of that stock shall be taken for the purposes of the said section 59 to be the value of that stock—

(a) in the case of a transfer pursuant to a contract of sale, on the date when the contract is made;

(b) in any other case, on the day preceding that on which the instrument is presented to the Commissioners for stamping, or, if it is not so presented, on the date of the transfer.

Miscellaneous

62 Commonwealth stock

(1) In Schedule 1 to the Stamp Act 1891, the heading " Conveyance or Transfer whether on sale or otherwise " (which relates to Canadian and colonial stock) shall be omitted, and any transfer of stock to which that heading applied shall be chargeable with stamp duty under the heading appropriate to a like transfer of other stock.

(2) The rate of stamp duty chargeable under or by reference to the heading " Conveyance or Transfer on sale" in the said Schedule in respect of a transfer of' commonwealth government stock shall be one quarter of the rate of duty which would be chargeable under that heading apart from this subsection, except that where the amount or value of the consideration does not exceed £5 the duty shall be 3d.

(3) Section 37 of the Finance Act 1939 shall apply to all commonwealth government stock including any such stock which is constituted by or transferable by means of overseas bearer instruments within the meaning of the heading set out in section 59(1) of this Act; and accordingly—

(a) the reference in subsection (1)(b) of the said section 37 to the stamp duty which would be payable on transfers of the stock shall include a reference to the stamp duty which would be payable in respect of such instruments ; and

(b) any such instrument to which an agreement made under that section applies and which would otherwise be chargeable to stamp duty shall be exempt from that duty:

Provided that nothing in this section shall be taken as affecting any agreement made under that section before the commencement of this Part of this Act.

(4) In sections 82 and 83 of the Stamp Act 1891 (marketable securities) for the word " colonial " wherever it occurs, there shall be substituted the word " commonwealth ".

(5) Section 2 of the Indian Securities Act 1860 (exemption for certain India stock) and section 28 of the Finance Act 1936 (India stocks and securities to be treated as colonial stock) are hereby repealed.

(6) In this section " commonwealth government stock " means stock or marketable securities issued by the government of any country or territory within the commonwealth outside the United Kingdom, and in section 82 of the Stamp Act 1891, as amended by this section, references to a commonwealth government, municipal body, corporation or company are references to the government of, or a municipal body, corporation or company established under the law of, any such country or territory.

63 Securities for annual and other payments

In determining whether an instrument is—

(a) the only, principal or primary security for any annuity or for any sum or sums of money within the meaning of paragraph (1) of the heading " Bond, Covenant or Instrument of any kind whatsoever " in Schedule 1 to the Stamp Act 1891; or

(b) the only, principal or primary security for the payment or repayment of money within the meaning of paragraph (1) of the heading " Mortgage, Bond, Debenture, Covenant and Warrant of Attorney " in that Schedule,

no account shall be taken of any other instrument which is a security for the same annuity, sum or sums, or for the same payment or repayment, as the case may be, or for any part thereof, unless that other instrument is chargeable with stamp duty under either of the said paragraphs and is duly stamped.

64 Gifts in consideration of marriage

For the purposes of section 74(5) of the Finance (1909-10) Act 1910 (stamp duty on conveyances and transfers not for valuable consideration) marriage shall not be deemed to be the consideration for a conveyance or transfer except in so far as the conveyance or transfer is a disposition such as, in the case of a person dying after the passing of this Act, would be treated for estate duty purposes as a gift made in consideration of marriage.

65 Miscellaneous exemptions

(1) Any instrument which is exempt from duty under the heading set out in section 59(1) of this Act by virtue of exemption 3 in that heading or would be so exempt if it were otherwise chargeable under that heading shall be exempt from stamp duty under or by reference to the heading " Conveyance or Transfer on sale " in Schedule 1 to the Stamp Act 1891.

(2) In Part VII of the Finance Act 1946, and in section 30 of the Finance Act 1962, the references to a unit trust scheme shall be deemed not to include references—

(a) to any common investment scheme under section 22 of the Charities Act 1960; or

(b) to any unit trust scheme the units in which are, under the terms of the trust instrument relating to the scheme, required to be held only by bodies of persons established for charitable purposes only or trustees of trusts so established.

(3) No stamp duty shall be chargeable in respect of any form of application for legal aid under the Legal Aid and Advice Acts 1949 and 1960 or the Legal Aid (Scotland) Acts 1949 and 1960, or in respect of any form relating to the offer and acceptance of a certificate pursuant to an application for legal aid under those Acts.

66 Composition for stamp duty on local authorities' securities

(1) The Commissioners may enter into an agreement with any local authority for the composition, in accordance with the following provisions of this section, of the stamp duty chargeable under the heading " Marketable Security" or " Mortgage, Bond, Debenture, Covenant and Warrant of Attorney " in Schedule 1 to the Stamp Act 1891 on such securities issued by the local authority as may be specified in the agreement.

(2) Any such agreement shall require the local authority to deliver to the Commissioners periodical accounts giving such particulars of the instruments to which the agreement relates as may be specified in the agreement, and may contain such other terms and conditions as the Commissioners think proper.

(3) Where an agreement has been entered into under this section between the Commissioners and any local authority, any instrument to which the agreement relates and which contains a statement that the appropriate stamp duty has been or will be paid to the Commissioners in accordance with the provisions of this section shall not be chargeable with any stamp duty, but the aggregate of the sums which, but for the provisions of this subsection, would have been chargeable by way of stamp duty on any such instruments issued during the period to which any account delivered under the agreement relates shall, by way of composition, be paid by the local authority to the Commissioners on the delivery of the account.

(4) If a local authority makes default in delivering any account required by any such agreement or in paying the duty payable on the delivery of any such account, the local authority shall be liable to a fine not exceeding £50 for every day during which the default continues and shall also be liable to pay to Her Majesty, in addition to the duty, interest thereon at the rate of five per cent. per annum from the date when the default begins.

(5) For the purposes of the headings mentioned in subsection (1) of this section, any instrument in respect of which stamp duty is paid by way of composition under this section shall be deemed to be duly stamped; and for the purposes of section 8(3) of the Finance Act 1899 the stamp duty payable in respect of any such instrument shall be deemed to have been paid.

(6) In this section " local authority " means a local authority within the meaning of the Local Government Act 1933 (not being a parish council), a local authority within the meaning of the London Government Act 1939, the Common Council of the City of London and, in Scotland, the council of a county, th3 town council of a burgh and a district council.

67 Prohibition of circulation of blank transfers

(1) Where a transfer in blank relating to registered stock of any description has been delivered, pursuant to a sale of that stock, to or to the order of the purchaser or any person acting on his behalf, any person who in Great Britain parts with possession of that transfer, or who removes it or causes or permits it to be removed from Great Britain, before it has been duly completed shall be liable to a fine not exceeding the aggregate of £50 and an amount equal to twice the stamp duty chargeable in respect of that transfer.

(2) For the purposes of this section "transfer in blank" means a transfer in which the name of the transferee has not been inserted, and a transfer shall be treated as duly completed if, and only if, the name of the transferee is inserted therein, being the name of—

(a) the purchaser of the stock under the sale ;

(b) a person entitled to a charge upon the stock for money lent to that purchaser ;

(c) a nominee holding as a bare trustee for that purchaser or for any such person as is mentioned in paragraph (b) above; or

(d) a person acting as the agent of that purchaser for the purposes of the sale.

(3) The foregoing provisions of this section shall apply in relation to a transfer delivered by way of or pursuant to a voluntary disposition inter vivos, being a transfer to which section 74 of the Finance (1909-10) Act 1910 applies, as they apply in relation to a transfer delivered pursuant to a sale, and as if for any reference to the purchaser there were substituted a reference to the person (in this section referred to as the donee) to whom the disposition is made.

(4) In this section references to stock shall be construed in accordance with subsection (4) of section 59 of this Act, and " transfer " includes any instrument used for transferring stock ; but nothing in this section applies—

(a) to any instrument which is chargeable with duty under paragraph (3) of the heading " Bearer Instrument " set out in subsection (1) of that section and is duly stamped; or

(b) to any instrument which is exempt from duty by virtue of exemption 3 in that heading, or would be so exempt if it were otherwise chargeable under that heading.

(5) References in this section to the purchaser or donee of any stock include references to any person to whom the rights of the purchaser or donee are transmitted by operation of law; and in relation to a transfer chargeable with duty in accordance with section 58(4) or (5) of the Stamp Act 1891 (transfers to sub-purchasers) references in this section to the purchaser and a sale shall be construed as references to the sub-purchaser and a sub-sale.

(6) This section shall come into force on such date as the Treasury may by order made by statutory instrument direct.

PART V

MISCELLANEOUS

68 Abolition of land tax

(1) All properties which remained chargeable to land tax until the end of the land tax year 1962-63 shall be exonerated from land tax after the end of that year.

(2) As respects land tax for the land tax year 1962-63 and for earlier years, and all other matters—

(a) the functions of the Land Tax Commissioners shall be transferred to the Commissioners for the general purposes of the income tax for the respective divisions in which the properties are situated,

(b) the functions of collectors of land tax shall be transferred to the collectors of taxes ;

and the offices of Land Tax Commissioner, clerk to Land Tax Commissioners and collector of land tax shall be abolished. This subsection shall come into force on the 1st October 1963.

(3) This section shall not affect any compulsory redemption of land tax under section 39 of the Finance Act 1949 where the date on which the property became liable to redemption was a date falling on or before the 24th March 1963.

(4) In this section " land tax year" means a period of twelve months ending with the 24th March.

69 Profits tax provisions in connection with Part II of this Act

(1) Where under any of the provisions of sections 22 to 25 of this Act a person has become chargeable to income tax on any amount, the amount shall be treated for the purposes of the profits tax as if it had been received by him, on the date by reference 'to which it is so chargeable to income tax, as income from an investment:

Provided that where the person chargeable is a body corporate the said amount shall be treated for the purposes of section 42(5)(b) of the Finance Act 1938 (by virtue of which rent paid to one body corporate by another associated with it is excepted from the charge to profits tax) as rent paid to the body corporate by the person making the payment in respect of which the amount became chargeable or, where it became chargeable under section 22(2) of this Act, by the tenant on whom the obligation there referred to was imposed ; but in determining whether the said section 42 (5)(b) applies to an instalment as respects which a claim under section 22(6) of this Act has effect the relationship between the person paying and the person receiving the instalment shall be taken to be that subsisting when the transaction in respect of which the instalment is payable was entered into.

(2) Schedule 9 to this Act, as applied (by virtue of section 20(1) of the Finance Act 1937) in computing the profits arising from a trade or business for purposes of the profits tax, shall have effect as if proviso (b) to paragraph 4 were omitted, and no deduction shall be allowed under that Schedule in computing any such profits for those purposes if the amount by reference to which the deduction would be made, or instalments of the payment in respect of which that amount arose, is or are excluded, by virtue of the proviso to the foregoing subsection, in computing profits for those purposes.

(3) As respects expenditure incurred before the 6th April 1963, the provisions of Chapter III of Part II of this Act shall in relation to the profits tax have effect for accounting periods ending before or at the passing of this Act as well as accounting periods ending after the passing thereof, and for that purpose there shall be made all such amendments of assessments, additional assessments and repayments of tax as may be necessary.

(4) Schedule 8 to the Finance Act 1947 shall have effect as if allowances under section 37 of this Act were included among the allowances referred to in paragraph 1(1) of that Schedule (which specifies certain income tax allowances which are to be made also for the purposes of the profits tax), and as if charges under that section were included among the charges referred to in paragraph 2(1) of the said Schedule 8 (which specifies certain income tax charges which are to be so made).

(5) Where rent to which a housing association was entitled for any period is by virtue of a claim made under section 43 of this Act to be disregarded for income tax purposes the rent, together with any expenses incurred by the association in the period, shall be disregarded for purposes of the profits tax, but if the claim has effect by reason of a direction under the proviso to paragraph 2(1) of Schedule 10 to this Act and the direction is subsequently revoked, the liability of the association to profits tax for all relevant chargeable accounting periods shall be adjusted by the making of assessments or additional assessments or otherwise.

(6) An amount which by virtue of section 44 of this Act is to be excluded in computing profits or gains for any income tax purposes shall also be excluded in computing profits for purposes of the profits tax.

(7) This section shall be construed as one with Part III of the Finance Act 1937 and the other enactments relating to the profits tax.

70 Exchequer advances under Finance Act 1956, s. 42

(1) The power conferred by section 42 of the Finance Act 1956 to advance to the bodies to which that section applies (namely the Electricity Council, the Scottish Electricity Boards and the Gas Council) any sums which those bodies would have power to borrow by the issue of stock shall be exercisable up to the end of August 1965, subject to the limits for the time being prescribed by law on the amounts outstanding in respect of sums borrowed by those bodies and subject to the following limitations—

(a) the aggregate of the advances made under that section up to the end of August 1964 shall not exceed £3,280 million;

(b) no advances shall be made under that section during the subsequent year unless provision has been made by order of the Treasury fixing a maximum amount for the aggregate of the advances to be made under that section up to the end of that year.

(2) An order under this section shall not have effect unless approved by a resolution of the Commons House of Parliament.

(3) The power conferred by this section to make an order shall be exercisable by statutory instrument, and shall include power to vary or revoke an order.

(4) Section 78 of the Finance Act 1960 shall cease to have effect.

71 Further provision for bearer bonds in respect of government securities

(1) Subject to section 10 of the Exchange Control Act 1947, and to regulations under this section, any person who is registered as the holder of any government security to which this section applies shall be entitled at his option to a bearer bond in lieu of the whole or any part of his holding; and the holder of such a bond shall be entitled, upon surrender of the bond, to be registered as the holder of the security represented by the bond.

(2) This section applies to government securities being stock to which Part V of the National Debt Act 1870 applies at the commencement of this Act, or securities of such other descriptions as may be prescribed by order of the Treasury.

(3) The Treasury may make regulations, in respect of all or any descriptions of government securities for which bearer bonds are available, whether by virtue of this section or by virtue of the terms of issue of the securities, for regulating the issue of bearer bonds and of coupons for the payment of dividends thereon; and such regulations may make provision—

(a) for any matters (other than income tax) for which provision is made at the commencement of this Act by Part V of the National Debt Act 1870 or by regulations under the said Part V in relation to stock subject to that Part;

(b) for any incidental, supplementary or transitional matters relating to such bonds or coupons, and to transactions connected therewith, for which it appears to the Treasury to be necessary or expedient to provide:

Provided that nothing in such regulations, so far as applicable to securities in respect of which bearer bonds are available by virtue of the terms of issue, shall take away or abridge any rights conferred on the holders by those terms.

(4) Any power of the Treasury to make orders or regulations under this section shall be exercisable by statutory instrument; and any statutory instrument made by virtue of this section shall—

(a) in the case of an order under subsection (2), be laid before Parliament after being made; and

(b) in the case of regulations under subsection (3), be subject to annulment in pursuance of a resolution of either House of Parliament.

(5) In this section " government securities " means securities of any description comprised in the definition of " government stock " in section 15 of the National Debt Act 1958.

(6) Part V of the National Debt Act 1870 shall cease to have effect, as from such date as may be prescribed by regulations under this section, except so far as it applies to stock certificates and coupons issued thereunder and outstanding on that date.

72 Redemption of guaranteed land stock

(1) The whole of the stock created under the Purchase of Land (Ireland) Act 1891 (which authorised the making of advances under the Land Purchase Acts by means of the issue of stock) shall be redeemed on such date as the Treasury may fix by notice published in the London and Belfast Gazettes, and in such other manner as the Treasury may think appropriate, not less than three months before that date and, subject to section 2(2) of the National Debt (Conversion) Act 1888 as applied by section 1(2) of the said Act of 1891, and subject to Schedule 3 to the Finance Act 1921 (which contains general provisions relating to the redemption of Government stock), the manner in which the redemption is carried out shall be such as may be determined by the notice.

(2) The sums required to be applied in redeeming the stock shall be met out of the funds (including the net proceeds of the sale of investments) standing to the credit of the Sinking Fund established under section 1(2) of the said Act of 1891.

(3) Any part of the funds standing to the credit of the said Sinking Fund not applied in redeeming the stock shall be paid into the Exchequer and the said Sinking Fund shall be wound up.

(4) All liabilities shall be extinguished in respect of any instalment of any annuity for the repayment of an advance made by the issue of stock redeemed under this section, being an instalment which would, but for the provisions of this subsection, fall due on or after the date fixed by the Treasury under this section ; and subsections (2) and (3) of section 26 of the Government of Ireland Act 1920 (under which sums are payable out of the Exchequer of the United Kingdom the amounts of which depend on the amounts of the purchase annuities which are payable annually, or which would be so payable if they had not been redeemed) shall have effect accordingly.

(5) The National Debt Commissioners shall prepare an account in such form as the Treasury may determine showing the sums applied in redeeming stock under this section and the disposition of the funds standing to the credit of the said Sinking Fund,

and shall send the account to the Comptroller and Auditor General not later than six months after the date fixed by the Treasury under this section; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.

73 Short title, commencement, construction, extent, amendments and repeals

(1) This Act may be cited as the Finance Act 1963.

(2) Part IV of this Act (except section 67) shall come into force on the 1st August 1963.

(3) "The Act of 1952" in Part I of this Act means the Customs and Excise Act 1952, and in Part II of this Act means the Income Tax Act 1952.

(4) Part I of this Act shall be construed as one with the Customs and Excise Act 1952; Part II shall be construed as one with the Income Tax Acts; Part III shall be construed as one with the Finance Act 1894 ; and Part IV shall be construed as one with the Stamp Act 1891.

(5) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment, including this Act.

(6) Such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.

(7) In consequence of, or otherwise in connection with, the enactment of Chapter II of Part II of this Act—

(a) the enactments mentioned in Part I of Schedule 12 to this Act shall have effect, in relation to tax for the year 1964-65 and subsequent years and, where so provided in that Schedule, in relation to tax for the year 1963-64, subject to the modifications there set out, and the enactments mentioned in Part II of that Schedule shall have effect subject to the modifications there set out and in accordance with any provision there made as to the operation of those modifications ;

(b) the enactments mentioned in Parts I, II and III of Schedule 13 to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, but subject as respects the repeals contained in each Part to any provision made at the end of that Part as to the effect of those repeals ;

(c) the enactments mentioned in Part IV of Schedule 13 to this Act are hereby repealed, to the extent mentioned in the second column of that Part, from the date or, as the case may be, as respects the matters specified in relation thereto in the third column of that Part.

(8) The enactments mentioned in Schedule 14 to this Act—

(a) so far as they are mentioned in Part I of that Schedule are hereby repealed to the extent mentioned in the second column of that Part as from the date specified in relation thereto in the third column of that Part;

(b) so far as they are mentioned in any other Part of that Schedule are hereby repealed to the extent mentioned in the third column of that Part,

but subject as regards the repeals contained in any Part of that Schedule to any provision in relation thereto made at the end of that Part.

(9) The provisions of Schedules 13 and 14 to this Act as to the operation or effect of repeals contained in those Schedules are without prejudice to the provisions of section 38(2) of the Interpretation Act 1889.