



Finance Act 1963

1963 CHAPTER 25

PART II

INCOME TAX

CHAPTER II

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

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.

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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—

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- (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 so 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.

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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

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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.