



# Finance Act 1966

## 1966 CHAPTER 18

### PART VII

#### MISCELLANEOUS

##### **45 Harbour reorganisation schemes: corporation tax and stamp duty.**

- (1) Where, after the passing of this Act, the trade of any body corporate other than a limited liability company is transferred to a harbour authority by or under a certified harbour reorganisation scheme which provides also for the dissolution of the transferor—
  - (a) for the purposes of the Corporation Tax Acts, the trade shall not be treated as permanently discontinued, nor shall a new trade be treated as set up and commenced;
  - (b) the transferee shall be entitled to relief from corporation tax under section 58(1) of the Finance Act 1965, as for a loss sustained by it in carrying on the transferred trade or any trade of which it comes to form part, for any amount which, if the transferor had continued to carry it on, would have been available to the transferor for carry forward against chargeable profits of succeeding accounting periods, but subject to any claim made by the transferor under section 58(2) of that Act; and
  - (c) Schedule 12 to this Act (which contains further provisions as to the application of the Corporation Tax Acts) shall also have effect.
- (2) Where, after the passing of this Act, a part only of such a trade is transferred to a harbour authority by or under a certified harbour reorganisation scheme, and the transferor continues to carry on the remainder of the trade, or any such trade is, by or under a certified harbour reorganisation scheme which provides also for the dissolution of the transferor, transferred in parts to two or more harbour authorities, the provisions of paragraphs (a) and (b) of the foregoing subsection and of Schedule 12 to this Act shall apply as if the transferred part, or each of the transferred parts, had been at all times a separate trade.
- (3) Where a part of any trade is to be treated by virtue of subsection (2) above as having been a separate trade over any period there shall be made any necessary adjustments

of accounting periods, and such apportionments as may be just of receipts, expenses, allowances or charges.

(4) Where the trade carried on by any body corporate was, by or under a certified harbour reorganisation scheme, transferred to a harbour authority in the year 1965-66—

- (a) the change effected by the transfer shall be treated as one in respect of which the conditions specified in section 17(1) of the Finance Act 1954 (company reconstructions etc. without change of ownership) were satisfied, and Schedule 3 to that Act shall apply accordingly ;
- (b) for all purposes of corporation tax the transferee and all other persons affected shall be treated as if the transferee had carried on the trade from the end of the basis period for that year of the trade as carried on by the transferor, and as if anything done to or by the transferor in carrying on the trade since the end of that period had been done to or by the transferee; and
- (c) subsection (1)(b) above, and paragraph 4 of Schedule 12 to this Act, shall apply.

(5) Where a certified harbour reorganisation scheme contains provision for the transfer of an undertaking, or of any other description of property, to a harbour authority, then, in considering whether any and if so what duty is payable under section 12 of the Finance Act 1895 (which relates to the stamp duty payable in connection with certain statutory conveyances), the consideration for the transfer shall be left out of account; and no stamp duty shall be payable on any contract or agreement for any such transfer if the contract or agreement is conditional on the making and certification of a harbour reorganisation scheme.

(6) In this section—

- " harbour authority " has the same meaning as in the Harbours Act 1964;
- " harbour reorganisation scheme " means any statutory provision providing for the management by a harbour authority of any harbour or group of harbours in the United Kingdom, and " certified ", in relation to any harbour reorganisation scheme, means certified by a Minister of the Crown or Government department as so providing with a view to securing, in the public interest, the efficient and economical development of the harbour or harbours in question;
- " limited liability company " means a company having a limit on the liability of its members ;
- " statutory provision " means any enactment, or any scheme, order or other instrument having effect under an enactment, and includes an enactment confirming a provisional order;

and in this section and in Schedule 12 to this Act " transferor ", in relation to any trade, means the body from whom the trade is transferred, whether or not the transfer is effected by that body.

(7) This section, except so far as it relates to stamp duties, shall be construed as one with the Corporation Tax Acts.

#### **46 Stamping of contract notes etc.**

(1) The Commissioners may enter into an agreement with any person by whom instruments chargeable with stamp duty by virtue of section 77 or 79 of the Finance (1909-10) Act 1910 are made and executed in the course of that person's business whereby—

- (a) that person pays a sum to the Commissioners on account of the amounts of stamp duty which will become chargeable on such instruments thereafter made and executed by or on behalf of that person without the duty thereon being denoted in accordance with section 78(4) of that Act; and
  - (b) in substitution for the requirements of the said section 78(4), but subject to—
    - (i) compliance with such terms and conditions as the Commissioners may think proper to cause to be contained in the agreement; and
    - (ii) the aggregate of those amounts not exceeding the sum so paid on account,
- any such instrument thereafter so made and executed may be marked by or on behalf of that person with such indication of the payment of stamp duty and the amount thereof as the Commissioners may require.
- (2) Any such instrument marked in accordance with any such agreement as aforesaid shall be treated as duly stamped for the purposes of subsection (2) of section 78 of the said Act of 1910; and the reference in subsection (3) of that section to the provisions of that section shall be construed as a reference to those provisions as modified by any such agreement.
  - (3) Where, under any such agreement as aforesaid, a sum has been paid to the Commissioners in accordance with subsection (1)(a) of this section by the other party to the agreement, the Commissioners may, on a claim made not later than two years after that sum was so paid, repay so much of that sum as they are satisfied can no longer be required for discharging any future liability of that other party to pay amounts of stamp duty.
  - (4) Except in so far as the context otherwise requires, any reference in sections 9 and 10 of the Stamp Duties Management Act 1891 (which relate to allowances for spoiled stamps) to a stamp shall include a reference to any such indication of the payment and amount of stamp duty as is referred to in subsection (1)(b) of this section.

**47 Stamp duty on life policies not exceeding two years.**

- (1) The maximum amount chargeable by way of stamp duty on any policy of life insurance made on or after 1st August 1966 for a period not exceeding two years shall be sixpence.
- (2) For the purposes of this section, a policy shall be treated as made for a period exceeding two years if it contains any provision whereby it may become available for a period exceeding two years in all.
- (3) Where, at any time after the making of a policy on which the duty chargeable would, but for subsection (1) above, have exceeded sixpence, the policy is varied so that it becomes or may become available for a period exceeding two years in all, the policy shall become chargeable with the same duty as would have been chargeable if it had been made on the date of the variation for a period exceeding two years, and may be stamped accordingly, without penalty, at any time within thirty days after that date.

**48 Licence not required to deal in postage stamps.**

- (1) A licence under section 3 of the Stamp Duties Management Act 1891 shall not be required by any person to deal in postage stamps, and accordingly in that Act—

- (a) any reference in section 3, 4 or 6 to stamps shall be construed as a reference to stamps other than postage stamps;
  - (b) in relation to postage stamps, any reference in section 12, 17(2) or 17(3) to a person duly licensed to deal in stamps shall be construed as a reference to a person lawfully dealing in postage stamps;
  - (c) in relation to postage stamps, section 18(1) shall have effect as if the words " or being or having been licensed to deal in stamps " were omitted.
- (2) In this section, the expression " postage stamp " means a stamp within the meaning of the said Act of 1891 for denoting an amount of postage, whether or not it can also be used for revenue purposes.
- (3) This section shall come into force at the expiration of the period of three months beginning with the date of the passing of this Act.

#### **49 Power to inspect books of agents concerned with foreign dividends etc.**

- (1) Subject to subsection (3) of this section, the Commissioners of Inland Revenue may by notice in writing served on any chargeable person within the meaning of Part III of Schedule 8 to the Income Tax Act 1952 (persons entrusted with or obtaining, payment of foreign dividends etc., or concerned in certain dealings in coupons) require him, within such time as may be specified in the notice, to make available at his premises for inspection by an officer authorised by the Commissioners all such books and other documents in the possession or control of that person as the officer may reasonably require for the purpose of determining whether any accounts delivered to the Commissioners by that person under that Schedule are correct and complete.
- (2) Part III of the Finance Act 1960 (penalties) shall have effect as if subsection (1) above were among the provisions specified in column 2 of Schedule 6 to that Act.
- (3) The Commissioners may grant a certificate exempting any chargeable person from the foregoing provisions of this section, and while the certificate is in force the powers conferred by those provisions shall not be exercisable in relation to that person; and any such certificate may be revoked at any time by the Commissioners, and may contain such terms and conditions as they think proper.

#### **50 Information relating to stock jobbers' transactions.**

- (1) The Board may exercise the powers conferred by this section as respects, and in connection with, any business which is, or has been, carried on by a jobber or dealing broker whose liability to tax in respect of the business is determined on the footing that any excess of his payments in respect of interest on securities over his receipts in respect thereof, being payments made or receipts accrued in pursuance of a contract for the sale or purchase of the securities, is to be treated for all the purposes of the Income Tax Acts or the Corporation Tax Acts as an annual payment made by him.
- (2) With a view to obtaining information about transactions in the course of a business within subsection (1) above, the Board may serve on the jobber or dealing broker by whom the business is or has been carried on a notice requiring him to make available within a time specified in the notice, for inspection by an inspector or other officer of the Board, all such books, accounts and other documents in his possession or power as may be specified or described in the notice, being books, accounts or other documents which in the opinion of the Board contain or may contain information directly or indirectly relating to any such transactions.

- (3) The Board may serve on any broker a notice requiring him to make available within a time specified in the notice, for inspection by an inspector or other officer of the Board, all such books, accounts or other documents in his possession or power as may be specified or described in the notice, being books, accounts or other documents which in the opinion of the Board contain or may contain information relating directly or indirectly to transactions in the course of a business within subsection (1) above.
- (4) The Board may by notice in writing require—
- (a) a person, other than a broker, who has directly or indirectly received from a jobber or dealing broker any payment made by the jobber or dealing broker in the course of a business within subsection (1) above, being a payment treated by the jobber or dealing broker as made in respect of interest on securities, to state within a time specified in the notice whether the amount received is in whole or in part received on behalf of, or for payment on to, any other person and, if so, to furnish the name and address of that other person, or
  - (b) a person who has directly or indirectly paid to a jobber or dealing broker any sum constituting a receipt by him in the course of a business within subsection (1) above, being a receipt treated by the jobber or dealing broker as accruing in respect of interest on securities, to state within a time specified in the notice whether the amount paid is in whole or in part received from, or paid on account of, any other person and, if so, to furnish the name and address of that other person.
- (5) Section 250(4) of the Income Tax Act 1952 (power to obtain information from nominee shareholders) shall apply for the purpose of obtaining (from any persons to whom that section applies, whether brokers or jobbers or not) information directly or indirectly relating to any transactions in the course of a business within subsection (1) above, and shall so apply as if for references to shares in a company there were substituted references to securities.
- (6) The Board may not exercise their powers under the foregoing provisions of this section for the purpose of obtaining information relating to transactions in any income tax year of assessment ending more than six years before the service of the notice, but, subject to the foregoing provisions of this subsection, the transactions in respect of which they may exercise those powers shall include transactions before the passing of this Act.
- (7) Part III of the Finance Act 1960 (penalties) shall have effect as if subsections (2), (3) and (4) of this section were included in the second column of Schedule 6 to that Act.
- (8) In this section—
- " the Board " means the Commissioners of Inland Revenue,
  - " broker " means a member of a stock exchange in the United Kingdom other than a jobber,
  - " dealing broker ", in relation to any sale of securities, means a member of a stock exchange in the United Kingdom, other than the London Stock Exchange, who is recognised by the committee of his exchange as carrying on the business of a dealer and authorised by them to deal in those securities,
  - " jobber " means a member of the London Stock Exchange who is recognised by the committee thereof as carrying on the business of a jobber.
  - " securities " includes shares, and " shares ", except where the context otherwise requires, includes stock, and references to interest include references to dividends.

**51 Members of Parliament of Northern Ireland: Pension Fund and annuity premiums.**

- (1) Subsections (2) and (3) below shall have effect with respect to the Members' Contributory Pension (Northern Ireland) Fund constituted under section 3 of the Ministerial Salaries and Members' Pensions Act (Northern Ireland) 1965, and sums payable thereout under section 12(1) of that Act (transfer to other pension schemes of sums representing value of accrued pension rights).
- (2) Section 385(2) of the Income Tax Act 1952 (exemption from tax in respect of income of the House of Commons Members' Fund) shall apply in relation to the Fund, and accordingly the Fund shall be included among those referred to in section 36(2) of the Finance Act 1965 (by virtue of which, in the case of funds the income of which is exempt from tax under enactments which include the said section 385, gains accruing from the acquisition and disposal of assets are not chargeable gains).

This subsection shall have effect for the year 1965-66 as well as subsequent years of assessment.

- (3) Any sum payable out of the Fund as mentioned in subsection (1) above shall be treated for the purposes of the Income Tax Acts as having been paid in commutation of an annuity payable by a superannuation fund within the meaning of section 379 of the Income Tax Act 1952 (approved superannuation funds), and the Fund shall be treated as such a superannuation fund for the purposes of any regulations under that section.
- (4) For the purposes of Part III of the Finance Act 1956 (retirement and other annuities), so much of the salary of the holder of any office to which this subsection applies who is also a Member of the House of Commons of Northern Ireland as is equal to the salary to which, pursuant to any Resolution of that House relating to the remuneration of Members, he would be entitled if he did not hold that office shall be treated as remuneration from the office of Member, and not from the office to which this subsection applies, and shall accordingly be treated for the purposes of Part I of Schedule 3 to that Act as pensionable emoluments from the office of Member.

The offices to which this subsection applies are those of Chairman of Ways and Means of the House of Commons of Northern Ireland and Attorney General for Northern Ireland.

**52 Amendments of Sugar Act 1956.**

- (1) No surcharge, surcharge repayment, distribution payment or distribution repayment shall be payable under the Sugar Act 1956 in respect of sugar or invert sugar used in the manufacture of concentrated cane juice, partly inverted, of the kind known as high test, invert, or fancy molasses.
- (2) Section 8 of that Act (which, as amended by Schedule 5 to the Finance Act 1962, provides for surcharge repayments by reference to the circumstances in which drawback of sugar duty was allowable immediately before 10th April 1962) shall have effect as if, immediately before that day, section 218(1)(c) of the Customs and Excise Act 1952 (which provided for drawback on sugar, etc., used in the brewing of beer warehoused for exportation or for use as stores) had been amended by substituting, for the words from " used " to the end, the words " used in the manufacture of beer exported, shipped as stores, or warehoused for exportation or for use as stores ".

**53 Short title, construction, extent and repeals.**

- (1) This Act may be cited as the Finance Act 1966.
- (2) In this Act Part I shall be construed as one with the Customs and Excise Act 1952, and in that Part " the Act of 1952 " is that Act; Part II shall be construed as one with the Income Tax Acts; Part III shall be construed as one with the Corporation Tax Acts; Part IV, so far as it relates to the Corporation Tax Acts, shall be construed as one with those Acts, so far as it otherwise relates to income tax, shall be construed as one with the Income Tax Acts and so far as it relates to the profits tax shall be construed as one with the enactments relating to the profits tax ; Part V so far as it relates to estate duty shall be construed as one with the Finance Act 1894; and so much of Part VII as relates to stamp duties shall be construed as one with the Stamp Act 1891.
- (3) 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.
- (4) Except as otherwise expressly provided, 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.
- (5) This Act, in so far as it affects the operation of the Sugar Act 1956, shall extend to the Isle of Man.
- (6) This Act, in so far as it amends the enactments relating to friendly societies, shall extend to the Channel Islands and the Isle of Man.
- (7) The enactments mentioned in Schedule 13 to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, but subject to any provision in relation thereto made at the end of any Part of that Schedule.