



Income and Corporation Taxes Act 1970

1970 CHAPTER 10

PART I

CHARGE OF INCOME TAX, AND GENERAL PROVISIONS RELATING ONLY TO INCOME TAX

CHAPTER II

PERSONAL RELIEFS

The reliefs

5 General

An individual who makes a claim in that behalf shall be entitled to such relief as is specified in sections 6 to 22 below, subject however to the provisions of sections 23 to 27.

6 Relief for small incomes

- (1) Subject to subsection (3) below, the claimant, if he proves that his total income for the year of assessment does not exceed £450, shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on two-ninths of the amount of that income.
- (2) Subject as aforesaid, a claimant not entitled to relief under subsection (1) above, if he proves that his total income does not exceed £710, shall be entitled to have the amount of the income tax payable in respect of his total income reduced, where necessary, so as not to exceed a sum equal to the aggregate of the two following amounts, that is to say, the amount of the income tax which would have been payable if his total income had amounted to, but had not exceeded, £450 and one-half of the amount by which his total income exceeds £450.

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- (3) A claimant shall not be entitled to relief under this section if he is entitled to relief under subsection (2) of section 9 below, and any relief under this section shall be in substitution for, and not in addition to, relief under subsection (1) of that section.

7 Relief for persons over sixty-five with small incomes

The claimant, if he proves that at any time within the year of assessment either he or his wife living with him was of the age of sixty-five years or upwards—

- (a) shall be entitled to exemption from income tax if he also proves either—
 - (i) that his total income for that year does not exceed £425, or
 - (ii) that he would be entitled to the higher (or married person's) relief under section 8(1) below, and his total income for the year does not exceed £680, and
- (b) shall be entitled, if he is not exempt under paragraph (a) above by reason only of his total income for the year exceeding £425 or £680, as the case may be, and the excess is less than £265, to have the income tax payable in respect of his total income reduced, where necessary, to an amount equal to nine-twentieths of that excess.

8 Personal relief

- (1) Subject to the provisions of this section and to section 15 below, the claimant shall be entitled—
- (a) if he proves—
 - (i) that for the year of assessment he has his wife living with him, or
 - (ii) that his wife is wholly maintained by him during the year of assessment, and that he is not entitled in computing the amount of his income for that year for income tax purposes to make any deduction in respect of the sums paid for the maintenance of his wife,
 to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £375 ;
 - (b) in any other case, to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £255.
- (2) If the total income of the claimant includes any earned income of his wife, the deduction to be allowed under this section shall be increased by an amount equal to income tax at the standard rate on seven-ninths of the amount of that earned income or on £255, whichever is the less.

For the purposes of this subsection—

- (a) any earned income of the claimant's wife arising in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office, given in respect of his past services in any office or employment, shall be deemed not to be earned income of his wife, and
- (b) no payment on account of an allowance under the Family Allowances Act 1965 or the Family Allowances Act (Northern Ireland) 1966, and, except in the case of a retirement pension payable to the wife by virtue of her own insurance, no payment of benefit under the National Insurance Act 1965 or the National Insurance Act (Northern Ireland) 1966, shall be treated as earned income.

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- (3) Subsection (1) above shall have effect in relation to any claim by a man who becomes married in the year of assessment for which the claim is made, and has not previously in that year been entitled to relief under paragraph (a) of that subsection, as if the sum specified in that paragraph were reduced by £10 for each month of the year ending before the date of the marriage.

In this subsection "month" means a month beginning with the 6th day of a month of the calendar year.

9 Earned income and old age reliefs

- (1) The claimant shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on—
- (a) two-ninths of the amount (up to a maximum of £4,005) of the claimant's earned income, plus
 - (b) one-ninth of the amount (up to a maximum of £5,940) of any excess of his earned income over £4,005.
- (2) The claimant, if he proves that at any time within the year of assessment either he or, in the case of a married man, his wife living with him was of the age of sixty-five years or upwards, and that his total income for the year of assessment does not exceed £1,000, shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on two-ninths of the amount of that income.
- (3) If the claimant would be entitled to relief under subsection (2) above but for the fact that his total income exceeds £1,000, he shall be entitled to have the amount of the income tax payable in respect of his total income reduced, where necessary, SO as not to exceed a sum equal to the aggregate of the two following amounts, that is to say, the amount of the income tax which would have been payable if his total income had amounted to, but had not exceeded, £1,000 and eleven-twentieths of the amount by which his total income exceeds £1,000.
- (4) Any relief under subsection (2) or subsection (3) above shall be in substitution for, and not in addition to, the relief under subsection (1) above.

10 Children

- (1) If the claimant proves—
- (a) that there is living at any time within the year of assessment a child of his with respect to whom one of the conditions in subsection (2) below is fulfilled, or
 - (b) that for the year of assessment he has the custody of, and maintains at his own expense, a child (other than a child of his) with respect to whom one of those conditions is fulfilled,

he shall, subject to the provisions of this section and section 11 below, be entitled in respect of each such child to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on the appropriate amount for the child.

In this provision "child" includes a stepchild and an illegitimate child whose parents have married each other after his birth.

- (2) The conditions referred to in subsection (1) above are—

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- (a) that the child is born in, or is under the age of sixteen years at the commencement of, the year of assessment referred to in that subsection, or
 - (b) that the child is over the age of sixteen years at the commencement of that year of assessment, but is receiving full-time instruction at any university, college, school or other educational establishment.
- (3) The appropriate amount for the child shall vary according to the age of the child at the commencement of the year of assessment, and, subject to subsection (5) below—
- (a) for a child shown by the claimant to have been then over the age of sixteen, shall be £165, and
 - (b) for a child not so shown, but shown by the claimant to have been then over the age of eleven, shall be £140, and
 - (c) in any other case shall be £115.
- (4) The reference in subsection (2)(b) above to a child receiving full-time instruction at an educational establishment shall include a reference to a child undergoing training by any person (hereinafter referred to as " the employer ") for any trade, profession or vocation in such circumstances that the child is required to devote the whole of his time to the training for a period of not less than two years.

For the purpose of a claim in respect of a child undergoing training, the inspector may require the employer to furnish particulars with respect to the training of the child in such form as may be prescribed by the Board.

- (5) 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:

Provided that, in calculating the income of the child for the purpose of this subsection, no account shall be taken of any income falling under Chapter V of this Part of this Act to be treated as income of a parent of the child, or of any income to which the child is entitled as the holder of a scholarship, bursary, or other similar educational endowment.

- (6) If any question arises as to whether any person is entitled to relief under this section in respect of a child who is over the age of sixteen years, as being a child who is receiving full-time instruction at an educational establishment, the Board may consult the Secretary of State for Education and Science.

In the application of this subsection to Scotland and Northern Ireland, the Secretary of State and the Ministry of Education for Northern Ireland shall respectively be substituted for the Secretary of State for Education and Science.

- (7) Notwithstanding anything in section 9 of the Family Law Reform Act 1969 or any corresponding enactment of the Parliament of Northern Ireland or any rule of law in Scotland, for the purposes of this section a child whose birthday falls on 6th April shall be taken to be over the age of eleven at the commencement of the year which begins with his eleventh birthday, and over the age of sixteen at the commencement of the year which begins with his sixteenth birthday.

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11 Double claim for children

- (1) The provisions of this section shall have effect where, for any year of assessment, two or more individuals are, or would but for the provisions of this section be, entitled to relief under section 10 above in respect of the same child.
- (2) The relief to be granted to each of the individuals shall be computed as if the reference in subsection (1) of that section to the appropriate amount for the child were a reference to the part of the appropriate amount for the child which is apportioned to that individual under subsection (3) below.
- (3) The appropriate amount for the child shall be apportioned between the individuals in question in such proportion as they agree, or, in default of agreement, in proportion to the amount or value of the provision made by them respectively (otherwise than by way of payments deductible in computing their respective total incomes) for the child's maintenance and education for the year of assessment.
- (4) Any apportionment under this section shall be made by such body of General Commissioners, being the General Commissioners for a division in which one of the individuals resides, as the Board may direct, or, if none of the individuals resides in Great Britain, by the Special Commissioners.
- (5) Where a claim is made under the said section 10, and it appears that, if the claim is allowed, an apportionment will be necessary under this section, the Board may if they think fit direct that the claim itself shall be dealt with by any specified body of Commissioners which could under this section be directed to make the apportionment, and that the same Commissioners shall also make any apportionment which proves to be necessary; and where a direction is given under this subsection no other body of Commissioners shall have jurisdiction to determine the claim.
- (6) The Commissioners making any apportionment under this section shall hear and determine the case in like manner as an appeal, but any individual who is, or but for the provisions of this section would be, entitled to relief in respect of the child shall be entitled to appear and be heard by the Commissioners, or to make representations to them in writing.

12 Widower's or widow's housekeeper

- (1) If the claimant proves that he is a widower and that for the year of assessment a person, being a female relative of his or of his deceased wife, is resident with him in the capacity of a housekeeper, or that he has no female relative of his own or of his deceased wife who is able and willing to act in such capacity and that he has employed some other female person to reside with him for the purpose, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £75 in respect of that female relative or female person:

Provided that—

- (i) no relief shall be allowed under this section unless the claimant proves that no other individual is entitled to relief in respect of the female relative under the provisions of this Chapter, or, if any other individual is so entitled, that the other individual has relinquished his claim thereto, and
- (ii) no relief shall be allowed under this section where the female relative is a married woman living with her husband, and the husband has claimed and been allowed the higher relief under section 8(1) above, and

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(iii) not more than one deduction of tax shall be allowed under this section to any claimant for any year.

(2) This section shall apply to a claimant being a widow as it applies to a claimant being a widower, with the substitution of " her deceased husband " for " his deceased wife ".

13 Relative taking charge of unmarried person's young brother or sister

If the claimant proves—

- (a) that he is unmarried, and that he has living with him either his mother, being a widow or a person living apart from her husband, or some other female relative, for the purpose of having the charge and care of any brother or sister of his, being a child in respect of whom relief is allowed under this Chapter, and that he maintains the mother or other relative at his own expense, and
- (b) that neither he nor any other individual is entitled to relief in respect of the same person under any of the other provisions of this Chapter, or, if any other individual is entitled to any such relief, that the other individual has relinquished his claim thereto,

he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £75.

14 Additional relief for widows and others in respect of children

(1) This section applies—

- (a) to widows, widowers and other persons who are not entitled for the year of assessment to the higher (married persons) relief under section 8(1) above, except that it does not apply to a woman who is not a widow unless throughout the year of assessment she was either in full-time employment or engaged full-time in some trade, profession or vocation or totally incapacitated by physical or mental infirmity, and
- (b) to any married man who is entitled for the year of assessment to the higher relief aforesaid but whose wife was throughout that year totally incapacitated by physical or mental infirmity.

(2) Subject to subsection (3) below, if the claimant, being a person to whom this section applies, proves in the case of a year of assessment—

- (a) that he is entitled to relief under section 10 above in respect of a child resident with him, and
- (b) that he is not entitled to any relief under section 13 above, and either that no other individual is entitled to such relief in respect of the charge and care of that child or that his claim thereto has been relinquished,

he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £100.

(3) Where more than one individual is entitled to relief under this section in connection with the same child, the £100 mentioned in subsection (2) above shall be apportioned between them in such proportions as may be agreed between them, or, in default of agreement, in accordance with such apportionment as may be adopted in relation to that child under section 11 above.

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15 Claims under ss. 12 to 14 for year of marriage

A man who becomes married during a year of assessment may by notice in writing to the inspector elect that his marriage be disregarded for the purposes of any claim for that year under section 12, 13 or 14 above, and, in that case, the marriage shall also be disregarded for the purpose of any claim for that year under section 8 above.

16 Dependent relatives

- (1) If the claimant proves that he maintains at his own expense—
- (a) any relative of his or of his wife who is incapacitated by old age or infirmity from maintaining himself, or
 - (b) his or his wife's mother who, whether or not in capacitated, is either widowed, or living apart from her husband, or a single woman in consequence of dissolution or annulment of marriage,

being (whether falling under paragraph (a) or paragraph (b) above) a person whose total income does not exceed £320 a year, he shall be entitled in respect of each such person whom he so maintains to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £75:

Provided that, in the case of any person so maintained whose total income exceeds £245 a year, this subsection shall have effect with the substitution for the reference to £75 of a reference to £75 diminished by the amount of the excess.

- (2) Where the claimant under subsection (1) above is a woman—
- (a) the references in that subsection to the claimant's wife shall be construed as references to the claimant's husband, and
 - (b) unless she is a married woman living with her husband, for the reference in that subsection to £320 there shall be substituted a reference to £355, and for references to £75 references to £110.
- (3) Subject to subsection (4) below, where two or more persons jointly maintain any such person as is mentioned in subsection (1) above, the £75 mentioned in that subsection, or, as the case may be, the lesser amount mentioned in the proviso to that subsection, shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

The apportionment under this subsection may be effected as the persons entitled to claim the relief agree, and, subject to any such agreement, subsections (4) and (5) of section 11 above shall apply to an apportionment under this subsection, and as if, in the said subsection (5), the reference to a claim under section 10 above were a reference to a claim under this section.

- (4) Where, without subsection (2)(b) above, the claimant's relief would fall to be reduced by any proportion under subsection (3) above, any increase in the claimant's relief attributable to the said subsection (2)(b) shall be reduced by the same proportion; and accordingly, subsection (3) above shall be read without reference to the modifications made by the said subsection (2)(b).
- (5) No person shall be entitled to less relief under the Income Tax Acts than he would be entitled to if no relief were available under subsection (1) above in respect of the maintenance of a person whose total income exceeds £50 a year, and if that subsection did not include a reference to the mother living apart from her husband or being a single woman in consequence of dissolution or annulment of marriage.

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17 Claimant depending on services of a daughter

If the claimant, by reason of old age or infirmity, is compelled to depend upon the services of a daughter resident with and maintained by him, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on £40.

18 Relief for blind persons

(1) Subject to subsection (5) below, if the claimant proves—

- (a) that he is a married man who for the year of assessment has his wife living with him, and that one of them was, and the other was not, throughout the year a registered blind person, or
- (b) that, not being such a married man, he was throughout the year a registered blind person,

and also proves that the amounts of any tax-free disability payments receivable in the year by him, or, as the case may be, by his wife living with him, are such that seven-ninths of the aggregate thereof is less than £100, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on an amount equal to £100 reduced by seven-ninths of the aggregate of any such payments so receivable.

(2) Subject to subsection (5) below, if the claimant proves—

- (a) that he is a married man who for the year of assessment has his wife living with him, and
- (b) that throughout the year both he and his wife were registered blind persons, and
- (c) that the amounts of any tax-free disability payments receivable in the year (whether by him or his wife) are such that seven-ninths of the aggregate thereof is less than £200,

he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the standard rate on an amount equal to £200 reduced by seven-ninths of the aggregate of any such payments so receivable.

(3) Where a person is a registered blind person during part only of the year of assessment, that person, or as the case may be that person's husband, shall be entitled to relief under subsection (1) or (2) above in any case in which he would have been entitled to such relief if that person had been such a registered blind person throughout the year, but the amount of relief granted by virtue of this subsection shall be calculated in accordance with subsection (4) below.

(4) For the purpose of calculating the amount of relief for the purposes of subsection (3) above, this section shall have effect as if—

- (a) for references in subsections (1) and (2) above to the amounts of any tax-free disability payments receivable by a person in the year of assessment there were substituted references to the amounts of any such payments receivable by him in the part of the year during which he was a registered blind person, and
- (b) for references in subsection (1) above to £100 there were substituted references to that proportion of £100 which the period in the year of assessment during' which the person in question was a registered blind person bears to one year, and

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- (c) for references in subsection (2) above to £200 there were substituted references to that proportion of £200 which the sum of the periods in the year of assessment during which each of the persons in question was such a registered blind person bears to two years.
- (5) Unless a claimant who is entitled to relief for the year of assessment under section 17 above in respect of the services of a daughter relinquishes his claim to that relief, he shall not be allowed relief under this section for that year.
- (6) In this section—
- " registered blind person " means a person registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948 or under any corresponding enactment for the time being in force in Northern Ireland;
- " tax-free disability payment " means a periodical payment receivable by a person on account of his blindness and not falling to be treated as income for the purposes of income tax.

19 Premiums under post-1916 life policies etc.

- (1) Subject to the provisions of this section and of section 21 below, and subject also to section 227(11) of this Act (retirement annuity premiums), if the claimant has paid any such premium as is specified in subsection (2) below, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at two-fifths of the standard rate on the amount of the premium:

Provided that if, in any year of assessment, the total premiums in respect of which relief falls to be granted under this section do not exceed £25, the relief under this section shall be a deduction equal to income tax at the standard rate on £10 or on the full amount of the premiums, whichever is the less.

- (2) The premiums referred to in subsection (1) above are any premiums paid by the claimant under a policy of insurance or contract for a deferred annuity where—
- (a) the insurance or contract was made after 22nd June 1916—
- (i) with any insurance company legally established within Her Majesty's dominions, any other country mentioned in section 1(3) of the British Nationality Act 1948 or the Republic of Ireland, or lawfully carrying on business in the United Kingdom, or
- (ii) with underwriters, being members of Lloyd's or of any other association of underwriters approved by the Board of Trade or the Ministry of Commerce for Northern Ireland, who comply with the requirements set forth in Schedule 1 to the Insurance Companies Act 1958 or, as the case may be, Schedule 1 to the Insurance Companies Act (Northern Ireland) 1968, or
- (iii) with a registered friendly society, or
- (iv) in the case of a deferred annuity, with the National Debt Commissioners, and
- (b) the insurance or, as the case may be, the deferred annuity is on the life of the claimant or on the life of his wife, and
- (c) the insurance or contract was made by him.
- (3) No relief under this section shall—

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- (a) be given except in respect of premiums payable under policies for securing a capital sum on death, whether in conjunction with any other benefit or not, or
- (b) be given in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance:

Provided that this subsection shall not affect premiums payable—

- (i) under policies or contracts made in connection with any superannuation or bona fide pension scheme for the benefit of the employees of any employer, or of persons engaged in any particular trade, profession, vocation or business, or for the benefit of the wife or widow of any such employee or person or of his children or other dependants, or
 - (ii) under policies taken out by teachers in the schools known in the year 1918 as secondary schools, pending the establishment of a superannuation or pension scheme for those teachers.
- (4) Relief shall not be granted under this section in respect of premiums payable under any policy of life insurance issued in respect of an insurance made after 19th March 1968 unless the policy is a qualifying policy within the meaning of Part I of Schedule 1 to this Act:

Provided that this subsection shall not apply—

- (a) to any policy of life insurance having as its sole object the provision on an individual's death or disability of a sum substantially the same as any amount then outstanding under a mortgage of his residence, or of any premises occupied by him for the purposes of a business, being a mortgage the principal amount secured by which is repayable by instalments payable annually or at shorter regular intervals, or
- (b) to any policy of life insurance issued in connection with a sponsored superannuation scheme as defined in section 226(11) of this Act, if one-half at least of the cost of the scheme is borne by the person or persons under whom the relevant offices or employments are held.

In the application of the above proviso to Scotland, for any reference to a mortgage there shall be substituted a reference to a heritable security within the meaning of the Conveyancing (Scotland) Act 1924 (but including a security constituted by ex facie absolute disposition or assignation).

- (5) A policy of life insurance issued in respect of an insurance made on or before 19th March 1968 shall be treated for the purposes of subsection (4) above as issued in respect of one made after that date if varied after that date so as to increase the benefits secured, or to extend the term of the insurance:

Provided that a variation effected before the end of the year 1968 shall be disregarded for the purposes of this subsection if its only effect was to bring into conformity with paragraph 2 of Schedule 1 to this Act (qualifying conditions for endowment policies) a policy previously conforming therewith except as respects the amount guaranteed on death, and no increase was made in the premiums payable under the policy.

- (6) The provisions of Part II of Schedule 1 to this Act shall have effect with respect to the certification of policies which are qualifying policies within the meaning of Part I of that Schedule.
- (7) Where a premium is paid by a wife out of her separate income in respect of an insurance on her own life or the life of her husband, or a contract for any deferred

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annuity on her own life or the life of her husband, the same relief shall be given as if the premium were a premium paid by her husband for an insurance on his own life, or for a contract for a deferred annuity on his own life, and this section shall apply accordingly.

- (8) Any reference in any provision of the Income Tax Acts (and, in particular, in section 22 below) to an amount income tax on which falls to be deducted under this or the preceding sections of this Chapter shall, in relation to a premium on which, by virtue of this section, a deduction falls to be made at two-fifths of the standard rate, be construed as a reference to two-fifths of the amount of that premium.

20 Premiums under pre-1916 life policies etc., and certain other payments

- (1) Subject to the provisions of this section and of section 21 below, and subject also to sections 210, 219(3) and 227(11) of this Act (retirement annuity premiums, and contributions under Superannuation Acts, National Insurance Acts etc.), if the claimant—

- (a) has paid any such premium as is specified in subsection (2) below, or
- (b) is under any Act of Parliament, or under the terms or conditions of his employment, liable to the payment of any sum, or to the deduction from his salary or stipend of any sum, for the purpose of securing, a deferred annuity to his widow or provision for his children after his death,

he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the appropriate rate on the amount of the premium paid by him or on the amount of the sum paid by him or deducted from his salary or stipend.

- (2) The premiums referred to in subsection (1)(a) above are any premiums paid by a person under a policy of insurance or contract for a deferred annuity where—
- (a) the insurance or contract was made on or before 22nd June 1916—
 - (i) with any insurance company legally established within the Crown's dominions, or lawfully carrying on business in the United Kingdom, or
 - (ii) with a registered friendly society, or
 - (iii) in the case of a deferred annuity, with the National Debt Commissioners, and
 - (b) the insurance or, as the case may be, the deferred annuity is on the life of that person or on the life of his wife, and
 - (c) the insurance or contract was made by him.
- (3) For the purposes of this section, " the appropriate rate " means—
- (a) where the total income of the claimant does not exceed £1,000, half the standard rate of income tax,
 - (b) where the total income of the claimant exceeds £1,000 but does not exceed £2,000, three-fourths of the standard rate of income tax,
 - (c) where the total income of the claimant exceeds £2,000, the standard rate of income tax:

Provided that, in relation to the premiums referred to in subsection (1)(a) above, this subsection shall, as respects any year for which the standard rate exceeds 35 per cent. have effect as if the standard rate were 35 per cent.

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- (4) No relief under subsection (1) above shall be given in respect of the amount, if any, by which the premiums or other sums in respect of which relief is claimed exceed the claimant's taxable income, that is to say, his total income less any amount on which he is entitled to relief by virtue of sections 6(1), 8, 9(1), 9(2) or 10 to 19 above.
- (5) Where the income tax ultimately payable by any person after deducting the relief under this section is greater than the amount of income tax at the standard rate which would be payable if the total income of that person exceeded £1,000 or £2,000, as the case may be, the relief under this section shall be increased by a sum representing the amount by which income tax at one-fourth of the standard rate on the amount of the premiums or payment in respect of which the relief is given exceeds the amount of the income tax at the standard rate on the amount by which the total income falls short of £1,000 or £2,000, as the case may be:

Provided that, in relation to the premiums referred to in subsection (1)(a) above, this subsection shall, as respects a year for which the standard rate of income tax exceeds 35 per cent., have effect as if the two last references therein to the standard rate were references to a rate of 35 per cent.

- (6) Where a premium is paid by a wife out of her separate income in respect of an insurance on her own life or the life of her husband, or a contract for any deferred annuity on her own life or the life of her husband, the same relief shall be given as if the premium were a premium paid by her husband for an insurance on his own life, or for a contract for a deferred annuity on his own life, and this section shall apply accordingly.

21 Limits on relief under ss. 19 and 20

- (1) The aggregate of the premiums or other sums in respect of which relief is given to any person under sections 19 and 20 above shall not exceed one-sixth of that person's total income.
- (2) No relief under either of the said sections in respect of a premium or other payment payable on a policy for securing a capital sum on death (whether in conjunction with any other benefit or not) shall exceed the amount of the income tax calculated at the appropriate rate on an amount equal to 7 per cent. of the actual capital sum assured, and, in calculating any such capital sum, no account shall be taken of any sum payable on the happening of any other contingency, or of the value of any premiums agreed to be returned, or of any benefit by way of bonus or otherwise which is to be or may be received either before or after death, either by the person paying the premium or by any other person, and which is not the sum actually assured.
- (3) The aggregate of the relief given under the said sections in respect of premiums or sums payable for securing any benefits other than those mentioned in subsection (2) above shall not exceed the amount of the income tax calculated at the appropriate rate on £100.
- (4) In subsections (2) and (3) above, " the appropriate rate "—
- (a) in relation to premiums to which the said section 19 applies, means two-fifths of the standard rate, and
 - (b) in relation to other premiums or payments, has the same meaning as in the said section 20,

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and the said subsections (2) and (3) shall not apply to premiums falling within the proviso to subsection (1) of the said section 19.

- (5) War insurance premiums shall not be taken into account in calculating the limits of one-sixth of total income or of 7 per cent. or of £100 mentioned in this section.

In this subsection " war insurance premiums " means any additional premium or other sum paid in order to extend an existing life insurance policy to risks arising from war or war service abroad, and any part of any premium or other sum paid in respect of a life insurance policy covering those risks, or either of them, which appears to the inspector to be attributable to those risks, or either of them.

22 Reduced rate relief

- (1) Subject to the provisions of this section, the claimant shall be entitled to have the amount of the income tax which remains chargeable on him in respect of his total income after making any deductions to which he is entitled under sections 6(1), 8, 9(1), 9(2) and 10 to 19 above reduced by a further deduction of the amount shown in the following Table, in which " the relevant amount " means the amount of the total income less the aggregate of the amounts income tax on which falls to be deducted under the provisions aforesaid.

TABLE

Where the relevant amount does not exceed £260	a deduction equal to 11-25 per cent, of the relevant amount;
exceeds £260	the same deduction as if the relevant amount were £260.

- (2) Where the income of an individual includes both earned income of his wife and other income available for relief under subsection (1) above, the further deduction under the said subsection (1) shall (where necessary) be increased so as to equal the sum of—
- (a) the deduction which would be made if the relevant amount referred to in the above Table were equal to the amount of the earned income of the wife available for relief under the said subsection (1), and
 - (b) the deduction which would be made if the relevant amount so referred to were equal to the other income available for relief under the said subsection (1).
- (3) References in this section to the earned income of the wife available for relief under subsection (1) above shall be construed as references to her earned income less—
- (a) so much of any amount which falls to be deducted under any of the provisions of the Income Tax Acts as could not have been deducted but for the existence of the earned income of the wife, and
 - (b) so much of the amounts income tax on which falls to be deducted under the provisions mentioned in the said subsection (1) as could not have been taken into account but for the existence of the earned income of the wife.
- (4) References in this section to the income available for relief under subsection (1) above, other than earned income of the wife, shall be construed as references to the man's total income other than earned income of the wife, less the total of the amounts income tax on which falls to be deducted under the provisions mentioned in the said

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subsection (1), other than so much of those amounts as falls to be deducted from the earned income of the wife in ascertaining the earned income of the wife available for relief under that subsection.

- (5) For the purposes of this section—
- (a) any earned income of an individual's wife arising in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office, given in respect of his past services in any office or employment shall be deemed not to be earned income of his wife, and
 - (b) no payment on account of an allowance under the Family Allowances Act 1965 or the Family Allowances Act (Northern Ireland) 1966, and, except in the case of a retirement pension payable to the wife by virtue of her own insurance, no payment of benefit under the National Insurance Act 1965 or the National Insurance Act (Northern Ireland) 1966, shall be treated as earned income of an individual's wife.

Supplemental

23 Meaning of " relative "

In this Chapter " relative " includes any person of whom the person claiming a relief had the custody and whom he maintained at his own expense while that person was under the age of sixteen years.

24 Reduction in reliefs on account of family allowances

- (1) Where for any year of assessment an individual is assessable to income tax in respect of payments on account of an allowance or allowances under the Family Allowances Act 1965 or the Family Allowances Act (Northern Ireland) 1966, the total deductions from tax to which, apart from this section, the individual (or, if the individual is a wife assessable in respect of the payments by virtue of an application for separate assessment under section 38(1) below, she and her husband together) would be entitled for the year under sections 8 and 10 to 19 above shall be reduced, for each allowance if more than one, by an amount equal to income tax at the standard rate on £42 or, if the payments in question are payments for a part only of the year, by a proportionate part of that amount.
- (2) The allowances referred to in subsection (1) above shall be treated as including any allowance payable to an individual in the service of the Crown in lieu of an allowance under either of the enactments there specified.
- (3) The said subsection (1) shall not apply in the case of any payments if the individual assessable in respect thereof is entitled in the year—
 - (a) to a widow's allowance, widowed mother's allowance, retirement pension or child's special allowance under the National Insurance Act 1965 or the National Insurance Act (Northern Ireland) 1966, or
 - (b) to an allowance under section 21 of the National Insurance (Industrial Injuries) Act 1965 or section 21 of the National Insurance (Industrial Injuries) Act (Northern Ireland) 1966 (allowances in respect of children of deceased), or
 - (c) to an allowance granted by the Secretary of State for Social Services under a Royal Warrant, Order in Council or order administered by him to widows of members of the armed forces.

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- (4) The said subsection (1) shall not affect the construction of any reference in the Income Tax Acts to the deduction allowable under any particular provision of those referred to in that subsection.

25 No relief to be given in respect of charges on income

A claimant shall not be entitled to relief under sections 5 to 19 and 22 of this Chapter in respect of any income the income tax on which he is entitled to charge against any other person, or to deduct, retain or satisfy out of any payment which he is liable to make to any other person.

26 Partners

The following persons having joint interests, that is to say—

- (a) coparceners, joint tenants, or tenants in common of the profits of any property, and
- (b) joint tenants, or tenants of land or tenements in partnership, being in the actual and joint occupation thereof in partnership, who are entitled to the profits thereof in shares, and
- (c) partners carrying on a trade, profession or vocation together who are entitled to the profits thereof in shares,

may claim any relief under sections 5 to 19 and 22 of this Chapter according to their respective shares and interests, and any such claims which are proved may be dealt with in the same manner as in the case of several interests:

Provided that the income of a partner from a partnership carrying on any trade, profession or vocation shall be deemed to be the share to which he is entitled during the year to which the claim relates in the partnership profits, such profits being estimated according to the provisions of the Income Tax Acts.

27 Non-residents

- (1) Subject to the provisions of this section, no relief under this Chapter shall be given in the case of any individual who is not resident in the United Kingdom.
- (2) Subsection (1) above shall not apply in the case of any individual who satisfies the Board that he or she—
- (a) is a British subject or a citizen of the Republic of Ireland, or
 - (b) is a person who is or has been employed in the service of the Crown, or who is employed in the service of any missionary society or in the service of any territory under Her Majesty's protection, or
 - (c) is resident in the Isle of Man or the Channel Islands, or
 - (d) has previously resided within the United Kingdom, and is resident abroad for the sake of his or her health, or the health of a member of his or her family resident with him or her, or
 - (e) is a widow whose late husband was in the service of the Crown:

Provided that no such relief as aforesaid shall be given so as to reduce the amount of the income tax other than surtax payable by that individual below the amount which results from applying the fraction

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$\frac{A}{B}$

to the amount which would be payable by him by way of income tax other than surtax if the tax were chargeable on his total income from all sources (including income which is not subject to income tax charged in the United Kingdom), where—

A is the amount of his income subject to income tax charged in the United Kingdom, and

B is the amount of his total income.

- (3) For the purposes of the proviso to subsection (2) above as it applies to an individual whose income includes income eligible for double taxation relief—
- (a) in computing the amount of the income tax payable by the individual, the tax chargeable in respect of the income eligible for double taxation relief shall be disregarded,
 - (b) in computing the amount of his income subject to income tax charged in the United Kingdom, the income eligible for double taxation relief shall be disregarded, and
 - (c) in computing his total income from all sources, including income which is not subject to income tax charged in the United Kingdom, income eligible for double taxation relief shall be included, and the income tax which would be chargeable on that total income shall be computed without regard to the double taxation relief available in respect of the income eligible for double taxation relief,

and accordingly, where this subsection applies, the amount of the tax chargeable in respect of the income eligible for double taxation relief shall not be affected by subsection (2) above:

Provided that this subsection shall not operate so as to make the tax payable by an individual for a year of assessment higher than it would have been if the double taxation relief had not been available.

- (4) In subsection (3) above " income eligible for double taxation relief" means any dividends, interest, royalties or other profits which are chargeable to income tax but in respect of which relief (other than credit) is available under an Order in Council under section 497 of this Act (double taxation agreements), or under section 31 of the Finance Act 1966 (transitory provisions for company dividends paid to non-residents), so as to limit the rate of income tax so chargeable (but not so as to confer an exemption and make it income which is not subject to income tax charged in the United Kingdom).
- (5) Any claim which an individual is entitled to make by virtue of subsection (2) above shall be made to the Board.