



# Income and Corporation Taxes Act 1970

## 1970 CHAPTER 10

### PART VIII

#### SCHEDULE E

### CHAPTER I

#### THE CHARGE

##### *Reliefs*

#### **189 Relief for necessary expenses**

- (1) If the holder of an office or employment is necessarily obliged to incur and defray out of the emoluments thereof the expenses of travelling in the performance of the duties of the office or employment, or of keeping and maintaining a horse to enable him to perform the same, or otherwise to expend money wholly, exclusively and necessarily in the performance of the said duties, there may be deducted from the emoluments to be assessed the expenses so necessarily incurred and defrayed.
- (2) Subject to subsection (3) below, where the emoluments for any duties do not fall within Case I or II of Schedule E, then in relation to those or any other emoluments of the office or employment, subsection (1) above and Chapter II of Part I of the Capital Allowances Act 1968 (capital allowances in respect of machinery and plant) shall apply as if the performance of those duties did not belong to that office or employment.
- (3) There may be deducted from any emoluments chargeable under Case III of Schedule E the amount of any expenses defrayed out of those emoluments, and of any other expenses defrayed in the United Kingdom in the chargeable period or in an earlier chargeable period in which the holder of the office or employment has been resident in the United Kingdom, being in either case expenses for which a deduction might have been made under subsection (1) above from emoluments of the office or employment if they had been chargeable under Case I of Schedule E for the chargeable period in

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which the expenses were incurred ; but a deduction shall not be made twice, whether under this subsection or otherwise, in respect of the same expenses from emoluments of the office or employment.

### **190 Interest on loans to purchase machinery or plant**

- (1) Subject to the provisions of this section, where the holder of an office or employment—
  - (a) is under Chapter II of Part I of the Capital Allowances Act 1968 entitled to a capital allowance, or liable to a balancing charge, for any year of assessment in respect of machinery or plant belonging to him and in use for the purposes of the office or employment, and
  - (b) pays interest in that year on a loan to defray money applied as capital expenditure on the provision of that machinery or plant,
 there may be deducted from the emoluments to be assessed for that year the amount of the interest so paid.
- (2) No relief shall be given under this section in respect of interest falling due and payable more than three years after the end of the year of assessment in which the debt was incurred, or in respect of interest at more than a reasonable commercial rate.
- (3) Where the machinery or plant is in use partly for the purposes of the office or employment and partly for other purposes, section 28 of the Capital Allowances Act 1968 (part-time use) shall apply in relation to relief under this section as it applies in relation to writing-down allowances.
- (4) Where credit is given for any money payable to defray any capital expenditure, that shall be treated for the purposes of this section as the making of a loan to defray that capital expenditure.
- (5) Section 63 of this Act (overdrafts) shall have effect as if this section were included in sections 57 to 61 of this Act.

### **191 Expenses necessarily incurred, and defrayed from official emoluments**

Where the Minister for the Civil Service is satisfied with respect to any class of persons in receipt of any salary, fees or emoluments payable out of the public revenue that such persons are obliged to lay out and expend money wholly, exclusively and necessarily in the performance of the duties in respect of which such salary, fees or emoluments are payable, the Minister for the Civil Service may fix such sum as in his opinion represents a fair equivalent of the average annual amount laid out and expended as aforesaid by persons of that class, and in charging income tax on the said salary, fees or emoluments there shall be deducted from the amount thereof the sums so fixed by the Minister for the Civil Service:

Provided that if any person would, but for the provisions of this section, be entitled to deduct a larger amount than the sum so fixed, that amount may be deducted instead of the sum so fixed.

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## **192 Fees and subscriptions to professional bodies, learned societies etc.**

- (1) Subject to the following provisions of this section, the following may be deducted from the emoluments of any office or employment to be assessed to tax, if defrayed out of those emoluments, that is to say—
  - (a) any fee or contribution mentioned in subsection (2) below, and
  - (b) any annual subscription paid to a body of persons approved for the purposes of this section by the Board.
- (2) The fees and contributions referred to in subsection (1)(a) above are—
  - (a) the fee payable in respect of the retention of a name in the Register of Architects,
  - (b) the fee payable in respect of the retention of a name in the dentists register or in a roll or record kept for a class of ancillary dental workers,
  - (c) the fee payable in respect of the retention of a name in either of the registers of ophthalmic opticians or in the register of dispensing opticians,
  - (d) the annual fee payable by a registered patent agent,
  - (e) the fee payable in respect of the retention of a name in the register of pharmaceutical chemists,
  - (f) the fee and contribution to the Compensation Fund or Guarantee Fund payable on the issue of a solicitor's practising certificate, and
  - (g) the annual fee payable by a registered veterinary surgeon or by a person registered in the Supplementary Veterinary Register.
- (3) The Board may, on the application of the body, approve for the purposes of this section any body of persons not of a mainly local character whose activities are carried on otherwise than for profit and are solely or mainly directed to all or any of the following objects—
  - (a) the advancement or spreading of knowledge (whether generally or among persons belonging to the same or similar professions or occupying the same or similar positions),
  - (b) the maintenance or improvement of standards of conduct and competence among the members of any profession,
  - (c) the indemnification or protection of members of any profession against claims in respect of liabilities incurred by them in the exercise of their profession.
- (4) If the activities of a body approved for the purposes of this section are to a significant extent directed to objects other than those mentioned in subsection (3) above, the Board may determine that such specified part only of any annual subscription paid to the body may be deducted under this section as corresponds to the extent to which its activities are directed to objects mentioned in that subsection ; and in doing so the Board shall have regard to all relevant circumstances and, in particular, to the proportions of the body's expenditure attributable to the furtherance of objects so mentioned and other objects respectively.
- (5) A fee, contribution or subscription shall not be deducted under this section from the emoluments of any office or employment unless—
  - (a) the fee is payable in respect of a registration (or retention of a name in a roll or record) or certificate which is a condition, or one of alternative conditions, of the performance of the duties of the office or employment or, as the case may be, the contribution is payable on the issue of such a certificate, or

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- (b) the subscription is paid to a body the activities of which, so far as they are directed to the objects mentioned in subsection (3) above, are relevant to the office or employment, that is to say, the performance of the duties of the office or employment is directly affected by the knowledge concerned or involves the exercise of the profession concerned.
- (6) Any approval given and any determination made under this section may be withdrawn, and any such determination varied, so as to take account of any change of circumstances; and where a body is approved for the purposes of this section in pursuance of an application made before the end of any year of assessment, a deduction may be made under this section in respect of a subscription paid to the body in that year, whether the approval is given before or after the end of the year.
- (7) Any body aggrieved by the failure of the Board to approve the body for the purposes of this section, or by their withdrawal of the approval, or by any determination made by them under this section or the variation of or refusal to withdraw or vary such a determination may, by notice in writing given to the Board within thirty days from the date on which the body is notified of their decision, require the matter to be determined by the Special Commissioners, and the Special Commissioners shall thereupon hear and determine the matter in like manner as an appeal.

### **193 Travelling expenses due to war of 1939**

If it is shown in the case of a person assessed to income tax under Schedule E in respect of any office or employment—

- (a) that his place of work or his residence has changed through circumstances connected with the war which began in the year 1939, and
- (b) that in consequence he is obliged to incur, and defray out of the salary, fees, wages, perquisites or profits or gains arising from the office or employment, additional expense in travelling between his residence and his work,

the additional expense so incurred and defrayed shall be allowed as a deduction from the salary, fees, wages, perquisites or profits or gains of the office or employment in computing the amount of the assessment, so, however, that not more than £10 shall be allowed in the case of any person in any year.

### **194 Expenditure and houses of ministers of religion**

- (1) For the purposes of section 185 of this Act, any premises an interest in which belongs to a charity or any ecclesiastical corporation, and in which (in right of that interest)—
- (a) the persons from time to time holding any full-time office as clergyman or minister of any religious denomination, or
  - (b) any particular person holding such an office,
- have or has a residence from which to perform the duties of the office, shall be treated as occupied otherwise than by the holder of the office, whether apart from this section they would be so treated for those purposes or not.
- (2) Where a clergyman or minister of any religious denomination has such a residence as aforesaid in any premises, and has it in right of such an interest as aforesaid, then, for the purposes of income tax with which he may be chargeable under Schedule E, there shall be disregarded—
- (a) the making good to him, in consequence of his being the holder of his office, of statutory amounts payable in connection with the premises or statutory

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- deductions falling to be made in connection therewith, except in so far as an amount or deduction is properly attributable to a part of the premises in respect of which he receives rent,
- (b) the payment on his behalf, except as aforesaid, of such a statutory amount, and
  - (c) the value to him of any expenses incurred in connection with the provision in the premises of living accommodation for him, being expenses incurred in consequence of his being the holder of his office.
- (3) In assessing the income tax chargeable (whether under Schedule E or any other Schedule) upon a clergyman or minister of any religious denomination, the following deductions may be made from any profits, fees, or emoluments of his profession or vocation—
- (a) any sums of money paid or expenses incurred by him wholly, exclusively and necessarily in the performance of his duty as a clergyman or minister,
  - (b) such part of the rent (not exceeding one-quarter) as the inspector by whom the assessment is made may allow, paid by him in respect of a dwelling-house any part of which is used mainly and substantially for the purposes of his duty as such clergyman or minister, and
  - (c) in respect of expenses borne by him in the maintenance, repairs, insurance or management of any premises in which, in right of such an interest as is mentioned in subsection (1) above, he has such a residence as is therein mentioned, such part of the expenses as, together with any deduction allowable in respect of such expenses under paragraph (a) above, is equal to one-quarter of the amount of the expenses.

On an appeal to the General Commissioners or the Special Commissioners, the Commissioners shall have jurisdiction to review the inspector's decision under paragraph (b) above.

- (4) In this section, "statutory amount" and "statutory deduction" mean an amount paid and a deduction made in pursuance of any provision contained in or having the force of an Act.