

## SCHEDULES

### SCHEDULE 4

#### AMENDMENTS OF INCOME TAX ACTS AND CORPORATION TAX ACTS

#### PART II

#### OTHER AMENDMENTS

##### *Treatment as distribution of interest paid by company to non-resident company in same group*

- 6 (1) In section 233(2)(d) of the Taxes Act (which specifies securities of a company in respect of which any interest or other distribution out of assets of the company is to be treated as a distribution for the purposes of the Corporation Tax Acts) for sub-paragraph (iv) (which specifies securities issued by the company and held by a company not resident in the United Kingdom, where the former is a 75 per cent, subsidiary of the latter or both are 75 per cent, subsidiaries of a third company) there shall be substituted the following sub-paragraph:—

“(iv) securities issued by the company and held by a company not resident in the United Kingdom, where—

- (aa) the company which issued the securities is a 75 per cent, subsidiary of the other company; or
- (bb) both are 75 per cent, subsidiaries of a third company which is not resident in the United Kingdom ; or
- (cc) except where 90 per cent, or more of the share capital of the company which issued the securities is directly owned by a company resident in the United Kingdom, both the company which issued the securities and the company not resident in the United Kingdom are 75 per cent, subsidiaries of a third company which is resident in the United Kingdom or”.

- (2) This paragraph does not apply to any payment becoming due or paid in an accounting period of the company making the payment which ends before 6th April 1970.

##### *Capital allowances for contributions to public expenditure*

- 7 In section 85 of the Capital Allowances Act 1968 (which provides for capital allowances for contributions to expenditure by another person, but not where that other person is the Crown or some other authority not within the charge to tax) after subsection (2) there shall be inserted the following subsection:—

“(2A) In relation to any contribution made after 5th April 1970 to expenditure incurred after that date by the Crown, or by any public or local authority in

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the United Kingdom, subsection (1) above shall have effect as if the words from ' and in respect' to the end of paragraph (d) were omitted”;  
 and in subsection (3), after the words "this subsection shall apply only where " there shall be inserted the words " subsection (2a) above does not apply but " .

*Purchased life annuity of variable amount*

8 (1) In section 230 of the Taxes Act after subsection (2) insert—

“(2a) Where, in the case of any purchased life annuity to which this section applies, the amount of any annuity payment (but not the term of the annuity) depends on any contingency other than the duration of a human life or lives—

(a) the capital element shall be determined by reference—

(i) to the amount or value of the payments made or other consideration given for the grant of the annuity (in this subsection referred to as the ' purchase price' of the annuity), and

(ii) to the expected term of the annuity, as at the date when the first annuity payment began to accrue, expressed in years (and any odd fraction of a year), and determined by reference to the prescribed tables of mortality,

and in head (ii) above ' term' means the period from the date when the first annuity payment begins to accrue to the date when the last payment becomes payable,

(b) the capital element in any annuity payment made in respect of a period of twelve months shall be a fraction

$$\frac{1}{E}$$

of the purchase price, where E is the said expected term,

(c) the capital element in any annuity payment made in respect of a period of less than, or more than, twelve months shall be the amount at (b) above reduced, or as the case may be increased, in the same proportion as the length of that period bears to a period of twelve months,

(d) subsection (2) above shall not apply, but paragraphs (a) and (b) of subsection (3) below shall apply as they apply to that subsection,

and in applying subsection (2)(d) above where both the amount and the term of the annuity depend on any contingency other than the duration of a human life or lives, regard shall be had to this subsection (and not to subsection (2) (c) above) as well as to the contingencies affecting the annuity.”

(2) This paragraph has effect for the year 1970-71 and subsequent years of assessment, whether or not annuity payments under the annuity fell due before the beginning of the year 1970-71.

*Relief for payments of interest*

9 (1) In section 60(1) of the Taxes Act (loan to purchase machinery or plant used by a partnership) after " interest paid by him in" insert " the basis period (as defined in section 72 of that Act) for " .

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- (2) In section 62(1) of the Taxes Act (certain pre-1970 loans) for the words " on which the recipient is chargeable to tax under Case III of Schedule D, and" substitute " which is chargeable to tax under Case III of Schedule D, and ".
- (3) In section 63(2) of the Taxes Act (overdraft interest: money drawn and applied in whole or part for eligible purposes) after " that money " insert " or as the case may be that part of it " , and accordingly in subsection (5) of the said section 63 the words from " and where part only " to the end of the subsection shall cease to have effect.
- (4) At the end of the said section 63 add—
- “(7) Subsection (6) above applies only where the loan subsists throughout the year of assessment (but it is necessary to ascertain the interest paid in respect of a part only of the year), and where the loan subsists only for a shorter period but it is necessary to ascertain the interest paid in respect of part of that period, the calculation shall be made in a corresponding way”.
- (5) After section 64 of the Taxes Act insert—
- “64A Schemes for employees and directors to acquire shares.**
- Where under a scheme set up to comply with proviso (b) to section 54(1) of the Companies Act 1948 (financial assistance for company employees and salaried directors acquiring shares), or any corresponding enactment in force in Northern Ireland, trustees receive interest from such employees or directors then, if and so far as the scheme requires an equivalent amount to be paid by way of interest by the trustees to the company, the trustees shall be exempt from tax under Case III of Schedule D on that interest received by them.”
- (6) In section 173(3) of the Taxes Act (carry forward as losses of amounts taxed under section 53) before paragraph (a) insert—
- “(aa) to any payment to which the said section 53 applies by virtue of section 54(3) of this Act (annual interest)”.
- (7) In section 190 of the Taxes Act (interest on loans to purchase machinery or plant), in subsection (1)(a) after " balancing charge " insert " (or would be so entitled or liable but for some contribution made by the employer) " , and at the end insert—
- “(6) Where the whole of a debt does not fulfil the conditions required by this section, relief shall be given under this section only in respect of the proportion of any payment of interest equal to the proportion of the debt fulfilling those conditions at the time of the application of the money in question”.
- (8) Sections 19, 22 and 24 of, and paragraphs 1 and 7 of Schedule 13 to, the Finance Act 1969 (which correspond to the provisions amended by section 17 of this Act and this paragraph) shall be deemed always to have had effect as if there had been made in them, with the necessary adaptations of wording and in particular with the necessary adaptations of references to other enactments, the amendments which are directed by the said section 17 and the preceding provisions of this paragraph to be made in the corresponding provisions of the Taxes Act.

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For the year 1969-70 the Income Tax Act 1952 shall have effect, in relation to any debt incurred after 15th April 1969, as if it contained a section corresponding to the section 64A inserted by this paragraph in the Taxes Act.

- (9) All such assessments, repayments of tax and other adjustments shall be made as are required to give effect to sub-paragraph (8) above, but that sub-paragraph shall not be taken as authorising the giving of any relief more than once.

*Inland Revenue procedures: returns and assessments*

- 10 In section 113 of the Management Act after subsection (1) insert—

“(1A) Any notice or direction requiring any return to be made under the Taxes Acts to an inspector or other officer of the Board may be issued or given in the name of that officer, or as the case may be in the name of the Board, by any officer of the Board, and so as to require the return to be made to the first-mentioned officer.

((1B)) Where the Board or an inspector or other officer of the Board have in accordance with section 29 of this Act, or any other provision of the Taxes Acts, decided to make an assessment to tax, and have taken all other decisions needed for arriving at the amount of the assessment, they may entrust to some other officer of the Board responsibility for completing the assessing procedure, whether by means involving the use of a computer or otherwise, including responsibility for serving notice of the assessment on the person liable for tax.”

*Fractions of a penny*

- 11 Section 2(1) of the Taxes Act (no tax to be charged of a lower denomination than one penny) shall be amended by adding after " one penny " the words " or, as the case may require, one new penny " ; and the like amendment shall be made in section 4 of the Income Tax Act 1952 (corresponding provision for years preceding 1970-71).