



Finance Act 1971

CHAPTER 68

FINANCE ACT 1971

PART I

CUSTOMS AND EXCISE

- 1 Relief from import duty for goods of developing countries
- 2 Temporary relief from import duty for certain Commonwealth textiles
- 3 Excise duty on gas for use as fuel for road vehicles
- 4 Remission of purchase tax on exported vehicles
- 5 Purchase tax-exercise of functions of Commissioners with respect to registration, etc.
- 6 Agricultural machines-vehicles excise duty and customs and excise duty
- 7 Disabled passengers-vehicles excise duty
- 8 Bingo duty amendments
- 9 Pool betting duty
- 10 Gaming licence duty in Scotland
- 11 Customs procedures, etc.
- 12 Continuation of powers under section 9 of Finance Act 1961

PART II

INCOME TAX AND CORPORATION TAX

CHAPTER I

GENERAL

- 13 Surtax rates for 1970-71
- 14 Charge of corporation tax for financial year 1970
- 15 Alterations of personal reliefs

- 16 Parent and child-repeal of aggregation provisions, and amendment of settlement provisions
- 17 Partnership changes-time limit for elections under section 154 of Taxes Act
- 18 Exemption of invalidity benefit, attendance allowances and family income supplements, and increase in relief on savings bank interest
- 19 Exemption of interest on damages for personal injuries
- 20 Annuities for the self-employed and others
- 21 Occupational pension schemes
- 22 Amendments of schemes
- 23 Taxation of wife's earnings
- 24 Claims for deferment of part of surtax for 1972-73
- 25 Close companies
- 26 Double taxation relief for underlying tax
- 27 Business entertaining expenses
- 28 Reserves of marketing boards and certain other statutory bodies

CHAPTER II

SUB-CONTRACTORS IN CONSTRUCTION INDUSTRY

- 29 Deductions on account of income tax from payments to certain sub-contractors in construction industry
- 30 Exceptions from section 29
- 31 Interpretation of Chapter II

CHAPTER III

METHOD OF CHARGING INCOME TAX FOR 1973-74 AND SUBSEQUENT YEARS

- 32 Income tax charged at basic and other rates
- 33 Personal reliefs
- 34 Effect of deductions
- 35 Abolition of certain provisions relating to surtax
- 36 Construction of references in Income Tax Acts to deduction of tax
- 37 Consequential amendments and repeals
- 38 Commencement of Chapter III and transitional provisions
- 39 Basic rate for 1973-74

PART III

INCOME TAX AND CORPORATION TAX : CAPITAL ALLOWANCES

CHAPTER I

NEW SYSTEM OF ALLOWANCES AND CHARGES IN RESPECT OF TRADE (ETC.) MACHINERY AND PLANT

Introductory

- 40 Application of new system

First-year allowances, writing-down allowances and balancing adjustments

- 41 First-year allowances-general rules

- 42 First-year allowances-rates
- 43 First-year allowances-exclusion of certain road vehicles
- 44 Writing-down allowances and balancing adjustments

*Application to machinery and plant on hire-purchase
etc. or lease, and to activities other than trades*

- 45 Machinery and plant on hire-purchase etc.
- 46 Machinery and plant on lease
- 47 Application to activities other than trades

Supplementary

- 48 Manner of making allowances and charges
- 49 Minor rules, and consequential amendments
- 50 Interpretation etc.

CHAPTER II

OTHER PROVISIONS

- 51 Initial allowances for industrial buildings-continuance of increased rate for development and intermediate areas and Northern Ireland
- 52 Initial allowances for mining etc. works-increased rate for development areas and Northern Ireland, and right of disclaimer
- 53 Writing-down allowances-increased rates for machinery and plant provided before 6th November 1962
- 54 Double taxation relief and overspill relief

PART IV

TAX ON CAPITAL GAINS AND ESTATE DUTY

- 55 Restoration of development value in computation of chargeable gains, and repeal of certain provisions made in connection with betterment levy
- 56 Taxation of short-term capital gains
- 57 Exemption or relief for small disposals
- 58 Disposal of options
- 59 Abolition of charge to capital gains tax on death, etc.
- 60 Replacement of business assets
- 61 Alteration of amount of estate duty
- 62 Payment of estate duty by instalments

PART V

MISCELLANEOUS

- 63 Selective employment tax
- 64 Stamp duty-abolition of duty on bonds, mortgages etc.
- 65 Stamp duty-composition in respect of transfer duty on certain loan capital
- 66 Option mortgages
- 67 Confirmation of health service agreement with Northern Ireland and U.K. contribution towards cost of certain allowances and benefits in Northern Ireland

- 68 Payments to Banks of England and Ireland in respect of management of Government securities
- 69 Citation, interpretation, construction, extent and repeals

SCHEDULES

SCHEDULE 1 — Customs Procedures etc.

Entry outwards of export goods not within section 47 of the Act of 1952

- 1 (1) This paragraph applies to all goods to which section...

Provisional entries under section 47 of the Act of 1952

- 2 Directions under section 47 of the Act of 1952 may,...

Register of exporters, and assignment of identifying numbers

- 3 The Commissioners shall have power— (a) to maintain a register...

Alternative to entry in the case of registered exporters

- 4 (1) If the Commissioners think fit so to direct, goods...

Specifications under section 49 of the Act of 1952

- 5 (1) Section 49 of the Act of 1952 (duty of...

New provisions about putting export goods alongside for loading

- 6 (1) This paragraph applies to all goods which are required...

Miscellaneous provisions as to information, documentation, etc.

- 7 The Commissioners may give directions under this paragraph imposing on...
- 8 The Commissioners may give directions under this paragraph providing that,...
- 9 Section 54(1)(c) of the Act of 1952 (under which the...
- 10 Sections 47(2) and 86(3) of the Act of 1952 (goods...

Penalties

- 11 (1) If any goods of which entry is required under...

Supplementary

- 12 (1) Regulations or directions made or given under any provision...
- 13 The Commissioners may relax any requirement imposed by or under...
- 14 (1) The provisions of this Schedule shall be treated for...
- 15 Paragraphs 1, 2, 4 to 8 and 11 of this...

SCHEDULE 2 — Annuities for the Self-Employed and Others

Approval of contract for dependants or for life insurance

- 1 After section 226 of the Taxes Act insert— Contracts for...

Relief carried forward

- 2 For subsection (2) of section 227 of the Taxes Act...

Relief in respect of late assessments

- 3 For subsection (3) of section 227 of the Taxes Act...

Holders of pensionable offices, etc.

- 4 In section 228 of the Taxes Act (application of limits...

Persons born before 1916

- 5 For section 228(4) of the Taxes Act substitute—

Amendment to Chapter III of Part XIV of Taxes Act (charges in respect of life policies)

- 6 In section 393 of the Taxes Act after subsection (2)...

Commencement and transitionals

- 7 (1) Nothing in the principal section or this Schedule shall...

SCHEDULE 3 — Occupational Pension Schemes

PART I — TRANSITIONAL

- 1 Section 208 of the Taxes Act (relief for superannuation funds)—...
2 (1) Section 23 of the Finance Act 1970 (taxation of...
3 (1) On such date as the Treasury may by order...
4 Where an alteration has been made in a scheme which...
5 (1) This paragraph has effect as respects any retirement benefits...
6 References in this Part of this Schedule to the alteration...

PART II — TAXATION OF REFUNDS OF CONTRIBUTIONS AND CERTAIN
OTHER PAYMENTS

- 7 For paragraphs 2 and 3 of Part II of Schedule...

*Schemes approved under old lawTaxation of
refunds of contributions and commutation payments*

- 8 (1) This paragraph has effect as respects any payment chargeable...

*Schemes approved under old law or new lawCharge to tax in respect of
unauthorised payments and payments after cessation of tax exemptions*

- 9 (1) This paragraph applies to any payment to or for...

PART III — CONSEQUENTIAL AND MINOR AMENDMENTS

Capital gains: amendment of Finance Act 1965

- 10 In section 38(2) of the Finance Act 1965 as amended...

Saving for certain life policies

- 11 In section 19(4) and section 393(2) of the Taxes Act...

Amendments of Finance Act 1970

- 12 (1) For section 19(4) of the Finance Act 1970 substitute—...

Construction

13 (1) The principal sections and this Schedule shall be construed...

SCHEDULE 4 — Separate Taxation of Wife's Earnings

Meaning of wife's earnings

1 References in this Schedule to the wife's earnings are references...

General Rule

2 In charging the income of husband and wife in accordance...

Personal reliefs

3 (1) Subject to the following provisions of this paragraph, the...

Effect of deductions etc.

4 (1) Notwithstanding anything to the contrary in the Income Tax...

Assessments, recovery and returns

5 Income tax charged on the wife's earnings under paragraph 2(a)...

6 Where an application under section 38(2) of the Taxes Act...

7 Where subsection (3) of section 39 of the Taxes Act...

Modifications for 1973-74 and subsequent years

8 In relation to the year 1973-74 and subsequent years of...

SCHEDULE 5 — Construction Operations

PART I — OPERATIONS INCLUDED

PART II — OPERATIONS EXCLUDED

SCHEDULE 6 — AMENDMENTS CONSEQUENTIAL ON NEW METHOD OF CHARGING TAX

PART I — AMENDMENT OF INCOME AND CORPORATION TAXES ACT 1970

1 The Income and Corporation Taxes Act 1970 shall be amended...

2 For section 3 there shall be substituted the following section:—...

3 In section 4 in subsection (1) the words “other than...

4 In section 5 for the words “6 to 21 ”...

5 In section 8— (a) in subsection (1)(a) for the words...

6 In section 10— (a) in subsection (1) for the words...

7 In section 12(1)— (a) for the words from “from the...

8 In section 13 for the words from “from the amount”...

9 In section 14— (a) in subsection (2) for the words...

10 In section 16— (a) in subsection (1) for “£387” there...

11 In section 17 for the words from “from the amount”...

12 In section 18— (a) in subsection (1) the words “seven-ninths...

13 In section 30— (a) in subsection (1) the words from...

14 In section 33(1) and (2) for the words “sections 30...

15 In section 34(1) for the words following the paragraphs and...

16 In section 36— (a) in subsection (1) for the word...

17 In section 37 subsection (5) shall be omitted and for...

- 18 In section 38 the following shall be substituted for subsection...
- 19 In section 39— (a) in subsection (1) the words “other...
- 20 In section 52— (a) paragraph (a) of subsection (1) shall...
- 21 In section 53— (a) in subsection (1) the words after...
- 22 In section 54(1) for the words following “income tax thereon...
- 23 In section 58(9)(b)(ii) for the words “for the purposes of...
- 24 In section 188(1)(b) for the word “surtax ” there shall...
- 25 In section 204— (a) in the proviso to subsection (2)...
- 26 In section 227(5) the words “at the standard rate ”...
- 27 In section 232— (a) in subsection (1), in paragraph 2...
- 28 In section 234(3), in the definition of “preference shares ”...
- 29 In section 282(2) for the words from “amount falling” to...
- 30 In section 285(6)(b), for the words “for the purposes of...
- 31 In section 286— (a) in subsection (6) the words from...
- 32 (1) In section 287(1) for the words from “the person...
- 33 (1) In section 288(1)— (a) for the word “surtax ”...
- 34 In section 296— (a) in subsection (1) for the words...
- 35 (1) Section 297 shall be amended as follows.
- 36 In section 298(3) for the word “surtax”, in the first...
- 37 In section 299(5) the words “for the purposes of surtax”...
- 38 In section 310(3) for the words “standard rate” (in both...
- 39 In section 319, in subsections (2) and (3), for the...
- 40 In section 343— (a) in subsection (1)(a) for the words...
- 41 In section 393(1) for the words “surtax and to ”...
- 42 In section 399— (a) in subsection (1)(a) the words from...
- 43 In section 400— (a) in subsections (2) and (5) for...
- 44 In section 403(1) the words “for the purposes of surtax...
- 45 In section 407(1) for the words from “in the case...
- 46 In section 414— (a) in subsection (1) the words “surtax...
- 47 In section 417(2)(a) for the words “standard rate ” there...
- 48 In section 422— (a) in subsections (1), (3) and (5)...
- 49 In section 423 the following shall be substituted for subsections...
- 50 In section 424(c) for the words “ if the standard...
- 51 In section 425(2) for the words “the standard rate of...
- 52 In section 426— (a) in subsection (4)(a), for the words...
- 53 In section 427— (a) in the proviso to subsection (2)...
- 54 In section 428(2), for the words “standard tax ” in...
- 55 In section 429(2)(a), for the words “standard tax ” there...
- 56 In section 430— (a) in subsection (1), for the words...
- 57 In section 431(4), the words preceding “an inspector ” shall...
- 58 In section 432— (a) in subsection (7) the words “As...
- 59 In section 435(1)(b) the words from “the Board” to “standard...
- 60 In section 440(2) the words “at the standard rate” shall...
- 61 In section 441(1)(b) the words from “the Board ” to...
- 62 In section 443 the words preceding “an inspector ” shall...
- 63 In section 449— (a) in subsection (1) the words “at...
- 64 In section 451— (a) in subsection (2)(e) for the words...
- 65 In section 453 the words preceding “an inspector” shall be...
- 66 In section 456(4) the words “at the standard rate ”...
- 67 In section 457(1) for the words following the paragraphs there...
- 68 In section 458(1) for the words from “the income shall...
- 69 In section 460(4) for the word “surtax ” there shall...
- 70 In section 469(1)(ii) the words “at the standard rate ”,...

- 71 In section 470(3) for the words from “shall be chargeable...
- 72 In section 480(1) for the words “standard rate”, in the...
- 73 In section 481(1) and (2)(b) the words from “or, for...
- 74 At the end of section 497 there shall be added...
- 75 In section 510(5) for the words “standard rate ” there...
- 76 In section 522, for the words “standard rate ” there...
- 77 In section 526(5), in the definitions of “ordinary share capital”...
- 78 In section 528— (a) in subsection (1) for the words...
- 79 In paragraph 6 of Schedule 3 the words “tax at...
- 80 In Schedule 5, in paragraphs 1(c) and 7 for the...
- PART II — AMENDMENT OF TAXES MANAGEMENT ACT 1970
- 81 The Taxes Management Act 1970 shall be amended in accordance...
- 82 In section 8— (a) subsections (5) and (6) shall be...
- 83 In section 22 the words “for the purpose of charging...
- 84 In section 29— (a) for subsection (2) there shall be...
- 85 In section 31(3)— (a) in paragraph (a) the words “assessment...
- 86 In section 86(1) the following shall be substituted for paragraph...
- 87 In section 88(5) the following shall be substituted for paragraph...
- 88 In section 91(3)— (a) paragraphs (a) and (b)(i) shall be...
- 89 In section 93(4) for the words from the beginning to...
- 90 In section 95(3) for the words from “include surtax ”...
- PART III — AMENDMENT OF OTHER ACTS
- 91 In Schedule 6 to the Finance Act 1965, in paragraph...
- 92 In section 32(6) of the Finance Act 1968, for the...
- 93 In section 29 of the Finance Act 1970—

SCHEDULE 7 — New method of charging tax—Transitional Provisions

- 1 Where any of the preceding years mentioned in the proviso...
- 2 (1) Where any provision, however worded, contained in an instrument...
- 3 Any instrument, however worded, conferring on any person a right...
- 4 Any reference in a statutory instrument made under the Tax...

SCHEDULE 8 — Capital Allowances

Investment grants etc.: exclusion of first-year allowances

- 1 (1) No first-year allowance shall be made in respect of...

Effect of other capital allowances

- 2 (1) Expenditure in respect of which a deduction may be...

Effect of sales between connected persons, sale and lease-back etc.

- 3 (1) Where a person incurs capital expenditure on the provision...

Further effects of disposal etc. before bringing into use

- 4 (1) Subject to sub-paragraph (2) below, the following provisions shall...

Effect of use partly for trade etc. purposes and partly for other purposes

- 5 (1) A first-year allowance may be made to a person...

Effect of subsidies towards wear and tear

- 6 (1) If it appears that, during the period during which...

Effect of use after user not attracting capital allowances, or after receipt by way of gift

- 7 (1) Subject to sub-paragraph (2) below, where a person—

Special rules for new ships

- 8 (1) Where for any chargeable period a first-year allowance falls...

Special rules for motor cars

- 9 In paragraphs 10 to 12 below “motor car” means...
10 (1) The following provisions of this paragraph shall have effect...
11 Where capital expenditure exceeding £4,000 is incurred on the
provision...
12 Where, apart from this paragraph, the amount of any expenditure...

Effect of successions to trades between connected persons

- 13 Where a person (the “successor”) succeeds to a trade...

Treatment of demolition costs

- 14 (1) Where any machinery or plant which is in use...

Application of certain provisions of Capital Allowances Act 1968

- 15 (1) Section 44 of the Capital Allowances Act 1968 (partnership...

Amendments of other enactments

- 16 (1) Paragraph 6 of Schedule 6 to the Finance Act...

Transitional provision as to roll-over relief

- 17 Where section 40 of the Capital Allowances Act 1968 applies...

SCHEDULE 9 — Restoration of Development Value

Interpretation

- 1 In this Schedule “the principal section” means section 55 of...

Disposal on compulsory purchase

- 2 Where a disposal of land is made on the compulsory...

Replacement of business assets

- 3 Where section 33 of the Finance Act 1965 applied on...

Mineral royalties

- 4 (1) Where betterment levy was chargeable in respect of the...

Status: This is the original version (as it was originally enacted).

*Allowance for levy under Case B, C or F in
calculating chargeable gain on subsequent disposal*

- 5 (1) Where betterment levy charged in the case of any...

SCHEDULE 10 — Capital Gains—Provisions Relating to Short-Term Gains and
Time of Disposal and Acquisition

Interpretation

- 1 (1) In this Schedule— “Case VII ” means Case VII...

Unrelieved Case VII losses

- 2 Where no relief from income tax (for a year earlier...

Gains arising out of the United Kingdom

- 3 Any amount which, if income tax were chargeable under Case...

*Restriction on exemption or relief with respect to
disposal of guaranteed stock or gilt-edged securities*

- 4 (1) Neither section 27(3) of the Finance Act 1965 (gains...

Identification of certain assets acquired and disposed of

- 5 Paragraph 2 of Schedule 7 to the Finance Act 1965...

Disposal on or before day of acquisition

- 6 (1) The following provisions shall apply where securities of the...

Disposal and acquisition of guaranteed stock or gilt-edged securities—general

- 7 (1) The following provisions shall apply, subject to paragraph 6(1)...

*Acquisition and disposal of gilt-edged securities
—disposal to husband or wife and third person*

- 8 (1) Where, in the case of a man and his...

Re-acquisition of gilt-edged securities after sale at a loss

- 9 (1) Where a loss accrues to a person from his...

Time of disposal and acquisition

- 10 (1) Subject to section 45(5) of the Finance Act 1965...
11 Where an interest in land is acquired, otherwise than under...

Consequential amendments

- 12 In section 270 of the Income and Corporation Taxes Act...
13 In section 271(4) of the Income and Corporation Taxes Act...

SCHEDULE 11 — Provisions Supplementary to Section 57

Interpretation

- 1 In this Schedule “the principal section ” means section 57...

Losses

- 2 (1) Where, in the case of any individual, subsection (1)...

Consideration

- 3 In computing for the purposes of the principal section the...
4 Where by virtue of section 29(1)(b) of the Finance Act...
5 If the consideration for any disposal is payable by instalments...
6 Paragraph 14(5) of Schedule 6 to the Finance Act 1965...
7 Paragraph 14(2)(a) of Schedule 7 to the Finance Act 1965...

Disregard of consideration for certain disposals

- 8 (1) For the purposes of the principal section the consideration...

Disposals on death

- 9 Where by virtue of section 24 of the Finance Act...

SCHEDULE 12 — Abolition of Charge on Death

Death not constituting disposal

- 1 For subsection (1) of section 24 of the Finance Act...
2 At the end of subsection (9) of that section (construction...

Donatio mortis causa not chargeable gain

- 3 Notwithstanding section 22(4) of the Finance Act 1965 no chargeable...
4 In section 45(1) of the Finance Act 1965, in the...
5 In sub-paragraph (2) of paragraph 20 of Schedule 7 to...

Settled property

- 6 Where, by virtue of subsection (3) of section 25 of...
7 In section 25(4) of the Finance Act 1965 (notional disposal...
8 At the end of the said section 25(4) there shall...
9 Where the said section 25(4) applies on the death of...
10 Subsections (3) and (4) of section 25 of the Finance...
11 Where a life interest (within the meaning of section 25...
12 In section 25 of the Finance Act 1965 the following...
13 Section 31(3)(b) of the Finance Act 1965 (concession on certain...

Gifts

- 14 (1) After section 25 of the Finance Act 1965 there...

Market value determined for estate duty

- 15 For section 26 of the Finance Act 1965 there shall...

Insolvents' assets

- 16 In paragraph 10(2)(b) of Schedule 10 to the Finance Act...

Death of heir of entail or proper liferenter

- 17 In paragraph 4 of Schedule 12 to the Finance Act...

Northern Ireland estate duty

- 18 In paragraphs 11, 12, 14 and 15 of this Schedule...

SCHEDULE 13 — Health Service Agreement between Treasury and Ministry of
Finance for Northern Ireland

- 1 (1) There shall be ascertained in respect of each financial...
- 2 (1) If in respect of any financial year the total...
- 3 It is hereby agreed that, subject to such differences as...
- 4 Payments on account of such contributions as may ultimately be...
- 5 Any question arising under this Agreement, whether as to the...
- 6 This Agreement shall not come into operation until confirmed by...

SCHEDULE 14 — Enactments Repealed

- PART I — OCCUPATIONAL PENSION SCHEMES
- PART II — NEW METHOD OF CHARGING TAX
- PART III — BETTERMENT LEVY
- PART IV — CASE VII
- PART V — CAPITAL GAINS—ABOLITION OF CHARGE ON DEATH ETC.
- PART VI — STAMP DUTY
- PART VII — MISCELLANEOUS REPEALS