

Finance Act 1971

CHAPTER 68

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ELIZABETH II



1971 CHAPTER 68

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [5th August 1971]

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

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CUSTOMS AND EXCISE

1.—(1) With a view to granting concessions in respect of import duty chargeable on goods of countries claiming to be developing countries, the Treasury, on the recommendation of the Secretary of State, may by order provide for relieving goods of any description specified in the order, being goods of such countries or of countries within such area as may be so specified, from the whole or part of any import duty which would otherwise be chargeable on them.

Relief from import duty for goods of developing countries.

(2) An order under subsection (1) of this section may make different provision in relation to goods of different descriptions and goods of different countries, and any relief from import duty specified in such an order—

(a) may be granted, varied or revoked for any period or periods, whether continuous or not, or without limit of period;

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- (b) may be made subject to conditions as to the place from which the goods are consigned to the United Kingdom; and
- (c) may be determined by reference to value or to weight or other measure of quantity.

1958 c. 6.

(3) Subsections (1) and (2) of this section shall be construed, and the Import Duties Act 1958 shall have effect, as if those subsections were included in that Act, and in section 13(4) of that Act (statutory instruments containing orders restricting relief etc., to be subject to affirmative resolution) after the words "of this Act" there shall be inserted the words "or section 1(1) of the Finance Act 1971".

(4) At the end of Schedule 3 to the Import Duties Act 1958 (which lists descriptions of goods in respect of which, subject to certain specified conditions, orders may be made providing for relief from import duty) there shall be added the following paragraph—

10. Articles consisting wholly or mainly of cotton or silk, or of a combination of the two, and of a description specified in the order may be relieved from import duty if—

- (a) certified, as provided by the order, to be handloom goods of a country claiming to be a developing country or to be manufactured in such a country from handloom goods of that country; and
- (b) certified by the Secretary of State to be imported in accordance with arrangements made between Her Majesty's Government in the United Kingdom and the government of that country.

2. Schedule 3 to the Import Duties Act 1958 (which lists descriptions of goods in respect of which, subject to certain specified conditions, orders may be made providing for relief from import duty) shall be amended by adding the following paragraph after that added by section 1(4) of this Act—

11. The following goods, that is to say, cotton yarn and manufactures of woven cotton, may be relieved from import duty if—

- (a) they are goods of the Commonwealth preference area, and
- (b) they are imported on or after 1st January 1972 under the authority of an import licence which restricts the quantity of goods which may be imported thereunder, and
- (c) the Secretary of State certifies that he is satisfied that they were exported from their country of origin before the said 1st January, and

Temporary relief from import duty for certain Commonwealth textiles.

(d) import duty would not have been chargeable on them if they had been imported on 31st December 1971.

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3.—(1) A duty of excise shall be charged on gas (as defined in this section) which is sent out from the premises of a person producing or dealing in gas and on which the duty charged by this section has not been paid. Excise duty on gas for use as fuel for road vehicles.

(2) The like duty of excise shall be charged on the setting aside for use, or on the use, by any person, as fuel in a road vehicle, of gas on which the duty charged by this section has not been paid.

(3) The rate of the duty under this section shall be prescribed by order made by the Treasury, and in exercising their power under this subsection the Treasury shall select the rate (whether for all gas or for a particular kind of gas) which in their opinion is for the time being the nearest convenient and suitable rate corresponding to the rate of excise duty on hydrocarbon oil.

In comparing the excise duty with that on hydrocarbon oil account shall be taken of relative average calorific values and of other relevant factors.

(4) An order made under subsection (3) above—

- (a) may express the rate of duty by reference to any method of measuring the gas,
- (b) may prescribe different rates for different kinds of gas,
- (c) may prescribe a rate which depends in whole or in part on the rate for the time being of excise duty charged on hydrocarbon oil,
- (d) may be varied or revoked by a subsequent order so made.

(5) At the end of section 8(2)(c) of the Finance Act 1964 (separate categories of duties for surcharge and rebate under section 9 of Finance Act 1961) insert “and gas as road fuel”. 1964 c. 49.
1961 c. 36.

(6) The Commissioners may, with a view to the protection of the revenue, make regulations for securing and collecting the excise duty, and in particular for any of the matters set out below in this subsection.

1. Prohibiting the production of gas, and dealing in gas on which the excise duty has not been paid, except by persons holding a licence.

2. Fixing the date of expiration of any such licence.

3. Regulating the production, dealing in, storage and warehousing of gas and the removal of gas to and from premises used therefor.

4. Requiring containers for gas to be marked in the manner prescribed by the regulations.

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5. Conferring power to require information relating to the supply or use of gas and containers for gas to be given by producers of and dealers in gas, and by the person owning or possessing or for the time being in charge of any road vehicle which is constructed or adapted to use gas as fuel.

6. Requiring a person owning or possessing a road vehicle which is constructed or adapted to use gas as fuel to keep such accounts and records in such manner as may be prescribed, and to preserve such books and documents relating to the supply of gas to or by him, or the use of gas by him, for such period as may be prescribed.

7. Requiring the production of books or documents relating to the supply or use of gas or the use of any road vehicle.

8. Authorising the entry and inspection of premises (other than private dwelling-houses) and the examination of road vehicles, and authorising, or requiring the giving of facilities for, the inspection of gas found on any premises entered or on or in any road vehicle.

(7) A person who—

(a) contravenes or fails to comply with any regulations made under this section, or

(b) uses as fuel in, or takes as fuel into, a road vehicle any gas on which he knows or has reasonable cause to believe that the excise duty has not been paid,

shall be liable to a penalty of three times the value of the goods in respect of which the offence was committed or £100, whichever is the greater, and the goods shall be liable to forfeiture.

(8) In this section—

“the excise duty” means excise duty chargeable under this section;

“gas” means any substance which is gaseous at a temperature of 60 degrees Fahrenheit, and under a pressure of one atmosphere, and which is for use as fuel in road vehicles;

“road vehicle” means a vehicle constructed or adapted for use on roads, other than any road vehicle of a kind specified in Schedule 1 to the Hydrocarbon Oil (Customs & Excise) Act 1971 (vehicles in which heavy oil may be used without repayment of rebate).

(9) For the purposes of this section and of any other enactment in the excise Acts, so far as it relates to the excise duty—

(a) gas shall be deemed to be used as fuel in a road vehicle if, but only if, it is used as fuel for the engine provided for propelling the vehicle, or for an engine which draws its fuel from the same supply as that engine, and

(b) gas shall be deemed to be taken into a road vehicle as fuel if, but only if, it is taken into it as part of that supply.

(10) This section shall come into force on such date as the Treasury may by order appoint, but subsection (2) above shall not apply to gas delivered to, or in the stock of, the person otherwise chargeable if it was delivered to, or stocked by, him before that date.

(11) Any order made under this section shall be contained in a statutory instrument and shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

(12) This section shall be construed as one with the Hydro-carbon Oil (Customs & Excise) Act 1971 c. 12.

4.—(1) In section 23 of the Purchase Tax Act 1963 (remission of purchase tax on exported vehicles) after subsection (1) insert the following subsection—

Remission of purchase tax on exported vehicles.
1963 c. 9.

“(2) This subsection has effect as respects a mechanically propelled vehicle manufactured outside the United Kingdom, and sold in the United Kingdom by a person who is appointed by the manufacturer to be the sole selling agent in the United Kingdom for vehicles manufactured by that manufacturer, and who is registered.

Where it is shown to the satisfaction of the Commissioners that a person who acquires such a mechanically propelled vehicle from the said sole selling agent is resident in the United Kingdom, but is about to become resident outside the United Kingdom, the Commissioners may, subject to such conditions as they may think necessary for the protection of the revenue, remit any tax which would otherwise be payable in respect of the vehicle by the said sole selling agent.”

(2) Where tax is remitted under the said section 23(2), section 9 of the Finance Act 1967 (enforcement of conditions attached to remission of tax) shall have effect in relation to that subsection as it has effect in relation to section 23(1) of the Purchase Tax Act 1963, but with the substitution for any reference to the manufacturer of a reference to the said sole selling agent.

(3) Nothing in section 6 of the Vehicles (Excise) Act 1971 (exemption of vehicles excise duty) shall apply in relation to purchase tax remitted under the subsection added by this section to the said section 23.

(4) Nothing in this section shall apply in relation to a vehicle acquired from the said sole selling agent before the passing of this Act.

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Purchase tax—
exercise of
functions of
Commissioners
with respect
to registration,
etc.

1963 c. 9.

Agricultural
machines—
vehicles
excise duty
and customs
and excise
duty.

1971 c. 10.

5. The functions conferred on the Commissioners of Customs and Excise by section 6 of the Purchase Tax Act 1963 (registration, etc., of wholesalers, manufacturers and others) shall be exercisable, and, together with the corresponding functions conferred on the Commissioners by the enactments repealed by that Act, treated as having always been exercisable, by any officer of customs and excise.

6.—(1) For the purposes of Schedule 3 to the Vehicles (Excise) Act 1971 (annual rates of duty on tractors, etc.) a mechanically propelled vehicle shall not be within the term “tractor” where used in the definition of “agricultural machine” in paragraph 2 of that Schedule, unless it is—

- (a) designed and constructed primarily for use otherwise than on roads, and
- (b) incapable by reason of its construction of exceeding a speed of twenty-five miles per hour on the level under its own power.

This subsection shall come into force on 1st September 1971, but shall not affect the rate of duty chargeable on a licence taken out before that date.

1971 c. 12.

(2) As from the said 1st September, in Schedule 1 to the Hydrocarbon Oil (Customs & Excise) Act 1971 (vehicles in which heavy oil may be used without repayment of rebate)—

- (a) the reference in paragraph 2(b) to the said Schedule 3 shall be construed as a reference to that Schedule as amended by subsection (1) above, and
- (b) the reference to an agricultural machine in paragraph 3(b) shall not include any vehicle which does not satisfy the conditions specified in paragraphs (a) and (b) of section 6(1) of the Finance Act (Northern Ireland) 1971 (which makes provision corresponding to that made by subsection (1) above).

1971 c. 27.
(N.I.).

Disabled
passengers—
vehicles
excise duty.

7. A mechanically propelled vehicle fitted with controls enabling it to be driven by persons having a particular disability or a vehicle specifically and extensively adapted for use by persons having a particular disability that so incapacitates them in the use of their limbs that they have to be driven and cared for by a full-time constant attendant and registered in the name of such a disabled person under the Vehicles (Excise) Act 1971 shall not be chargeable with any duty under that Act by reason of its use by or for the purposes of that disabled person or by reason of its being kept for such use where—

- (a) he caused the controls to be fitted to the vehicle and obtained in respect of the cost thereby incurred a grant paid by the Secretary of State out of moneys provided by Parliament; or

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- (b) whether or not he caused the controls to be fitted to the vehicle his disability is of a kind in the case of which grants in respect of the fitting of such controls are so paid ;
- (c) conspicuous and permanent adaptations have been carried out on the vehicle to make it suitable for the transport of the disabled person by his or her constant attendant as driver and where the disabled person is sufficiently disabled to be eligible under the National Health Service Act 1946 and the Health Services and Public Health Act 1968 for an invalid tricycle but too disabled to drive it, 1946 c. 81. 1968 c. 46.

and where regulations under section 23 of the Vehicles (Excise) Act 1971 requires a person to furnish particulars as to a vehicle exempted from duty by this section, they may require him to furnish in addition such evidence of the facts giving rise to the exemption as is prescribed by the regulations. 1971 c. 10.

8.—(1) Section 3 of the Finance Act 1969 (which imposes a duty of excise on the playing of bingo) shall be amended by omitting from the definition of “bingo” in subsection (10) (under which the term covers all versions of bingo except one whose rules permit a player to withdraw any part of his initial stake after the game has begun) all the words from “except” onwards. Bingo duty amendments. 1969 c. 32.

This subsection has effect as from 13th April 1971.

(2) The following paragraphs shall be inserted in Schedule 9 to the said Act of 1969 after paragraph 4 (which exempts bingo from duty if played at an entertainment promoted otherwise than for private gain and in compliance with conditions which include a limit of 50p on a player’s payment at the entertainment and one of £50 on the prizes thereat, and which treats two or more entertainments as one in certain circumstances)—

“4A. Where a series of entertainments is held otherwise than as mentioned at the end of paragraph 4 above—

(a) sub-paragraphs (a) to (d) of that paragraph shall have effect separately in relation to each entertainment in the series, whether some or all of the persons taking part in any one of those entertainments are thereby qualified to take part in any other of them or not, and

(b) if each of the persons taking part in the bingo played at the final entertainment of the series is qualified to do so by reason of having taken part in the bingo played at another entertainment of the series held on a previous day, sub-paragraph (b) of that paragraph shall have effect in relation to that final entertainment as if for the words

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“ fifty pounds ” there were substituted the words
“ one hundred pounds ”.

4B. The Commissioners may by order made by statutory instrument provide that, in relation to entertainments held on or after the date on which the order comes into operation, paragraphs 4 and 4A above shall have effect as if, for such one or more of the following sums as may be specified in the order, that is to say—

- (a) the sum of fifty new pence referred to in paragraph 4(a),
- (b) the sum of fifty pounds referred to in paragraph 4(b) and paragraph 4A(b), and
- (c) the sum of one hundred pounds referred to in paragraph 4A(b),

there were substituted such larger sum as is specified in the order.

Any statutory instrument containing an order under this paragraph shall be subject to annulment in pursuance of a resolution of the House of Commons.”

Pool betting
duty.
1964 c. 49.

9. In the proviso to section 7(2) of the Finance Act 1964 (exemption from pool betting duty of voluntary contributions to charities and certain other bodies)—

- (a) after the words “ by virtue of this subsection ” there shall be inserted the words “ or of section 1(5) of that Act ”; and
- (b) for the words from “ which are made ” to “ cannot be made ” there shall be substituted the words “ made by persons making bets and those persons know, when making the payments, that their purpose is to provide the benefit ”.

Gaming
licence duty
in Scotland.
1970 c. 21.

10.—(1) For the purpose of determining the amount of the duty chargeable under section 2 of the Finance Act 1970 on a gaming licence in respect of premises in Scotland for a period beginning after 30th September 1971 but before 1st April 1973 the rateable value of any lands and heritages shall be ascertained in accordance with the following provisions of this section in any case where a rateable value is shown for them in the valuation roll for the time being in force and either a lower value or no value was shown for them in the valuation roll for the year 1970-71.

(2) Where the rateable value of any lands and heritages falls to be ascertained in accordance with this section, then,—

- (a) if a rateable value was shown for them in the valuation roll for the year 1970-71, their rateable value shall be taken to be the value so shown, but subject to paragraph (b) of this subsection;

- (b) if, since the valuation roll for the year 1970-71 was made up, there has been a material change of circumstances affecting the value of the lands and heritages, their rateable value shall be taken to be the value determined under this section as the rateable value that would have been shown for them in that valuation roll if the change had been given effect to in making up that roll ;
- (c) if no value was shown for the lands and heritages in the valuation roll for the year 1970-71, their rateable value shall be taken to be the value determined under this section as the value that would have been so shown if, at the time of the valuation for the purposes of that roll, the premises in respect of which the licence is to be granted had been in existence and all relevant circumstances had been the same as at the time the value of the lands and heritages is determined under this section.

(3) Any determination under this section shall be made by the Commissioners after consultation with the assessor appointed under the Valuation and Rating (Scotland) Act 1956 for the valuation area concerned ; but the person to whom the licence is to be or has been granted may, by notice in writing given to the Commissioners not later than four weeks after the date on which the determination is notified to him, require the determination to be referred to the arbitration of a referee appointed by the Lord President of the Court of Session, whose decision shall be final and conclusive. 1956 c. 60.

(4) A person appointed under the preceding subsection shall not be an officer of any Government department.

(5) If the amount of duty chargeable is reduced in consequence of a decision of a referee appointed under this section, any amount overpaid shall be repaid.

(6) In this section " the year 1970-71 " shall be construed in accordance with section 26 of the Local Government (Financial Provisions) (Scotland) Act 1963 and " material change of circumstances " has the meaning assigned to it by section 9(7) of the Valuation and Rating (Scotland) Act 1956. 1963 c. 12

11. The provisions of Schedule 1 to this Act shall have effect, being provisions relating to customs procedures in connection with, and other matters concerning, goods for exportation and persons concerned in the exportation of goods, goods shipped for use as stores and warehoused goods, and to associated matters ; and in that Schedule " the Act of 1952 " means the Customs and Excise Act 1952. Customs Procedures, etc.

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Continuation of powers under section 9 of Finance Act 1961.

1961 c. 36.
1970 c. 24.

12. The period after which orders of the Treasury under section 9 of the Finance Act 1961 may not be made or continue in force (which, by section 10 of the Finance Act 1970, was extended until the end of August 1971) shall extend until the end of August 1972 or such later date as Parliament may hereafter determine.

PART II

INCOME TAX AND CORPORATION TAX

CHAPTER I

GENERAL

Surtax rates for 1970-71.

13.—(1) Subject to subsection (2) below, income tax for the year 1970-71 shall be charged, in the case of an individual whose total income exceeded £2,500, at the same higher rates in respect of the excess of that income over £2,000 as were charged for the year 1969-70.

(2) An individual whose total income for the year 1970-71 did not exceed £2,681 shall be entitled to have the surtax chargeable by virtue of subsection (1) above reduced to an amount equal to 40 per cent. of the difference between his total income and £2,500.

Charge of corporation tax for financial year 1970.

14. Corporation tax shall be charged for the financial year 1970 at the rate of 40 per cent.

Alterations of personal reliefs.

15.—(1) Chapter II of Part I of the Taxes Act shall be amended in accordance with the following provisions of this section.

(2) In section 7 (relief for persons over sixty-five with small incomes)—

(a) for the references to £475 and £740 (income limits for exemption) there shall be substituted—

(i) for the year 1971-72 references to £504 and £786; and

(ii) for subsequent years of assessment references to £530 and £825;

(b) for the reference to £255 (the excess over those limits beyond which relief by reduction of tax is excluded) there shall be substituted—

(i) for the year 1971-72 a reference to £330; and

(ii) for subsequent years of assessment a reference to £345;

(c) for the reference to 47.5 per cent. (the percentage governing relief by reduction of tax) there shall be substituted, for the year 1972-73 and subsequent years of assessment, a reference to 50 per cent.

- (3) In section 9 (earned income and old age reliefs)—
- (a) in subsection (1) the following shall be substituted for paragraph (b):—
- “ (b) 15 per cent. of the amount of any excess of his earned income over £4,005 ”;
- (b) in subsection (2) for the words from the beginning to “ living with him ” there shall be substituted the words “ If the claimant proves that at any time within the year of assessment he ” and for the words “ shall be entitled ” there shall be substituted the words “ he shall be entitled ”;
- (c) after subsection (3) there shall be inserted the following subsection—
- “ (3A) If the claimant proves that, at any time within the year of assessment,—
- (a) he had his wife living with him ; and
- (b) either he or his wife living with him was of the age of sixty-five years or upwards ;
- subsections (2) and (3) above shall have effect as if for the references to £1,000 there were substituted references to £1,200.”
- (4) In section 10(3) (appropriate amount for child)—
- (a) for “ £165 ” (child over sixteen) there shall be substituted “ £205 ”;
- (b) for “ £140 ” (child over eleven but not over sixteen) there shall be substituted “ £180 ”; and
- (c) for “ £115 ” (child not over eleven) there shall be substituted “ £155 ”.
- (5) In section 12(1) (widower's or widow's housekeeper) the following shall be added at the end of the proviso:—
- “ and
- (iv) no relief shall be allowed under this section to a person entitled to relief under section 14 below ”.
- (6) In section 16 (relief for dependent relatives)—
- (a) for the reference in subsection (1) to £260 (lower income limit of dependent relative) there shall be substituted—
- (i) for the year 1971-72 a reference to £289 ; and
- (ii) for subsequent years of assessment a reference to £312 ;
- (b) for the references in subsections (1) and (2) to £335 (normal higher income limit) there shall be substituted—
- (i) for the year 1971-72 references to £364 ; and
- (ii) for subsequent years of assessment references to £387 ; and
- (c) for the reference in subsection (2) to £370 (higher income limit where the claimant is a woman other than a

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married woman living with her husband) there shall be substituted—

- (i) for the year 1971-72 a reference to £399 ; and
- (ii) for subsequent years of assessment a reference to £422.

(7) Section 24(1) (reduction in reliefs on account of family allowances) shall have effect, and be deemed always to have had effect, as if—

- (a) the words “ or allowances ” and the words “ for each allowance if more than one ” were omitted ; and
- (b) at the end there were added the following paragraph—
 “ Where for any year of assessment an individual is assessable to income tax in respect of payments on account of two or more allowances within the preceding provision of this subsection, the appropriate reduction shall be made thereunder in respect of each such allowance ” ;

1968 c. 44.

and section 14(4) of the Finance Act 1968 (which was replaced by section 24(1)) shall be deemed to have been enacted with the like omissions and addition ; but nothing in this subsection shall affect the determination of any commissioners, or the judgment of any court, made or given before 17th March 1971.

Parent and child—repeal of aggregation provisions, and amendment of settlement provisions.

16.—(1) For the year 1972-73 and subsequent years of assessment—

- (a) Chapter V of Part I of the Taxes Act (under which a child's investment etc. income is, in certain circumstances, to be treated as income of his or her parent) shall not have effect, and
- (b) Chapter II of Part XVI of that Act (settlements by parents: treatment of income thereunder of unmarried children below the age of eighteen years, or between that age and twenty-one but not working regularly) shall not apply to any child who has attained the age of eighteen.

(2) In consequence of subsection (1) above, the said Act shall be amended for those years as follows—

- (a) the following subsection shall be substituted for subsection (3) of section 168—

“ (3) A claim for relief under this section may require that the relief be given only by reference to the income of the person sustaining the loss, without extending to the income of that person's wife or husband.”,

- (b) in section 437(1), for all the words from “ the child was unmarried ” to “ working regularly ” there shall be substituted the words “ the child was unmarried and below the age of eighteen ”,

- (c) in section 438(2)(b) and section 440(1), for the words “within subsection (1)(a) or subsection (1)(b) of section 437 above” (wherever occurring) and the words “within the said subsection (1)(a) or subsection (1)(b)” there shall be substituted the words “below the age of eighteen”, and
- (d) the following subsection shall be substituted for subsections (3) and (4) of the said section 437—

“(3) Income paid to or for the benefit of a child of a settlor shall not be treated as provided in subsection (1) above for any year of assessment in which the aggregate amount of the income paid to or for the benefit of that child, which, but for this subsection, would be so treated by virtue of this Chapter, does not exceed £5”.

17.—(1) Subject to subsection (2) below, section 154(2) of the Partnership Taxes Act (under which, at any time within twelve months after a change in the ownership of a trade, etc., the persons concerned may in certain circumstances elect that the trade is not to be treated as discontinued, or a new one as set up and commenced) shall be amended by substituting, for the words “twelve months”, the words “two years”.

Partnership changes—
time limit for elections under section 154 of Taxes Act.

(2) Subsection (1) above shall not apply where the change referred to in the said section 154(2) occurred before 6th April 1970.

18.—(1) Subsections (1) and (2) of section 219 of the Taxes Act (income tax treatment of social security benefits) shall be amended as follows—

Exemption of invalidity benefit, attendance allowances and family income supplements, and increase in relief on savings bank interest.

- (a) in paragraph (a) of the said subsection (1) (which charges national insurance benefits except unemployment benefit, sickness benefit, maternity benefit and death grant), after the words “sickness benefit” there shall be inserted the words “invalidity benefit, attendance allowance”, and
- (b) in the said subsection (2) (which exempts payments of benefit under the Ministry of Social Security Act 1966 and the Supplementary Benefits &c. Act (Northern Ireland) 1966), after the words “(Northern Ireland) 1966” there shall be inserted the words “and payments in respect of a family income supplement under the Family Income Supplements Act 1970 or the Family Income Supplements Act (Northern Ireland) 1971”.

1966 c. 20.
1966 c. 28
(N.I.).
1970 c. 55.
1971 c. 8 (N.I.).

(2) Section 414(1) of the Taxes Act (relief from income tax other than surtax on the first £15 of certain savings bank interest) shall be amended by substituting, for each reference to £15, a reference to £21.

PART II
Exemption
of interest
on damages
for personal
injuries.

19. The following section shall be inserted in the Taxes Act after section 375:—

“Exemption of interest on damages for personal injuries. 375A.—(1) The following interest shall not be regarded as income for any income tax purpose—

1934 c. 41.

1937 c. 9
(N.I.).

1958 c. 61.

(a) any interest on damages in respect of personal injuries to a plaintiff or any other person, or in respect of a person’s death, which is included in any sum for which judgment is given by virtue of an order under section 3 of the Law Reform (Miscellaneous Provisions) Act 1934 or section 17 of the Law Reform (Miscellaneous Provisions) Act (Northern Ireland) 1937, and

(b) any interest on damages or solatium in respect of personal injuries sustained by a pursuer or by any other person, decree for payment of which is included in any interlocutor by virtue of section 1 of the Interest on Damages (Scotland) Act 1958.

(2) In this section “personal injuries” includes any disease and any impairment of a person’s physical or mental condition.”

Annuities for
the self-
employed
and others.

20.—(1) In section 226(1)(b) of the Taxes Act (relief in respect of annuity contracts having for their main object the provision of a life annuity in old age) after the words “in old age” insert “or under a contract for the time being approved under section 226A of this Act”.

(2) For subsection (1) of section 227 of the Taxes Act substitute—

“227.—(1) Relief shall be given under this section in respect of a qualifying premium paid by an individual only on a claim made for the purpose, and where relief is to be so given, the amount of that premium shall, subject to the provisions of this section, be deducted from or set off against his relevant earnings for the year of assessment in which the premium is paid.

(1A) Subject to the provisions of this section and of section 228 below, the amount which may be deducted or set off in any year of assessment (whether in respect of one or more qualifying premiums, and whether or not including premiums in respect of a contract approved under section 226A of this Act)—

(a) shall not be more than the sum of £1,500, and

(b) shall not be more than 15 per cent. of the individual’s net relevant earnings for that year.

PART II

(1B) Subject to the provisions of this section, the amount which may be deducted or set off in any year of assessment in respect of qualifying premiums paid under a contract approved under section 226A of this Act (whether in respect of one or more such premiums)—

- (a) shall not be more than the sum of £500, and
- (b) shall not be more than 5 per cent. of the individual's net relevant earnings for that year.

(1C) Where the condition in section 226(1)(a) above is satisfied as respects part only of the year, then for the said sums of £1,500 and £500 mentioned above there shall be substituted sums which respectively bear to £1,500 and £500 the same proportion as that part bears to the whole year."

(3) At the end of section 226(2) of the Taxes Act (which precludes approval of an annuity contract if any annuity is capable of commutation) add—

"Provided that the contract may give the individual the right to receive, by way of commutation of part of the annuity payable to him, a lump sum not exceeding three times the annual amount of the remaining part of the annuity, taking, where the annual amount is or may be different in different years, the initial annual amount, and shall make any such right depend on the exercise by the individual of an election at or before the time when the annuity first becomes payable to him."

(4) Schedule 2 to this Act shall have effect for supplementing this section which in that Schedule is referred to as "the principal section".

21.—(1) Part I of Schedule 3 to this Act, which—

Occupational
pension
schemes.

- (a) postpones the repeal of section 208 of the Taxes Act (approval of superannuation funds), and
- (b) makes other provision as to the transition to Chapter II of Part II of the Finance Act 1970 from the present law about occupational pension schemes,

1970 c. 24.

shall have effect.

(2) For section 19(1) of the Finance Act 1970 (conditions for approval of schemes) substitute—

"19.—(1) The Board shall not approve any retirement benefits scheme for the purposes of this Chapter unless the scheme satisfies all of the conditions set out in subsection (2) below."

PART II

(3) In the said section 19 after subsection (2) insert—

“(2A) Subject to subsection (1) above, the Board shall approve a retirement benefits scheme for the purposes of this Chapter if the scheme satisfies all of the conditions in this subsection, that is—

- (a) that any benefit for an employee is a pension on retirement at a specified age not earlier than 60, (or, if the employee is a woman, 55) and not later than 70, which does not exceed one-sixtieth of the employee’s final remuneration for each year of service up to a maximum of 40,
- (b) that any benefit for any widow of an employee is a pension payable on his death after retirement such that the amount payable to the widow by way of pension does not exceed two-thirds of any pension or pensions payable to the employee,
- (c) that no other benefits are payable under the scheme,
- (d) that no pension is capable in whole or in part of surrender, commutation or assignment, except so far as the scheme allows an employee on retirement to obtain, by commutation of his pension, a lump sum or sums not exceeding in all three-eighths of his final remuneration for each year of service up to a maximum of 40.

The conditions set out in subsection (2) above and in this subsection are referred to in this Chapter as “the prescribed conditions”.

1970 c. 24.

(4) For subsection (2) of section 20 of the Finance Act 1970 (discretionary approval) substitute—

“(2) The Board may in particular approve by virtue of this section a scheme—

- (a) which exceeds the limits imposed by the prescribed conditions as respects benefits for less than forty years’ service, or
- (b) which provides pensions for the widows of employees on death in service, or for the children or dependants of employees, or
- (c) which provides on death in service a lump sum of up to four times the employee’s final remuneration (exclusive of any refunds of contributions), or
- (d) which allows benefits to be payable on retirement within ten years of the specified age, or on earlier incapacity, or
- (e) which provides for the return in certain contingencies of employee’s contributions, or

(f) which relates to a trade or undertaking carried on only partly in the United Kingdom and by a person not resident in the United Kingdom.” PART II

(5) In section 21 of the Finance Act 1970 (tax relief for exempt approved schemes) after subsection (2) insert—

“(2A) Exemption from income tax shall, on a claim being made in that behalf, be allowed in respect of underwriting commissions if, or to such extent as the Board are satisfied that, the underwriting commissions are applied for the purposes of the scheme, and would, but for this subsection, be chargeable to tax under Case VI of Schedule D.”

This subsection shall have effect as respects tax for the year 1971-72 and subsequent years of assessment.

(6) Part II (taxation of refunds of contributions and certain other payments made out of the funds of schemes), and Part III (consequential and minor amendments) of Schedule 3 to this Act shall have effect, and in that Schedule this and the next following section are referred to as “the principal sections”.

22.—(1) This section applies to any amendment of a retirement benefits scheme proposed in connection with an application for the Board’s approval for the purposes of Chapter II of Part II of the Finance Act 1970 which is needed in order to ensure that approval is so given, or designed to enhance the benefits under the scheme up to the limits suitable in a scheme for which approval is sought. Amendments of schemes.

(2) A provision, however expressed, designed to preclude any amendment of a scheme which would prejudice its approval under section 208 or section 222 of the Taxes Act shall not prevent any amendment to which this section applies.

(3) In the case of a scheme which contains no powers of amendment, the administrator of the scheme may, with the consent of all the members of the scheme, and of the employer (or of each of the employers), make in the scheme any amendment to which this section applies.

(4) The Chief Registrar of Friendly Societies (in this section called “the Chief Registrar”) shall have power, on an application made by or on behalf of the administrator of the scheme, by direction to make in the scheme any amendment to which this section applies.

(5) An application to the Chief Registrar under subsection (4) above shall be in writing and shall state—

(a) the proposed amendments of the scheme, and the reasons therefor,

PART II

- (b) if the instrument regulating the scheme provides a method whereby it may be amended, the reasons why the proposed amendments cannot without serious difficulty be made by that method,
- (c) whether and to what extent persons interested in the scheme have had an opportunity to vote or have been otherwise consulted on the proposed amendments, and the results of any such voting or consultation.

(6) The application shall be accompanied—

- (a) by a written certificate given by the Board and stating that the Board will, if the proposed amendments are made, approve the scheme for the purposes of Chapter II of Part II of the Finance Act 1970, and

- (b) unless the Chief Registrar otherwise directs, by two copies of the instrument regulating the scheme.

(7) Before making a decision on the application the Chief Registrar may invite any persons interested in the scheme to make representations with regard to the application, and may require the applicants to give notice of the application, in a form and manner to be approved by him, to other persons interested in the scheme, or any of them, for the purpose of inviting them to make representations to him in such manner and within such time as the notice may specify, or otherwise for the purpose of ascertaining their views on the application.

(8) After considering any representation so made, or view so ascertained, the Chief Registrar may issue a direction authorising the administrator of the scheme, or any other person having, under the rules of the scheme, power to amend it, to amend the scheme within such limits and subject to such conditions as the direction may specify, and any amendments so made shall have effect notwithstanding anything to the contrary contained in the instrument regulating the scheme.

(9) In the application of this section to a scheme established under the law of Northern Ireland, for references to the Chief Registrar there shall be substituted references to the Registrar of Friendly Societies for Northern Ireland.

(10) The Treasury shall have power by order contained in a statutory instrument to prescribe fees chargeable by the Chief Registrar, or the Registrar of Friendly Societies for Northern Ireland, in respect of applications made under this section, and in respect of the giving of directions in pursuance of such applications.

Taxation
of wife's
earnings.

23.—(1) Where a man and his wife living with him jointly so elect for the year 1972-73 or any subsequent year of assessment the wife's earnings and their other income shall be chargeable to income tax as provided in Schedule 4 to this Act.

(2) An election under this section must be made in such form and manner as the Board may prescribe and must be made not earlier than six months before the beginning of the year of assessment for which it is made nor later than six months after the end of that year or such later time as the Board may in any particular case allow.

(3) An election under this section for any year of assessment shall, unless revoked, have effect also for any subsequent year of assessment.

(4) An election in force for any year may be revoked by notice in writing in such form and manner as the Board may prescribe and any such notice must be given jointly by the husband and the wife not later than six months after the end of that year or such later time as the Board may in any particular case allow.

(5) Any election or revocation of an election under this section that could have been made jointly with a person who has died may, within the time permitted by this section, be made jointly with his personal representatives.

24.—(1) A person chargeable to surtax for the year 1972-73 may claim to be allowed to defer payment of two-thirds of that surtax or, if his income includes income which has borne tax by deduction, two-thirds of so much of that surtax as is attributable to his other income. Claims for deferment of part of surtax for 1972-73.

(2) One half of any amount deferred under this section (that is to say one-third of the surtax) shall be payable on 1st January 1975 instead of on 1st January 1974 and the other half on 1st January 1976.

(3) For the purposes of this section—

- (a) income which has borne tax by deduction is income from which tax at the standard rate has been deducted (otherwise than in pursuance of section 204 of the Taxes Act (pay as you earn)) or is treated as having been deducted ; and
- (b) the amount of surtax attributable to a person's other income is the surtax to which he would be chargeable if his other income, reduced by any deductions under section 28 of the Taxes Act, were his only income ; and
- (c) any reductions of his total income attributable to any provision other than section 28 of the Taxes Act shall be treated as first reducing income which has borne tax by deduction ; and
- (d) where, in the case of a husband and wife, an application under section 38(2) of the Taxes Act (separate

PART II

assessment to surtax) or an election under section 23 of this Act has effect, the amounts that may be deferred by them respectively shall be ascertained, in accordance with the preceding provisions of this section, by reference to the surtax to which each of them is chargeable and to the income in respect of which that surtax is chargeable.

(4) A claim under this section shall be made to the Board but shall not be allowed by the Board unless it appears to them that the amount to be deferred is £100 or more and is not in dispute.

Close
companies.

25.—(1) The provisions of Chapter III of Part XI of the Taxes Act relating to shortfalls in distributions of close companies shall be amended as follows:—

- (a) in section 290(6) (relevant maximum and minimum amounts for trading companies) for “£9,000” and “£1,500” (in both places) there shall be substituted respectively “£15,000” and “£5,000”; and
- (b) in section 290(5) (proportion of reduction) for “one-fifth” there shall be substituted “one-half”; and
- (c) in section 291(3)(b) (deduction in arriving at distributable investment income) for “£200” there shall be substituted “£500”.

This subsection has effect for any accounting period ending after 30th March 1971; but where such an accounting period begins before that day the relief to be given under the provisions amended by this subsection shall be limited to the aggregate of—

- (i) the relief, if any, which would have been given thereunder if this subsection had not been passed, reduced in the proportion which the part of the accounting period falling before that day bears to the whole; and
- (ii) the relief which would have been given apart from this limitation, reduced in the proportion which the remainder of the accounting period bears to the whole.

(2) Where the following conditions are satisfied with respect to a close company, that is to say,—

- (a) that its activities consist wholly or mainly of the carrying on of a trade; and
- (b) that that trade consists wholly or mainly of one or more of the following, that is to say, life assurance business (within the meaning of section 323(2) of the Taxes Act) insurance business of any other class, banking, money lending, financing of hire-purchase or similar transactions, or dealing in securities;

its income incidental to that trade shall (so far as not otherwise falling within the definition of estate or trading income in section 291(4) of the Taxes Act) be treated as estate or trading income in arriving, under section 290 of that Act, at the required standard for the purposes of section 289 of that Act (shortfall in distributions).

(3) For the purposes of subsection (2) of this section income of a company is incidental to its trade if, and only if—

- (a) it is derived from investments (other than investments in a 51 per cent. subsidiary) or is interest on a debt; and
- (b) any profit on the sale of the investments would be a trading receipt, and the debt, if proved to be a bad debt, would be allowed as a deduction, in computing the company's trading income for the purposes of corporation tax.

(4) Subsection (2) of this section applies—

- (a) to any accounting period which ends after 30th March 1971; and
- (b) to any tax chargeable under section 289 of the Taxes Act for an earlier accounting period, if the amount thereof has not been finally determined (within the meaning of section 118(4) of the Taxes Management Act 1970) and the company so elects by notice given to the inspector before that amount is finally determined. 1970 c. 9.

(5) In relation to a loan made after 30th March 1971 subsection (3) of section 286 of the Taxes Act (exemption from taxation under that section of certain loans made to assist house purchase) shall have effect as if—

- (a) paragraph (a) and, in the words preceding it, the words from “under a bona fide scheme” to the last “close company”, were omitted; and
- (b) for paragraph (b) there were substituted the following paragraph:—

“(b) neither the amount of the loan, nor that amount when taken together with any other outstanding loans which—

- (i) were made by the close company or any of its associated companies to the borrower, or to the wife or husband of the borrower, and
- (ii) if made before 31st March 1971, were made for the purpose of purchasing a dwelling which was or was to be the borrower's only or main residence;

PART II

exceeds £15,000 and the outstanding loans falling within sub-paragraph (ii) above do not together exceed £10,000; and ”; and

- (c) after the paragraphs there were added the words “ but if the borrower acquires such a material interest at a time when the whole or part of any such loan made after 30th March 1971 remains outstanding the close company shall be regarded as making to him at that time a loan of an amount equal to the sum outstanding.”

(6) If shares in any company (in this subsection referred to as “ the first company ”) are at any time after 30th March 1971 held on trust for a fund or scheme approved under section 208 or 222 of the Taxes Act (superannuation funds and retirement schemes) or for an exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970, then, unless the fund or scheme is established wholly or mainly for the benefit of persons who are, or are dependants of, employees or directors or past employees or directors of—

1970 c. 24.

- (a) the first company ; or
 (b) an associated company of the first company ; or
 (c) a company which is under the control of any director or associate of a director of the first company or of two or more persons each of whom is such a director or associate ; or
 (d) a close company ;

the persons holding the shares shall, for the purposes of section 282(4) of the Taxes Act (company not treated as close company if under control of company which is not a close company) be deemed to be the beneficial owners of the shares and, in that capacity, to be a company which is not a close company.

(7) This section shall be construed as if it were included in Chapter III of Part XI of the Taxes Act.

26.—(1) Part XVIII of the Taxes Act (double taxation relief) shall be amended as follows.

(2) For section 508 (extension of relief to United Kingdom and third country taxes) there shall be substituted the following section :—

“ 508.—(1) Where a company resident outside the United Kingdom (in this section referred to as “ the overseas company ”) pays a dividend to a company resident in the United Kingdom (in this section referred to as “ the United Kingdom company ”) and the overseas company is related to the United Kingdom company, then, for the purpose of

Double
taxation
relief for
underlying
tax.

allowing credit under any arrangements against corporation tax in respect of the dividend, there shall be taken into account, as if it were tax payable under the law of the territory in which the overseas company is resident,—

(a) any United Kingdom income tax or corporation tax payable by the overseas company in respect of its profits; and

(b) any tax which, under the law of any other territory, is payable by the overseas company in respect of its profits.

(2) Where the overseas company has received a dividend from a third company and the third company is related to the overseas company, then, subject to subsection (4) below, there shall be treated for the purposes of subsection (1) above as tax paid by the overseas company in respect of its profits any underlying tax payable by the third company, to the extent that it would be taken into account under this Part of this Act if the dividend had been paid by a company resident outside the United Kingdom to a company resident in the United Kingdom and arrangements had provided for underlying tax to be taken into account.

(3) Where the third company has received a dividend from a fourth company and the fourth company is related to the third company, then, subject to subsection (4) below, tax payable by the fourth company shall similarly be treated for the purposes of subsection (2) above as tax paid by the third company; and so on for successive companies each of which is related to the one before.

(4) Subsections (2) and (3) above are subject to the following limitations—

(a) no tax shall be taken into account in respect of a dividend paid by a company resident in the United Kingdom except United Kingdom corporation tax and any tax for which that company is entitled to credit under this Part of this Act; and

(b) no tax shall be taken into account in respect of a dividend paid by a company resident outside the United Kingdom to another such company unless it could have been taken into account under the other provisions of this Part of this Act had the other company been resident in the United Kingdom.

(5) For the purposes of this section a company is related to another company if that other company—

(a) controls directly or indirectly, or

PART II

(b) is a subsidiary of a company which controls directly or indirectly,

not less than 10 per cent. of the voting power in the first-mentioned company."

(3) In section 498(4) for the words from "not less than 25 per cent." to "of the Commonwealth territories" there shall be substituted the words "not less than 10 per cent. of the voting power in the company paying the dividend".

(4) In section 507, in subsection (1), for the words "25 per cent." there shall be substituted the words "10 per cent." and subsections (2) and (3) shall be omitted.

(5) This section has effect with respect to dividends paid (within the meaning of section 527(3) of the Taxes Act) on or after 1st April 1971.

Business entertaining expenses.

27.—(1) In subsection (8)(b) of section 411 of the Taxes Act (which limits expenses on gifts for which deductions may be made) for "£1" there shall be substituted "£2".

(2) This section applies to expenses incurred after 5th April 1971.

Reserves of marketing boards and certain other statutory bodies.

28.—(1) The following section shall be substituted for section 348 of the Taxes Act (which relates to the tax treatment of sums paid into or withdrawn from the reserve funds of marketing boards):—

"Reserves of marketing boards and certain other statutory bodies.

348.—(1) Where a body established by or under any enactment and having as its object, or one of its objects, the marketing of an agricultural product or the stabilising of the price of an agricultural product is required, by or under any scheme or arrangements approved by or made with a Minister of the Crown or government department, to pay the whole or part of any surplus derived from its trading operations or other trade receipts into a reserve fund satisfying the conditions specified in subsection (2) below, then, in computing for the purposes of tax the profits or gains or losses of the body's trade—

(a) there shall be allowed as deductions any sums required as aforesaid to be paid by the body into the reserve fund out of the profits or gains of the trade, and

(b) there shall be taken into account as trading receipts any sums withdrawn by the body from the fund, except so far as they are

required as aforesaid to be paid to a Minister or government department, or are distributed to producers of the product in question or refunded to persons paying any levy or duty.

(2) The conditions to be satisfied by the reserve fund are as follows:—

- (a) that no sum may be withdrawn from the fund without the authority or consent of a Minister of the Crown or government department, and
- (b) that where money has been paid to the body by a Minister of the Crown or government department in connection with arrangements for maintaining guaranteed prices, or in connection with the body's trading operations, and is repayable to that Minister or department, sums afterwards standing to the credit of the fund are required as aforesaid to be applied in whole or in part in repaying the money, and
- (c) that the fund is reviewed by a Minister of the Crown at intervals fixed by or under the scheme or arrangements in question, and any amount by which it appears to the Minister to exceed the reasonable requirements of the body is withdrawn therefrom.

(3) In this section, references to a Minister of the Crown or government department include references to a Minister or department in Northern Ireland, and references to producers of a product include references to producers of one type or quality of a product from another."

(2) This section applies to accounting periods ending on or after 6th April 1971.

CHAPTER II

SUB-CONTRACTORS IN CONSTRUCTION INDUSTRY

29.—(1) Where a contract relating to construction operations is not a contract of employment, but—

- (a) one party to the contract is a sub-contractor (as defined in subsection (2) below); and

Deductions on account of income tax from payments to certain sub-contractors in construction industry.

PART II

- (b) another party to the contract (in this section referred to as the contractor) either is a sub-contractor under another such contract relating to all or any of the construction operations or is a person to whom this paragraph applies;

this section shall apply to any payments which after 5th April 1972 are made under the contract by the contractor to the sub-contractor or a person nominated by him, unless the sub-contractor or, if the payments are made to a person nominated by him, that person as well as the sub-contractor is a company or is excepted from this section by virtue of section 30 of this Act.

(2) A party to a contract relating to construction operations is a sub-contractor if, under the contract,—

- (a) he is under a duty to the contractor to carry out the operations, or to furnish his own labour or the labour of others in the carrying out of the operations; or
 (b) he is answerable to the contractor for the carrying out of the operations by other persons, whether under a contract or under other arrangements made or to be made by him.

(3) Paragraph (b) of subsection (1) of this section applies to the following persons, that is to say,—

- (a) any person carrying on a business which includes construction operations ;
 (b) any local authority ;
 (c) any development corporation or new town commission ;
 (d) the Commission for the New Towns ;
 (e) a housing association, a housing trust, a housing society, the Scottish Special Housing Association, the Northern Ireland Housing Trust and the Northern Ireland Housing Executive ;

but a person carrying on a business is not included in paragraph (a) above by reason only that, in the course of that business, he erects buildings for the use or occupation of himself or persons employed by him.

(4) On making a payment to which this section applies the contractor shall deduct from it a sum equal to 30 per cent. of so much of the payment as is not shown to represent the direct cost to any other person of materials used or to be used in carrying out construction operations to which the contract under which the payment is made relates; and the sum so deducted shall be paid to the Board and shall be treated for the purposes of income tax—

- (a) as not diminishing the payment ; but

(b) as being income tax paid in respect of the profits or gains of the trade, profession or vocation of the person for whose work the contractor makes the payment.

(5) The Board shall make regulations with respect to the collection and recovery, whether by assessment or otherwise, of sums required to be deducted from any payments under this section and for the giving of receipts by persons receiving the payments to persons making them; and those regulations may include any matters with respect to which regulations may be made under section 204 (pay as you earn) of the Taxes Act.

(6) References in the preferential payments provisions to sums due on account of tax deductions for any period shall be construed as including references to any amounts due from any person in respect of deductions required to be made by him under this section.

(7) In section 98 of the Taxes Management Act 1970 (penalty for failure to furnish information, etc.) the following shall be added in the second column of the Table:

“ Regulations under section 29 of the Finance Act 1971 ”.

(8) Regulations under this section shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

30.—(1) A person is excepted from section 29 of this Act if a certificate under this section is in force—

Exceptions from section 29.

(a) in respect of him; or

(b) in respect of a firm in which he is a partner;

but is excepted by virtue of paragraph (b) above in relation only to contracts under which the firm is a sub-contractor (as defined in section 29(2) of this Act).

(2) Where the Board are satisfied, on the application of any person, that he is carrying on a business which consists of or includes the carrying out of construction operations and that he has a permanent place of business in the United Kingdom and either—

(a) that, in respect of any period ending within the three years preceding his application, he has been required to make a return of his income or requested to supply to the inspector accounts of, or other information about, his business and that in respect of all such periods he has complied with any obligation imposed on him under the Taxes Acts and with any such request; or

PART II

(b) if no such obligation was imposed on him and no such request was made in respect of any such period, that there is reason to expect that he will comply with any such obligation or request in respect of other periods ;
they shall issue to him a certificate excepting him from section 29 of this Act.

(3) An application under subsection (2) of this section may be made on behalf of a firm and a certificate issued on such an application shall be in the name of the firm.

(4) The Board may, at any time, cancel a certificate under this section if it appears to them that it was issued on information which was false or that by reason of a change of circumstances they would refuse an application for such a certificate if made by the person to whom, or on behalf of the firm to which, the certificate was issued or that that person or firm has permitted it to be misused ; and may by notice in writing require that person or firm to deliver it to the Board within the time specified in the notice.

(5) A person aggrieved by the refusal of an application for a certificate under this section or by the cancellation of such a certificate may, by notice in writing given to the Board within thirty days after the refusal or cancellation, appeal to the General Commissioners or, if he so elects in the notice, to the Special Commissioners ; and the jurisdiction of the Commissioners on such an appeal shall include jurisdiction to review any relevant decision taken by the Board in the exercise of their functions under this section.

(6) If any person, for the purpose of obtaining a certificate under this section, whether for himself or for another,—

- (a) makes any statement, or furnishes any document, which he knows to be false in a material particular ; or
- (b) recklessly makes any statement, or furnishes any document, which is false in a material particular ;

he shall be liable on summary conviction to a fine not exceeding £500.

(7) The Board may make regulations—

- (a) prescribing the period for which certificates under this section are to be issued and the form of such certificates and of applications therefor ;
- (b) providing for the renewal of such certificates ;
- (c) providing for the issue, renewal or cancellation of such certificates by inspectors on behalf of the Board ;
- (d) requiring the production of such certificates in such circumstances as may be specified in the regulations ; and

(e) requiring the keeping of records and the giving of receipts by persons holding such certificates ; PART II
and any such regulations may make different provision for different circumstances.

(8) Regulations under this section shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

(9) In section 98 of the Taxes Management Act 1970 (penalty for failure to furnish information etc.) there shall be added—

(a) in the first column of the Table, the words “ section 30(4) of the Finance Act 1971 ” ; and

(b) in the second column of the Table, the words “ regulations under section 30(7) of the Finance Act 1971 ”.

31.—(1) The following provisions of this section shall have effect for the interpretation of this Chapter. Interpretation
of Chapter II.

(2) “ Local authority ” means—

(a) in relation to England and Wales, the council of a county, borough, urban district or rural district, the Common Council of the City of London, the Greater London Council or the Council of the Isles of Scilly ;

(b) in relation to Scotland, a town council, a county council or the joint county council of a combined county ; and

(c) in relation to Northern Ireland, the council of a county, county or other borough, or urban or rural district.

(3) “ Development corporation ” has the same meaning as in the New Towns Act 1965 or the New Towns (Scotland) Act 1965 c. 59. 1968, “ housing association ” has the same meaning as in the Housing Act 1957, the Housing (Scotland) Act 1966 or section 12 of the Housing and Local Government (Miscellaneous Provisions) Act (Northern Ireland) 1946, “ housing trust ” has the same meaning as in the Housing Act 1957, “ housing society ” has the same meaning as in Part I of the Housing Act 1964, and “ new town commission ” has the same meaning as in the New Towns Act (Northern Ireland) 1965. 1968 c. 16.
1966 c. 56.
1966 c. 49.
1946 c. 4
1964 c. 56.
1965 c. 13
(N.I.).

(4) “ The preferential payments provisions ” means section 30 of the Finance Act 1952, section 287 of the Companies Act (Northern Ireland) 1960 and section 1(1) of the Preferential Payments (Bankruptcies and Arrangements) Act (Northern Ireland) 1964. 1952 c. 33.
1960 c. 22
(N.I.).
1964 c. 32
(N.I.).

(5) The Taxes Acts means the Income Tax Acts and the Taxes Management Act 1970.

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(6) “Construction operations” means operations of any description specified in Part I of Schedule 5 to this Act, not being operations of any description specified in Part II of that Schedule; and references to construction operations shall be taken—

- (a) except where the context otherwise requires, as including references to the work of individuals participating in the carrying out of such operations; and
- (b) as not including references to operations carried out or to be carried out otherwise than in the United Kingdom or in the territorial waters of the United Kingdom.

(7) The Treasury may by order made by statutory instrument—

- (a) include in Part I of Schedule 5 to this Act any description of operations as to which they are satisfied that it is a normal activity of the construction industry and that its inclusion in that Part of the Schedule is necessary for achieving the object of section 29 of this Act;
- (b) include in Part II of that Schedule any description of operations as to which they are satisfied that it cannot properly be considered a normal activity of the construction industry and ought to be excluded from Part I of that Schedule.

(8) An order under this section shall not have effect unless a draft thereof has been laid before and approved by the Commons House of Parliament.

CHAPTER III

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

Income tax
charged at
basic and
other rates.

32.—(1) Income tax shall be charged—

- (a) in respect of any income not falling within paragraph (b) below, at such rate, to be known as the basic rate, as Parliament may determine; and
- (b) in respect of so much of an individual's total income as exceeds such amount as Parliament may determine, at such higher rate or rates as Parliament may determine;

and where an individual's total income includes investment income and that investment income exceeds such amount as Parliament may determine, income tax shall also be charged in respect of the excess at such additional rate or rates as Parliament may determine.

(2) Section 9(1) of the Taxes Act (earned income relief) shall cease to have effect.

(3) For the purposes of this section, and of any provision made in pursuance of this section, investment income is any income other than earned income, but subject to subsection (4) of this section; and references in the Income Tax Acts to income chargeable as investment income are references to income chargeable at the additional rate or rates mentioned in subsection (1) of this section.

(4) Where income derived by an individual from a trade, profession or vocation is earned income and—

(a) the proceeds of sale of any investments; or

(b) a debt, if proved to be a bad debt;

would be taken into account in computing the profits or gains of that trade, profession or vocation, income from those investments or interest on that debt is not investment income for the purposes mentioned in subsection (3) of this section.

33.—(1) Sections 6 (relief for small incomes), 9(2) and (3) (old age relief) and 193 (travelling expenses due to war) of the Taxes Act shall cease to have effect. Personal reliefs.

(2) Relief to which a person is entitled under any provision mentioned in the first column of the following Table shall, instead of being given by a deduction from tax of a sum equal to tax (at the standard rate) on the amount specified in the second column of that Table, be given by a deduction of the amount specified in the third column of that Table from his total income.

TABLE

<i>Provision of Taxes Act</i>	<i>Amount on which tax deducted</i>	<i>Amount to be deducted from total income</i>
	£	£
s. 8 (personal relief)		
(1)(a) (married)	465	600
(1)(b) (single)	325	420
(2) (wife's earned income)	325	420
	or, if less, seven-ninths of amount of wife's earned income	or, if less, amount of wife's earned income
s. 10 (children)		
(3)(a) (over 16)	205	265
(b) (11-16)	180	235
(c) (under 11)	155	200
s. 12 (housekeeper)	75	100

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<i>Provision of Taxes Act</i>	<i>Amount on which tax deducted</i>		<i>Amount to be deducted from total income</i>
	£	£	£
s. 13 (relative taking charge of younger brother or sister)	75		100
s. 14 (additional relief for widows, etc., with children)	100		130
s. 16 (dependent relative)			
(1) (other than single woman)	75		100
(2) (single woman) ..	110		145
s. 17 (daughter's services) ..	40		55
s. 18 (blind person)			
(1) (one person blind) ..	100		130
	reduced by seven-ninths of tax-free disability payments		reduced by tax-free disability payments
(2) (both spouses blind) ..	200		260
	reduced by seven-ninths of tax-free disability payments		reduced by tax-free disability payments

(3) Sections 19 to 21 (premiums on life policies) of the Taxes Act shall be amended as follows:—

- (a) in section 19(1) for the words “two-fifths of the standard rate” and “at the standard rate” there shall be substituted respectively the words “one-half of the basic rate” and “at the basic rate” and in the proviso for “£25” there shall be substituted “£20”.
- (b) section 19(8) shall be omitted ;
- (c) in section 20(3) and (5) for the words “standard rate”, wherever they occur, there shall be substituted the words “basic rate” ;
- (d) in section 20(4) for the words from “exceed” to the end there shall be substituted the words “exceed the claimant's total income as reduced by any deductions made under this Chapter.” ;
- (e) in section 21(4) for the words “two-fifths of the standard rate” there shall be substituted the words “one-half of the basic rate”.

(4) In section 24(1) of the Taxes Act (reduction in reliefs on account of family allowances)— PART II

- (a) the words “ from tax ” shall be omitted ;
- (b) for the words “ sections 8 and 10 to 19 ” there shall be substituted the words “ sections 8 to 18 ” ; and
- (c) for the words from “ by an amount ” to “ £42 ” there shall be substituted the words “ by £60 ”.

(5) For section 25 of the Taxes Act there shall be substituted the following section :—

“ Effect on relief of charges on income. 25.—(1) Where any of the claimant’s income is income the income tax on which (at the basic rate) he is entitled to charge against any other person, or to deduct, retain or satisfy out of any payment, he shall not be entitled to relief under this Chapter in respect of that income, except to the extent, if any, that the relief would exceed tax at the basic rate on that income.

(2) Notwithstanding subsection (1) above relief under section 19 or section 20 of this Act may be given to the extent that the deduction from tax provided for thereby can be made from so much of the income tax with which the claimant is chargeable as exceeds what would be the amount thereof if all income tax were chargeable at the basic rate to the exclusion of any other rate.”

34.—(1) Where deductions reduce a person’s total income and the order in which they are made or in which income of different descriptions is reduced thereby may affect his liability to income tax the deductions shall be made and treated as reducing income in accordance with the following provisions of this section. Effect of deductions.

(2) Subject to any express provisions of the Income Tax Acts, any deductions allowable in computing a person’s total income or to be made from a person’s total income shall be treated as reducing income of different descriptions in the order which will result in the greatest reduction of his liability to income tax.

(3) Deductions from total income under Chapter II of Part I of the Taxes Act shall be made after any other deductions and shall not affect the amount to be taken as a person’s total income for the purposes of section 7 (relief for persons over 65) or 21 (limit on relief for certain premiums etc.) of the Taxes Act nor the amount determining whether a person is entitled to relief under section 16 (dependent relatives) of that Act or by how much relief under that section is reduced.

(4) Deductions from total income under Chapter II of Part I of the Taxes Act shall, in the first instance, be disregarded in

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determining what income is chargeable as investment income and what income is not so chargeable; and shall then be treated as reducing the income not so chargeable before reducing any income so chargeable.

Abolition of certain provisions relating to surtax.

35. Sections 31 (relief where income for longer period is received in one year) 32 (relief in case of purchases cum dividend) and 35 (expenses of Crown servants abroad) of the Taxes Act shall cease to have effect.

Construction of references in Income Tax Acts to deduction of tax.

36. Any provision of the Income Tax Acts requiring, permitting or assuming the deduction of income tax from any amount (otherwise than in pursuance of section 204 of the Taxes Act (pay as you earn)) or treating income tax as having been deducted from any amount, shall be construed as referring to deduction of income tax at the basic rate in force for the relevant year of assessment; and for this purpose the relevant year of assessment shall be taken to be (except where otherwise provided)—

- (a) if the amount is an amount payable wholly out of profits or gains brought into charge to tax, the year in which the amount becomes due;
- (b) in any other case, the year in which the amount is paid.

Consequential amendments and repeals.

37.—(1) The enactments mentioned in Schedule 6 to this Act shall have effect subject to the amendments specified therein.

(2) The enactments mentioned in Part II of Schedule 14 to this Act are hereby repealed to the extent specified in the third column of that Part.

Commencement of Chapter III and transitional provisions.

38.—(1) The preceding provisions of this Chapter shall have effect for the year 1973-74 and subsequent years of assessment; and accordingly the amendments and repeals made by those provisions (including those mentioned in section 37 of this Act) shall not be taken to affect tax for an earlier year of assessment or the doing of anything in relation to tax for such a year.

(2) The transitional provisions contained in Schedule 7 to this Act shall have effect.

Basic rate for 1973-74.

39. The basic rate for the year 1973-74 shall be 30 per cent., unless Parliament otherwise determines.

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.—(1) Subject to subsections (2) and (3) below, this Chapter ^{Application} applies to capital expenditure on the provision of machinery or ^{of new} plant incurred on or after 27th October 1970 ; and, in the case ^{system.} of expenditure to which this Chapter applies, no allowances or charges shall be made under Chapter II of Part I of the Capital ^{1968 c. 3.} Allowances Act 1968.

(2) This Chapter shall not apply to capital expenditure incurred by any person on the provision of second-hand machinery or plant if capital expenditure on providing the machinery or plant was incurred by another person before the said 27th October and—

- (a) he and that other person are connected with each other within the terms of section 533 of the Taxes Act, or
- (b) it appears with respect to the transaction under which the first-mentioned expenditure is incurred, or with respect to transactions of which it is one, that the sole or main benefit which, but for this subsection, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under this Chapter.

(3) Where any capital expenditure is incurred before the said 27th October on the provision of machinery or plant under a contract which provides that a person shall or may become the owner of the machinery or plant on the performance of the contract, this Chapter shall not apply to any capital expenditure incurred under the contract in respect of that machinery or plant unless it is first brought into use by that person on or after that date.

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

- 41.**—(1) Subject to the provisions of this Chapter, where — ^{First-year allowances—}
- (a) a person carrying on a trade incurs capital expenditure ^{general rules.} on the provision of machinery or plant for the purposes of the trade, and
 - (b) in consequence of his incurring the expenditure, the machinery or plant belongs to him at some time during the chargeable period related to the incurring of the expenditure,

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there shall be made to him for that period an allowance (in this Chapter referred to as “ a first-year allowance ”) which shall be of an amount determined in accordance with section 42 below:

Provided that no first-year allowance shall be made in respect of any expenditure if the chargeable period related to the incurring of the expenditure is also the chargeable period related to the permanent discontinuance of the trade.

(2) Where a person has incurred capital expenditure on the provision of machinery or plant for the purposes of a trade, and the machinery or plant ceases to belong to him without having been brought into use for the purposes of the trade, a first-year allowance shall not be made in respect of the expenditure, or if previously made shall be withdrawn.

(3) Where one or more first-year allowances fall to be made for any chargeable period in connection with a trade carried on by a company, the company may, by notice in writing given to the inspector not later than two years after the end of that period, either disclaim the allowance or allowances or require that the amount, or aggregate amount, thereof be reduced to an amount specified in that behalf in the notice; and a claim for one or more first-year allowances to be made for any chargeable period in connection with a trade carried on by a person other than a company may contain a similar requirement as to the amount or aggregate amount thereof:

Provided that this subsection shall not apply to allowances in respect of expenditure on the provision of new ships.

(4) All such assessments and adjustments of assessments shall be made as may be necessary to give effect to subsection (2) or (3) above.

First-year
allowances—
rates.

42.—(1) Except in a case falling within subsection (2) below, a first-year allowance shall be of an amount equal to 60 per cent. of the expenditure in respect of which it is made.

(2) Subject to subsection (4) below, a first-year allowance in respect of expenditure incurred on the provision of—

(a) a new ship, or

(b) new machinery or plant (not being mobile equipment) for use for industrial purposes in a development area or in Northern Ireland,

shall be of an amount equal to the whole of that expenditure.

(3) Where a first-year allowance in respect of a person's expenditure on the provision of an asset falls to be withheld or withdrawn by virtue of section 41(2) above, that person's ownership of the asset shall be disregarded in determining whether the asset is new for the purposes of subsection (2) of this section.

(4) If, within the period of three years beginning with the date on which expenditure is incurred on the provision of machinery or plant for use as mentioned in paragraph (b) of the said subsection (2), the machinery or plant is used—

- (i) in a place which is neither in a development area nor in Northern Ireland, or
- (ii) for purposes other than industrial purposes, or
- (iii) in a building or structure which is prevented by section 7(3) of the Capital Allowances Act 1968 (dwelling-houses, retail shops, showrooms, hotels and offices) from being an industrial building or structure within the meaning of Chapter I of Part I of that Act,

that subsection shall be deemed not to have applied to the first-year allowance in respect of that expenditure, and all such assessments and adjustments of assessments shall be made as may be necessary to give effect to this subsection.

(5) A place in Great Britain which ceases at any time to be in a development area shall be treated for the purposes of this section as continuing to be in a development area in relation to machinery or plant which is in use there at that time or is provided for use there under a contract entered into before that time.

(6) In this section—

“development area” has the same meaning as in Part I of the Local Employment Act 1960 ;

1960 c. 18

“industrial purposes” means the purposes of a trade, or a part of a trade, which consists—

(a) in the carrying on of a dock, water, electricity or hydraulic power undertaking (as defined by section 7(5) of the Capital Allowances Act 1968) or a gas, transport, inland navigation, tunnel or bridge undertaking, or

(b) in the working of any mine, oil well or other source of mineral deposits, or

(c) in the manufacture of goods or materials, or the subjecting of goods or materials to any process, or

(d) in the construction, alteration or demolition of buildings or other fixed works of construction or civil engineering, including roads, or

(e) in the distribution of goods by pipe-line, or

(f) in the storage—

(i) of goods or materials which are to be used in the manufacture of other goods or materials,

or

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- (ii) of goods or materials which are to be subjected, in the course of a trade, to any process, or
- (iii) of goods or materials which, having been manufactured or produced or subjected, in the course of a trade, to any process, have not yet been delivered to any purchaser, or
- (iv) of goods or materials on their arrival by sea or by air into any part of the United Kingdom ;

“ mobile equipment ” means—

(a) machinery or plant having its own means of propulsion, or constructed or adapted for being towed, but excluding machinery or plant suitable for use only in or about a building or structure used for industrial purposes, at a source of mineral deposits or on or about a building or civil engineering site, and

(b) containers for use in the transportation of goods.

First-year allowances—
exclusion of certain road vehicles.

43. First-year allowances shall not be made in respect of capital expenditure on the provision of mechanically-propelled road vehicles, except—

- (a) vehicles of a construction primarily suited for the conveyance of goods or burden of any description,
- (b) vehicles of a type not commonly used as private vehicles and unsuitable to be so used, and
- (c) vehicles provided wholly or mainly for hire to, or for the carriage of, members of the public in the ordinary course of a trade.

Writing-down allowances and balancing adjustments.

44.—(1) Subject to the provisions of this Chapter, where—

- (a) a person carrying on a trade has incurred capital expenditure on the provision of machinery or plant for the purposes of the trade, and
- (b) in consequence of his incurring the expenditure, the machinery or plant belongs, or has belonged, to him, and
- (c) the machinery or plant is or has been in use for the purposes of the trade,

allowances and charges shall be made to and on him in accordance with the following provisions of this section.

(2) For any chargeable period for which a person within subsection (1) above has qualifying expenditure as defined in subsection (4) below which exceeds any disposal value to be brought into account by him in accordance with subsection (5) below, there shall be made to him—

(a) unless the period is the chargeable period related to the permanent discontinuance of the trade, an allowance (in this Chapter referred to as “a writing-down allowance”) of an amount equal to—

(i) 25 per cent. of the excess, or

(ii) a proportionately reduced percentage of the excess if the period is part only of a year, or if the period is a year of assessment but the trade has been carried on for part only thereof ;

(b) if the period is the chargeable period related to the permanent discontinuance of the trade, an allowance (in this Chapter referred to as “a balancing allowance”) equal to the whole of the excess:

Provided that a claim for a writing-down allowance to be made for any chargeable period in connection with a trade carried on by a person other than a company may require that the amount of the allowance be reduced to an amount specified in that behalf in the claim.

(3) For any chargeable period for which a person's qualifying expenditure is less than the disposal value which he is to bring into account, there shall be made on him a charge (in this Chapter referred to as “a balancing charge”), and the amount on which the charge is made shall be an amount equal to the difference.

(4) For the purposes of subsections (2) and (3) above, a person's qualifying expenditure for a chargeable period is the aggregate of the following amounts—

(a) the balance remaining after deducting any first-year allowances made in respect thereof of any capital expenditure incurred by him on the provision for the purposes of the trade of machinery or plant which is in use for those purposes during the chargeable period in question or its basis period, or has at any previous time been in use for those purposes, not being—

(i) expenditure which, or any part of which, has formed part of his qualifying expenditure for any previous chargeable period, or

(ii) expenditure in respect of which a first-year allowance is or could (assuming a claim therefor in

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the case of a person other than a company, and disregarding any notice of disclaimer in the case of a company) be made for the chargeable period in question; and

- (b) if for the chargeable period immediately preceding the chargeable period in question there was an excess of qualifying expenditure over disposal value, the balance of that excess after deducting any writing-down allowance made by reference thereto.

(5) For the purposes of subsections (2) and (3) above, the disposal value to be brought into account by a person for any chargeable period is the disposal value (calculated in accordance with subsection (6) below) of all machinery or plant on the provision of which for the purposes of the trade he has incurred capital expenditure and which—

- (a) belongs to him at some time in the chargeable period or its basis period, and
- (b) is in that period, or has at any previous time been, in use for the purposes of the trade, and
- (c) in that period, either ceases (whether on a sale or in any other circumstances) to belong to him or permanently ceases (whether because of the discontinuance of the trade or for any other reason) to be used for the purposes of the trade:

Provided that this subsection shall not require a person to bring into account the disposal value of any machinery or plant which he disposes of by way of gift in such circumstances that there is a charge to tax under Part VIII of the Taxes Act (Schedule E).

(6) The disposal value of any machinery or plant depends upon the event by reason of which it falls to be taken into account, and—

- (a) unless paragraph (b) below applies, if that event is the sale of the machinery or plant, equals the net proceeds to the person in question of the sale, together with any insurance moneys received by him in respect of the machinery or plant by reason of any event affecting the price obtainable on the sale, and, so far as it consists of capital sums, any other compensation of any description so received,
- (b) if that event is the sale of the machinery or plant at a price lower than that which it would have fetched if sold in the open market, and otherwise than in circumstances such that—

(i) the buyer's expenditure on the acquisition of the machinery or plant can be taken into account in

making allowances to him under this Chapter or PART III
 Part II of the Capital Allowances Act 1968 (scientific 1968 c. 3.
 research allowances), or

(ii) there is a charge to tax under Part VIII of the Taxes Act (Schedule E),

equals the price which the machinery or plant would have fetched if sold in the open market,

- (c) if that event is the demolition or destruction of the machinery or plant, equals the net amount received by the person in question for the remains of the machinery or plant, together with any insurance moneys received by him in respect of the demolition or destruction and, so far as it consists of capital sums, any other compensation of any description so received,
- (d) if that event is the permanent loss of the machinery or plant otherwise than in consequence of its demolition or destruction, equals any insurance moneys received by him in respect of the loss and, so far as it consists of capital sums, any other compensation of any description so received,
- (e) if that event is the permanent discontinuance of the trade before the occurrence of an event within paragraph (a), (b), (c) or (d) above, is the same as the disposal value specified for the last-mentioned event, and
- (f) in the case of any other event, equals the price which the machinery or plant would have fetched if sold in the open market at the time of the event:

Provided that the disposal value of any machinery or plant shall in no case exceed the capital expenditure incurred by the person in question on the provision of the machinery or plant for the purposes of the trade.

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

45.—(1) Where a person carrying on a trade incurs capital expenditure on the provision of machinery or plant for the purposes thereof under a contract providing that he shall or may become the owner of the machinery or plant on the performance of the contract—

Machinery and plant on hire-purchase etc.

- (a) the machinery or plant shall be treated for the purposes of this Chapter as belonging to him at any time when he is entitled to the benefit of the contract so far as it relates to that machinery or plant, and

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(b) all capital expenditure in respect of that machinery or plant to be incurred by him under the contract after the time when the machinery or plant is brought into use for the purposes of the trade shall be treated for the purposes of this Chapter as having been incurred by him at that time.

(2) Where a person to whom any machinery or plant is treated as belonging by virtue of subsection (1)(a) above ceases to be entitled to the benefit of the contract in question so far as it relates to that machinery or plant without in fact becoming the owner of the machinery or plant—

(a) the machinery or plant shall be treated for the purposes of this Chapter as ceasing to belong to him at the time when he ceases to be so entitled, and

(b) if he ceases to be so entitled after the machinery or plant has been brought into use for the purposes of the trade, the disposal value of the machinery or plant—

(i) shall not exceed the total capital expenditure which he would have incurred in respect of the machinery or plant if he had wholly performed the contract, but

(ii) subject to that limitation, shall be taken as an amount equal to any capital sums which he receives, or is entitled to receive, by way of consideration, compensation, damages or insurance moneys in respect of his rights under the contract, or in respect of the machinery or plant, together with so much of the said capital expenditure as he has not in fact incurred.

Machinery
and plant
on lease.

46.—(1) Where machinery or plant is first let by any person otherwise than in the course of a trade, then, whether or not it is used for the purposes of a trade carried on by the lessee—

(a) the capital expenditure incurred by the lessor in providing the machinery or plant shall be treated for the purposes of this Chapter as having been incurred in providing it for the purposes of a trade begun to be carried on by him, separately from any other trade which he may carry on, at the commencement of the letting, and

(b) the machinery or plant shall be treated for the purposes of this Chapter as being used for the purposes of the trade from the time when the trade is treated as begun until the time when the lessor permanently ceases to

let it otherwise than in the course of a trade, and then as permanently ceasing to be so used :

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Provided that this subsection shall not apply to machinery or plant let for use in a dwelling house.

(2) Where a lessee incurs capital expenditure on the provision for the purposes of a trade carried on by him of machinery or plant which he is required to provide under the terms of the lease, the machinery or plant shall be treated for the purposes of this Chapter as belonging to him for so long as it continues to be used for the purposes of the trade ; but, as from the determination of the lease, section 44(5) above shall have effect as if the capital expenditure on providing the machinery or plant had been incurred by the lessor and not by the lessee.

47.—(1) Except as otherwise provided, the provisions of this Chapter shall, with any necessary adaptations, apply in relation to—

Application to activities other than trades.

- (a) professions, employments, vocations and offices, and
- (b) the occupation of woodlands, where the profits or gains thereof are assessable under Schedule D,

as they apply in relation to trades :

Provided that—

- (i) in their application to an office or employment, the said provisions shall apply only to machinery or plant which is necessarily provided for use in the performance of the duties thereof, and
- (ii) section 189(2) of the Taxes Act (offices and employments with duties abroad) shall have effect as if the reference therein to Chapter II of Part I of the Capital Allowances Act 1968 included a reference to this Chapter, and the provisions of this Chapter as applied by this subsection shall have effect subject to the said section 189(2).

1968 c. 3.

(2) Sections 78 and 306 of the Taxes Act (capital allowances for machinery and plant used in estate management or in the management of the business of an investment company or life assurance company) shall each have effect as if the references therein to Chapter II of Part I of the Capital Allowances Act 1968 included a reference to this Chapter, and as if the reference in subsection (2) thereof to section 46 of the said Act of 1968 included a reference to section 48 below.

Supplementary

48.—(1) Subject to subsection (2) below, any allowance or charge made to or on any person under this Chapter shall be made to or on that person in taxing his trade.

Manner of making allowances and charges.

PART III

(2) Any allowance made by virtue of section 46(1) above shall be made by way of discharge or repayment of tax, and, subject to subsection (3) below, shall be available primarily against income from the letting of machinery or plant; and effect shall be given to any charge made by virtue of the said section 46(1)—

(a) if a charge to income tax, by making the charge under Case VI of Schedule D,

(b) if a charge to corporation tax, by treating the amount on which the charge is to be made as income from the letting of machinery or plant.

(3) Where an allowance falling to be made for any chargeable period by virtue of section 46(1) above is in respect of expenditure on the provision of machinery or plant which for the whole or any part of that period or its basis period is not used for the purposes of a trade carried on by the lessee, that allowance or, as the case may require, a proportionate part thereof shall be available primarily against income from the letting of that machinery or plant only.

1968 c. 3.

(4) The following provisions of the Capital Allowances Act 1968 with respect to the manner of making allowances and charges, that is to say, sections 70 and 71 (allowances and charges under Part I of that Act as it applies for the purposes of income tax) and sections 73 and 74 (corresponding provisions for corporation tax) shall have effect as if the references therein to the said Part I included references to this Chapter:

Provided that, where an allowance falling to be made for any chargeable period by virtue of section 46(1) above is in respect of expenditure on the provision of machinery or plant which for the whole or any part of that period or its basis period is not used for the purposes of a trade carried on by the lessee, the proviso to subsection (1) of the said section 71 or, as the case may be, subsection (4) of the said section 74 shall not apply to that allowance or, as the case may require, to a proportionate part thereof.

Minor rules, and consequential amendments.

49. The provisions of Schedule 8 to this Act shall have effect, being provisions supplementing the foregoing provisions of this Chapter, and provisions making consequential amendments in certain enactments.

Interpretation etc.

50.—(1) In this Chapter—

“capital expenditure” means capital expenditure to which this Chapter applies in accordance with section 40 above;

“chargeable period” means an accounting period of a company or a year of assessment; and

PART III

(a) a reference to a “chargeable period or its basis period” is a reference to the chargeable period if it is an accounting period and to the basis period for it if it is a year of assessment,

(b) a reference to a “chargeable period related to” the incurring of expenditure, or a sale or other event, is a reference to the chargeable period in which, or to that in the basis period for which, the expenditure is incurred or the sale or other event takes place, and means the latter if, but only if, the chargeable period is a year of assessment;

“income” includes any amount on which a charge to tax is authorised to be made under this Chapter;

“new” means unused and not second-hand.

“tax”, where neither income tax nor corporation tax is specified, means either of those taxes.

(2) In this Chapter as it applies for income tax purposes “basis period” shall be construed in accordance with subsections (2) to (5) of section 72 of the Capital Allowances Act 1968, with references in those provisions to Part I of that Act or Chapter II of that Part read for the purpose as references to this Chapter. 1968 c. 3.

(3) Section 82(1) of the Capital Allowances Act 1968 (construction of references to capital expenditure and capital sums) shall apply for the purposes of this Chapter as it applies for the purposes of Part I of that Act.

(4) Any reference in this Chapter to the date on which expenditure is incurred shall be construed as a reference to the date when the sums in question become payable; and for the purposes of this Chapter, any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated as if it had been incurred by him on the first day on which he does carry it on.

(5) Any reference in this Chapter to an allowance made includes a reference to an allowance which would be made but for an insufficiency of profits or gains, or other income, against which to make it.

(6) Any reference in this Chapter to any machinery, plant, building, structure or works shall be construed as including a reference to a part of any machinery, plant, building, structure or works.

(7) The provisions of this Chapter, and the provisions applying for the purposes of this Chapter, shall apply in relation to a

PART III

share in machinery or plant as they apply in relation to a part of machinery or plant; and, for the purposes of the said provisions, a share in machinery or plant shall be deemed to be used for the purposes of a trade so long as, and only so long as, the machinery or plant is used for the purposes thereof.

(8) In section 411(1)(c) of the Taxes Act (use of asset for providing business entertainment to be treated for capital allowances purposes as use otherwise than for the purposes of a trade), the reference to Chapter II of Part I of the Capital Allowances Act 1968 shall include a reference to this Chapter.

1968 c. 3.

CHAPTER II

OTHER PROVISIONS

Initial allowances for industrial buildings—continuance of increased rate for development and intermediate areas and Northern Ireland.

1970 c. 24.

51. The rate of initial allowance under section 1 of the Capital Allowances Act 1968 (industrial buildings and structures) provided for by section 15(1) of the Finance Act 1970 in a case falling within subsection (2) of that section (that is to say, a rate of two-fifths in the case of buildings and structures in development areas, intermediate areas and Northern Ireland) shall apply in relation to expenditure incurred after 5th April 1972 as well as in relation to expenditure incurred during the period beginning on 6th April 1970 and ending on the said 5th April; and accordingly, the said section 15(1) shall be amended by inserting after the words "In relation to capital expenditure incurred" the words "in a case falling within subsection (2) below on or after 6th April 1970, and in any other case".

Initial allowances for mining etc. works—increased rate for development areas and Northern Ireland, and right of disclaimer.

1960 c. 18.

52.—(1) In relation to expenditure within section 56(1) of the Capital Allowances Act 1968 (works in connection with mines, oil wells and other sources of mineral deposits of a wasting nature) which is incurred on or after 27th October 1970 on the construction of works situated—

(a) in an area which is a development area (within the meaning of Part I of the Local Employment Act 1960) on the date on which the expenditure is incurred or, if the expenditure is incurred under a contract entered into on or after the said 27th October, on the date on which the contract was entered into, or

(b) in Northern Ireland,

section 56(2) of that Act (which provides for an initial allowance of an amount equal to two-fifths of any expenditure within the said section 56(1)) shall have effect with the substitution for the words "two-fifths" of the words "the whole".

Expenditure shall not be treated for the purposes of this subsection as having been incurred after the date on which it was in fact incurred by reason only of section 64 of the said Act of 1968 (expenditure incurred before trade began).

(2) A company to whom an initial allowance under the said section 56(1) falls to be made for any chargeable period in respect of expenditure incurred on or after 27th October 1970 may, by notice in writing given to the inspector not later than two years after the end of that period, either disclaim the allowance or require that the amount thereof be reduced to an amount specified in the notice; and a person other than a company claiming an initial allowance under the said section 56(1) in respect of expenditure so incurred may require the amount thereof to be reduced to an amount specified in the claim.

PART III

53. Paragraph 2(1) of Schedule 4 to the Capital Allowances Act 1968 (under which the increased rates of writing-down allowances provided for by that Schedule apply only to new machinery and plant capital expenditure on the provision of which was incurred after 5th November 1962) shall be amended by inserting at the end the words "and, for accounting periods ending on or after 27th October 1970 and years of assessment from the year 1971-72 onwards, also to any machinery or plant not within the meaning of that expression."

Writing-down allowances—
increased rates for machinery and plant provided before 6th November 1962.

1968 c. 3.

54.—(1) In any claim under section 515 of the Taxes Act (postponement of capital allowances to secure double taxation relief), no account shall be taken of expenditure incurred, or treated for the purposes of Chapter I of this Part of this Act as incurred, on or after 27th October 1970.

Double taxation relief and overspill relief.

(2) Section 84 of, and Schedule 20 to, the Finance Act 1965 (transitional relief for existing companies with overseas trading income) shall have effect as if the said Chapter I and subsection (1) above had not been enacted.

1965 c. 25.

PART IV

TAX ON CAPITAL GAINS AND ESTATE DUTY

55.—(1) The enactments mentioned in Part III of Schedule 14 to this Act (which, to the extent specified in the third column of that Part, provide for excluding development value in computing the amount of chargeable gains arising on the disposal of land in Great Britain and for certain allowances and reliefs in respect of betterment levy) are hereby repealed to the extent specified in the third column of that Part.

Restoration of development value in computation of chargeable gains, and repeal of certain provisions

(2) Subject to paragraph 3 of Schedule 9 to this Act, the chargeable gains arising on any disposal after 22nd July 1970 shall be computed as if the enactments repealed by this section had never been enacted; but nothing in this section shall affect

made in connection with betterment levy.

PART IV

the operation of any enactment in relation to the computation of chargeable gains arising on a disposal on or before that date or, except as provided by paragraph 4 of that Schedule, in relation to any betterment levy charged or chargeable in respect of any act or event.

(3) Where a disposal was made on or before 22nd July 1970 but the conveyance or other instrument giving effect to it was executed after that date, then, unless the disposal was a chargeable act or event for the purposes of betterment levy, it shall be deemed for the purposes of subsection (2) of this section to have been made after that date.

(4) Where, by virtue of subsection (3) of this section, a disposal made on or before 22nd July 1970 is regarded as having been made after that date and as a result there is an increase in a person's chargeable gains or a reduction in a person's allowable losses in a year of assessment earlier than the year 1970-71 or (if that person is a company) in an accounting period ending before 23rd July 1970, then, unless that person otherwise elects,—

(a) the amount of the increase or reduction shall be left out of account in computing for the purposes of Part III of the Finance Act 1965 that person's chargeable gains or allowable losses in that year or accounting period ; but

(b) in computing for those purposes that person's chargeable gains or allowable losses in the year of assessment or accounting period in which the conveyance or other instrument giving effect to the disposal was executed, the amount of the increase or reduction shall be treated as a chargeable gain accruing on a disposal made in that year or accounting period.

An election under this subsection must be made by notice in writing given to the inspector within two years after the end of the year of assessment or accounting period in which the conveyance or other instrument is executed or such longer time as the inspector may allow.

(5) Schedule 9 to this Act shall have effect for supplementing this section.

(6) All such adjustments shall be made, whether by the making of assessments or by discharge or repayment of tax or otherwise, as are required to give effect to the provisions of this section and of that Schedule.

1965 c. 25.

Taxation of
short-term
capital gains.

56.—(1) Case VII of Schedule D (charge to income tax of short-term capital gains) is hereby abolished for the year 1971-72 and subsequent years of assessment.

(2) Schedule 10 to this Act shall have effect for making, in connection with the abolition of Case VII, modifications to the capital gains tax and the corporation tax on chargeable gains and for otherwise supplementing the provisions of this section.

(3) The enactments mentioned in Part IV of Schedule 14 to this Act are hereby repealed to the extent specified in the third column of that Part.

(4) Nothing in this section shall affect—

- (a) any income tax chargeable for a year of assessment earlier than 1971-72 or the doing of anything in relation to any income tax so chargeable; or
- (b) corporation tax on chargeable gains accruing on disposals before 20th April 1971.

57.—(1) An individual shall not be chargeable to capital gains tax for a year of assessment if the aggregate amount or value of the consideration for all the disposals of assets made by him in that year does not exceed £500. Exemption or relief for small disposals.

(2) The amount of the capital gains tax to which an individual not exempted under subsection (1) above is chargeable for any year of assessment shall not exceed one half of the difference between £500 and the aggregate amount or value mentioned therein.

(3) For the purposes of this section and of Schedule 11 to this Act disposals made by a man to his wife living with him or by her to him shall be disregarded and all other disposals made by either shall be treated as made by one individual; and if by virtue of paragraph 3(2) of Schedule 10 to the Finance Act 1965 1965 c. 25. any amount is chargeable and assessable on the wife for any year of assessment, any relief due for that year under subsection (2) of this section shall be apportioned between them according to the amounts with which they would, apart from that subsection, be respectively chargeable to capital gains tax for that year.

(4) Schedule 11 to this Act shall have effect for supplementing this section.

(5) This section shall apply for the year 1970-71 and subsequent years of assessment and section 31 of the Finance Act 1968 c. 44. 1968 (exemption for small amounts) shall not apply for any year of assessment later than 1970-71.

58.—(1) The following provisions of this section shall apply where— Disposal of options.

- (a) an option to subscribe for shares in a company; or
- (b) an option to acquire assets exercisable by a person intending to use them, if acquired, for the purpose of a trade carried on by him;

is disposed of or abandoned on or after 20th April 1971.

PART IV
1965 c. 25.

(2) If the option is abandoned the abandonment shall, notwithstanding paragraph 14(3) of Schedule 7 to the Finance Act 1965, constitute the disposal of an asset (namely of the option).

(3) Paragraph 10 of Schedule 6 to the Finance Act 1965 (restriction of allowable expenditure for wasting asset) shall not apply, and accordingly paragraph 14(4) of Schedule 7 to that Act (which determines the life of an option which is regarded as a wasting asset) shall not apply to such an option as is mentioned in subsection (1)(a) above.

(4) The preceding provisions of this section do not apply in the case of such an option as is mentioned in subsection (1)(a) above, unless it is of a kind which, at the time of abandonment or other disposal, is quoted on a recognised stock exchange (within the meaning of section 535 of the Taxes Act) and there dealt in in the same manner as shares; but if the option is of a kind so quoted and dealt in within three months after the taking effect, with respect to the company granting the option, of any reorganisation, reduction, conversion or amalgamation to which paragraph 4, 5, 6 or 7 of Schedule 7 to the Finance Act 1965 applies, or within such longer period as the Board may by notice in writing allow, the option shall, for the purposes of those paragraphs, be regarded as the shares which could be acquired by exercising it and section 44(3) of that Act shall apply for determining its market value.

Abolition of
charge to
capital gains
tax on death,
etc.

59.—(1) In relation to a death occurring or interest terminating after 30th March 1971—

(a) the enactments mentioned in Schedule 12 to this Act (which make provision for and in connection with the imposition of a charge to capital gains tax on the death of an individual and on the termination of certain interests) shall have effect subject to the provisions of that Schedule; and

(b) the enactments mentioned in Part V of Schedule 14 to this Act are hereby repealed to the extent specified in the third column of that Part.

(2) Section 25(7) of the Finance Act 1965 (end of certain periods treated as termination of life interest in settled property) shall not apply in relation to any fifteen years ending after 30th March 1971.

Replacement
of business
assets.

60. Section 33 of the Finance Act 1965 (replacement of business assets) shall apply, where the acquisition of the new assets referred to in that section takes place on or after 20th April 1971, with the omission of—

(a) the words “one, and the same one, of” (which occur in subsection (1) and confine the relief available under that section to disposals and acquisitions of assets of the same class); and

- (b) subsection (4) (which restricts that relief in cases where a partner's share in the old assets is different from his share in the new assets). PART IV

61.—(1) As respects deaths occurring after 30th March 1971 the provisions of Part I of Schedule 17 to the Finance Act 1969 for determining the amount of estate duty on an estate shall have effect with the substitution of the words “£12,500” for the words “£10,000”— Alteration of amount of estate duty. 1969 c. 32.

(a) in paragraph (a) (under which no duty is payable on an estate if the aggregate principal value of all property comprised in the estate does not exceed £10,000); and

(b) in paragraph (b)(i) (under which the rate applicable to so much of that aggregate principal value as exceeds that sum but does not exceed £17,500 is 25 per cent.).

(2) As respects deaths so occurring, section 16(3) of the Finance Act 1894 as substituted by section 33(1) of the Finance Act 1954 and further amended by paragraph 3 of Part III of Schedule 17 to the Finance Act 1969 (property other than certain settled property not to be aggregated with the latter if net value of non-settled property does not exceed £10,000, and provision for marginal relief if that net value does exceed that amount) shall have effect with the substitution of the words “£12,500” for the words “ten thousand pounds” in paragraphs (a) and (b). 1894 c. 30.
1954 c. 44.

62.—(1) Estate duty chargeable on a death in respect of any property to which this subsection applies may, at the option of the person paying the duty, be paid by eight equal yearly instalments or sixteen half-yearly instalments. Payment of estate duty by instalments.

(2) The property to which subsection (1) above applies is the following, that is to say—

(a) shares or securities of a company the principal value of which falls to be ascertained under section 55 of the Finance Act 1940 (valuation by reference to assets of the company); 1940 c. 29.

(b) shares or securities of a company not falling within paragraph (a) above and not quoted on a recognised stock exchange in the United Kingdom or elsewhere, if either the condition stated in subsection (3) below is fulfilled or the Commissioners of Inland Revenue are satisfied that the estate duty on those shares or securities cannot be paid at once without undue hardship;

(c) the following property situate in England and Wales, that is to say any leasehold estate or interest in land and any property which is treated as personal property

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for estate duty purposes by reason only of being held on trust for sale, not being in any case an estate, interest or right by way of mortgage or other security.

1894 c. 30.

(3) The condition mentioned in subsection (2)(b) above is that not less than 20 per cent. of the estate duty chargeable on the death for which the person paying the duty on the shares or securities is accountable (in the same capacity) consists of duty on those shares or securities and such other duty (if any) as may be by virtue of the other provisions of this section or of section 6(8) of the Finance Act 1894 (real property) be paid by instalments.

(4) Where estate duty is chargeable on a death in respect of a business or an interest in a business, so much of the duty chargeable on the death as is attributable to the net value of the business or, as the case may be, to the value of that interest may, at the option of the person paying the duty, be paid by eight equal yearly instalments or sixteen half-yearly instalments.

(5) For the purposes of subsection (4) above "the net value of the business" means the principal value of the assets used in the business (including goodwill) reduced by the aggregate amount of any liabilities incurred for the purpose of the business; and in ascertaining for the purposes of subsection (4) above the value of an interest in a business, no regard shall be had to assets or liabilities other than those by reference to which the net value of the business would have fallen to be ascertained in accordance with this subsection if the entire business had passed on the death of the deceased.

1896 c. 28.

(6) Notwithstanding anything in section 6 of the Finance Act 1894 (collection and recovery of estate duty), where subsection (1) or (4) above applies the first instalment shall be payable at the expiration of twelve months from the death of the deceased, and interest under section 18 of the Finance Act 1896 on the unpaid portion of the duty shall be added to each instalment and paid accordingly.

(7) Notwithstanding the exercise of the option under subsection (1) or (4) above in respect of any estate duty, the duty for the time being unpaid, with interest under the said section 18 to the time of payment, may be paid at any time; and in any case the duty or, as the case may be, the unpaid portion of the duty, and any interest accrued under that section, shall become payable forthwith (whether before or after the expiration of twelve months from the death of the deceased)—

(a) in the case of duty on property to which subsection (1) above applies by virtue of paragraph (a), paragraph (b) or paragraph (c) of subsection (2) above, as the case may be, on a sale of the whole or any part of the property in question;

- (b) in the case of duty on property consisting of a business falling within subsection (4) above, on a sale of the whole or any part of the business or of any interest in the business ;
- (c) in the case of duty on property consisting of an interest in such a business, on a sale of the whole or any part of that interest,

so however that where the sale is of a part only of the property in question or, in a case falling within paragraph (b) above, is of an interest in the business, there shall become payable forthwith (with any interest thereon accrued as aforesaid) only such proportion of the duty or, as the case may be, of the unpaid portion of the duty as is referable to the part or interest sold.

(8) Where estate duty is chargeable on a death in respect of an interest in a business and, under a partnership agreement or otherwise, any sum is paid in satisfaction of the whole or any part of that interest otherwise than on a sale, that interest or the part of it in question shall for the purposes of subsection (7) above be treated as having been sold at the time of the payment.

(9) Where a person, having paid to the Commissioners of Inland Revenue any estate duty which is or might have been payable to them by instalments under this section, is entitled to recover the duty from some other person by whom, as against him, the duty falls to be borne, that other person shall, in the absence of any agreement to the contrary, be entitled to repay the duty by the like instalments (with the like interest thereon) as if he were paying the duty to the Commissioners.

(10) This section shall apply in relation to any death occurring after 30th March 1971.

(11) In this section—

- (a) “business” includes a business carried on in the exercise of a profession or vocation, but does not include a business carried on otherwise than for gain ;
- (b) “company” includes any body corporate.

(12) This section shall be construed as one with Part I of the 1894 c. 30. Finance Act 1894.

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MISCELLANEOUS

63.—(1) In relation to any contribution week beginning on or after 5th July 1971, for paragraphs (a) to (d) of section 44(1) of the Finance Act 1966 as amended by section 50 of the Finance Act 1969 (which specify the weekly amount payable in respect of a person by way of selective employment tax) there shall be substituted the following paragraphs:—

“ (a) if that person is a man over the age of 18, £1·20 ;

Selective
employment
tax.

1966 c. 18.
1969 c. 32.

PART V

- (b) if that person is a woman over the age of 18, £0·60 ;
 (c) if that person is a boy under the age of 18, £0·60 ; and
 (d) if that person is a girl under the age of 18, £0·40 ”.

1967 c. 54.
 1966 c. 18. (2) In Schedule 12 to the Finance Act 1967 the references to Part VI of the Finance Act 1966 in paragraphs 8 and 10 shall be construed as including references to this section.

1920 c. 67. (3) This section shall be construed as one with Part VI of the Finance Act 1966 and shall extend to Northern Ireland, but for the purposes of section 6 of the Government of Ireland Act 1920 shall be deemed to be contained in an Act passed before the appointed day.

Stamp duty—
 abolition of
 duty on bonds,
 mortgages etc.

64.—(1) The following stamp duties are hereby abolished—

- (a) except as respects any instrument increasing the rent reserved by another instrument, the duties chargeable by virtue of paragraph (1) and paragraph (2) (securities for annuities other than superannuation annuities and for certain other periodic sums) of the heading in Schedule 1 to the Stamp Act 1891 “ Bond, Covenant, or Instrument of any kind whatsoever ”,
 (b) the duties chargeable by virtue of the heading in that Schedule “ Bond of any kind whatsoever not specifically charged with any duty ”, and
 (c) the duties chargeable by virtue of the heading in that Schedule beginning “ Mortgage, Bond, Debenture, Covenant ”.

1891 c. 39.

1910 c. 8. (2) Subject to section 4 of the said Act of 1891 (separate charges on instruments containing or relating to several distinct matters) and section 74 of the Finance (1909-1910) Act 1910 (voluntary dispositions to be chargeable as conveyances or transfers on sale), any instrument which, but for subsection (1) above, would be chargeable with duty under a heading mentioned in that subsection shall not be chargeable with duty under any other heading in the said Schedule 1.

(3) For the avoidance of doubt it is hereby declared that paragraph (c) of subsection (1) above does not affect the amount of any duty chargeable under the said Schedule 1 by reference to the heading mentioned in that paragraph.

(4) This section has effect as from 1st August 1971.

Stamp duty—
 composition
 in respect of
 transfer duty
 on certain
 loan capital.

65.—(1) The Commissioners may if they think it proper to do so enter into an agreement with any person proposing to issue loan capital to which this section applies whereby that person is to pay to them, by way of composition for the stamp duty chargeable on transfers of the capital, a sum calculated in accordance with subsection (3) below ; and any transfer of the

capital effected after payment of the composition shall be exempt from stamp duty:

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Provided that the exemption conferred by this subsection in the case of any capital shall cease to have effect if any variation in the terms on which it was issued is made otherwise than with the approval of the Commissioners.

(2) In this section "loan capital" has the same meaning as in Section 8 of the Finance Act 1899; and the loan capital to which this section applies is any loan capital which is to be offered for public subscription on or after 1st August 1971 and the date for repayment of which cannot be less than five years or more than ten years from the date of issue. 1899 c. 9.

(3) The sum payable by way of composition in respect of any loan capital to which an agreement under subsection (1) above relates shall be calculated at the following rate for every £100 or part of £100 of the nominal amount of the capital, that is to say, 15p multiplied by the number of years from the date of issue to the latest date for repayment, a part of a year being treated for this purpose as a whole year.

(4) This section shall be construed as one with the Stamp Act 1891. 1891 c. 39.

66. In the section inserted by section 79(2) of the Housing Option Act 1969 as section 26A of the Housing Subsidies Act 1967 (which allows the period for which an option notice has effect to be terminated, but not before 31st March 1973, nor less than five years after the date of the repayment contract) there shall be substituted, for the word "1973" the word "1972" and for the word "five" the word "four". 1969 c. 33. 1967 c. 29.

67.—(1) Confirmation is hereby given to the agreement between the Treasury and the Ministry of Finance for Northern Ireland set out in Schedule 13 to this Act (an agreement which, if confirmed by Acts of the Parliaments of the United Kingdom and Northern Ireland, supersedes as from 1st April 1971 an earlier agreement as amended). Confirmation of health service agreement with Northern Ireland and U.K.

(2) There shall be charged on and paid out of the Consolidated Fund of the United Kingdom any sums payable under the agreement hereby confirmed out of the Consolidated Fund of the United Kingdom into the Exchequer of Northern Ireland. contribution towards cost of certain allowances and benefits in Northern Ireland.

(3) The preceding provisions of this section shall not come into operation unless and until Her Majesty by Order in Council declares that a corresponding provision has been enacted by the Parliament of Northern Ireland.

(4) There shall from time to time be paid out of the Consolidated Fund of the United Kingdom into the Exchequer of Northern Ireland such sums as the Treasury after consultation with the Ministry of Finance for Northern Ireland may see fit

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to direct towards the expenditure incurred in making payments under any enactments of the Parliament of Northern Ireland corresponding to the following Acts as from time to time amended, that is to say, the Family Allowances Act 1965, the Ministry of Social Security Act 1966, the National Insurance (Old persons' and widows' pensions and attendance allowance) Act 1970 and the Family Income Supplements Act 1970.

1965 c. 53.

1966 c. 20.

1970 c. 51.

1970 c. 55.

Payments to
Banks of
England and
Ireland in
respect of
management
of Government
securities.
1968 c. 13.

68. Section 16 of the National Loans Act 1968 (supplemental provisions as to the national debt) shall be amended as follows—

(a) in subsection (7) (under which payments to the Banks of England and Ireland in respect of management of Government securities must relate to management in financial years ending on 31st March), for the words “in the year ending 31st March 1968 or any subsequent financial year” there shall be substituted the words “in any period”, and

(b) subsection (8) (which governs the calculation of the amount of such payments and the time of payment) shall be omitted.

Citation,
interpretation,
construction,
extent and
repeals.
1970 c. 10.

69.—(1) This Act may be cited as the Finance Act 1971.

(2) In this Act “the Taxes Act” means the Income and Corporation Taxes Act 1970.

(3) In this Act—

sections 3, 8, 9, 10 and 12 shall be construed as one with the Customs and Excise Act 1952;

Parts II and III, so far as they relate to income tax, shall be construed as one with the Income Tax Acts and, so far as they relate to corporation tax, shall be construed as one with the Corporation Tax Acts;

Part IV, except sections 61 and 62, shall be construed as one with Part III of the Finance Act 1965.

1952 c. 44.

1965 c. 25.

(4) Except so far as the context otherwise requires, any reference in this Act to any enactment shall be construed as a reference to that enactment as amended, and as including a reference to that enactment as applied, by or under any other enactment, including this Act.

(5) Except as otherwise expressly provided, such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws do not extend to Northern Ireland.

(6) If the Parliament of Northern Ireland passes provisions amending or replacing any enactment of that Parliament referred to in this Act the reference shall be construed as a reference to the enactment as so amended or, as the case may be, as a reference to those provisions.

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(7) The enactments mentioned in Schedule 14 to this Act (Part VI of which includes certain obsolete enactments) are hereby repealed to the extent mentioned in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

SCHEDULES

Section 11.

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 47 of the Act of 1952 (entry outwards of certain dutiable etc. goods) does not apply.

(2) Subject to paragraphs 4 and 13 below, before any goods to which this paragraph applies are exported or shipped for exportation, the exporter shall deliver to the proper officer an entry outwards of the goods under this paragraph.

(3) The form of entries under this paragraph, the particulars to be contained therein and the manner of their delivery shall be such as the Commissioners may from time to time direct.

(4) Directions under this paragraph may, if the Commissioners think fit, contain provisions authorising the delivery in circumstances specified in the directions of provisional entries under this paragraph, and imposing requirements on persons delivering such entries as to the subsequent delivery of perfected entries, and the obtaining and retention for a specified period of receipts for perfected entries.

(5) Where the particulars contained in any entry delivered under this paragraph are in any way incorrect or inaccurate, the person delivering it shall notify the proper officer of any necessary correction within a period of fourteen days beginning with the day of delivery.

(6) The Commissioners may give directions under this paragraph imposing on persons specified in the directions requirements as to the giving of information with respect to, and the furnishing of documents in connection with, goods which have been entered under this paragraph but are not exported or shipped for exportation within a specified period beginning with the day of delivery of the entry.

(7) Goods shall not be treated by virtue of anything in this paragraph as goods to which section 47 of the Act of 1952 applies.

Provisional entries under section 47 of the Act of 1952

2. Directions under section 47 of the Act of 1952 may, if the Commissioners think fit, contain provisions authorising the delivery in circumstances specified in the directions of provisional entries under that section, and imposing requirements on persons delivering such entries as to the subsequent delivery of perfected entries, and the obtaining and retention for a specified period of receipts for perfected entries.

Register of exporters, and assignment of identifying numbers

3. The Commissioners shall have power—

(a) to maintain a register of exporters,

(b) to enter therein any person applying for registration and appearing to them to be concerned in the exportation of

goods and to satisfy such requirements for registration as they may think fit to impose.

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- (c) to give directions imposing requirements on registered persons (and, in particular, requirements as to the keeping of records and accounts and the giving of access thereto) as a condition of their remaining on the register,
- (d) to assign to registered persons numbers for use for export purposes, and
- (e) to cancel the registration of any person if it appears to them that he has failed to comply with any direction under this paragraph or that there is other reasonable cause for cancellation.

Alternative to entry in the case of registered exporters

4.—(1) If the Commissioners think fit so to direct, goods within paragraph (c) or (d) of section 47(5) of the Act of 1952 may be shipped for exportation without entry under that section, and goods to which paragraph 1 above applies may be shipped for exportation without entry under that paragraph, if, before shipment, a number assigned under paragraph 3 above to a person concerned in the exportation of the goods, together with such particulars of the goods and other information relating thereto as the directions may require, is furnished in accordance with the directions to a person specified therein.

(2) Directions under this paragraph may contain provision enabling the Commissioners to exclude shipments of goods from their operation in particular cases by giving notice to that effect in accordance with the directions.

Specifications under section 49 of the Act of 1952

5.—(1) Section 49 of the Act of 1952 (duty of exporters to deliver specifications of goods not required to be entered under section 47 of the Act) shall apply to any goods which are shipped for exportation without entry under the said section 47 by virtue of directions given under paragraph 4 above, and shall not apply to any goods to which paragraph 1 above applies unless they are shipped for exportation without entry under that paragraph by virtue of directions so given.

(2) Where any goods are shipped for exportation without entry by virtue of directions given under paragraph 4 above, the person whose number was furnished in relation to the goods for the purpose of their shipment without entry shall, if it was so furnished with his consent, be the exporter of the goods for the purposes of the said section 49.

(3) The Commissioners may give a direction under this paragraph requiring any person delivering a specification under the said section 49 in relation to goods shipped for exportation to obtain a receipt therefor in accordance with the direction and to retain it for a period specified therein.

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(4) The said section 49 shall be amended as follows—

- (a) in subsection (1), for the words “six days” (period for delivery of specification) there shall be substituted the words “fourteen days”,
- (b) in subsection (2), for the words “five pounds” (penalty for failure to deliver specification) there shall be substituted the words “£100”, and
- (c) in subsection (3), for the words “five pounds” (penalty for failure to correct wrong specification, etc.) there shall be substituted the words “£10”, and for the words from “either himself” to the end there shall be substituted the words “notifies the proper officer of any necessary correction within a period of fourteen days beginning with the day of delivery”.

1966 c. 18.

(5) In consequence of the amendment made by sub-paragraph (4)(a) above, section 11(5) of the Finance Act 1966 (application of the said section 49 to goods exported by pipe-line) shall also be amended by substituting for the words “six days” the words “fourteen days”.

New provisions about putting export goods alongside for loading

6.—(1) This paragraph applies to all goods which are required to be entered outwards before shipment for exportation, whether under section 47 of the Act of 1952 or under paragraph 1 above.

(2) The Commissioners may make regulations—

- (a) prohibiting, as from such date as is specified in the regulations, the putting of any goods to which this paragraph applies alongside any ship or aircraft for loading for exportation except under a written authority in that behalf obtained in accordance with, and in such form as is specified in, the regulations, and
- (b) requiring any person putting goods alongside a ship or aircraft under one or more such authorities to endorse the authority or each of the authorities with such particulars as are specified in the regulations, and to deliver the endorsed authority or authorities, together with a written statement of the number of authorities delivered, to the proper officer within such period as is so specified.

Miscellaneous provisions as to information, documentation, etc.

7. The Commissioners may give directions under this paragraph imposing on persons specified in the directions requirements as to the giving of information with respect to, or the furnishing of documents in connection with, goods exported, or intended to be exported, in any such vehicle or container as is specified in the directions, or by such other means, or in accordance with any such commercial procedure, as is so specified.

8. The Commissioners may give directions under this paragraph providing that, before any goods are shipped for exportation, a

number identifying the goods in compliance with the directions is to be given in accordance with the directions by and to such persons as are specified in the directions.

9. Section 54(1)(c) of the Act of 1952 (under which the Commissioners may make regulations requiring the delivery of a manifest of all cargo carried in an exporting ship) shall be amended by inserting—

- (a) after the word “manifest”, the words “containing such particulars as the Commissioners may direct”, and
- (b) after the word “ship”, the words “and, if the Commissioners so direct, such other documents relating to the cargo as are specified in the direction”.

10. Sections 47(2) and 86(3) of the Act of 1952 (goods to be treated as entered when entry signed by proper officer) shall cease to have effect.

Penalties

11.—(1) If any goods of which entry is required under paragraph 1 of this Schedule are exported or shipped for exportation before delivery of an entry in respect thereof, the exporter shall be liable to a penalty of £100.

(2) Any person who fails to comply with sub-paragraph (5) of the said paragraph 1 in the case of any entry shall be liable to a penalty of £10.

(3) Any person who, being required by directions given under or by virtue of paragraph 1, 2 or 5 of this Schedule to obtain and retain for a specified period a receipt for any entry or specification, fails to produce a receipt complying with the directions on demand made by a proper officer at any time during that period shall be liable to a penalty of £100.

(4) If any person, for the purpose of enabling any goods to be shipped without entry by virtue of directions given under paragraph 4 of this Schedule, furnishes a number other than one for the time being assigned to him under paragraph 3 of this Schedule, then, unless the number is one for the time being assigned to another person under that paragraph and is furnished with that person's consent, he shall be liable to a penalty of £100.

(5) Any person who contravenes or fails to comply with any regulations made under this Schedule, or with any directions given under or by virtue of any provision of this Schedule other than paragraph 3, shall be liable to a penalty of £100.

Supplementary

12.—(1) Regulations or directions made or given under any provision of this Schedule may make different provision for different circumstances.

(2) Directions given under any such provision may be varied or revoked by subsequent directions thereunder.

13. The Commissioners may relax any requirement imposed by or under this Schedule as they think fit in relation to any goods.

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14.—(1) The provisions of this Schedule shall be treated for all purposes as included in Part II of the Act of 1952.

1966 c. 18.

(2) Without prejudice to section 11(4) of the Finance Act 1966 (application of customs Acts to exportation by pipe-line) paragraph 6(2) of this Schedule shall apply to the charging of goods into a pipe-line for exportation as it applies to the putting of goods alongside a ship or aircraft for loading for exportation.

15. Paragraphs 1, 2, 4 to 8 and 11 of this Schedule shall come into operation on such day as the Commissioners may by order made by statutory instrument appoint, and different days may be so appointed for different paragraphs.

Section 20.

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 dependants or life insurance. 226A.—(1) The Board may approve under this section—

- (a) a contract the main object of which is the provision of an annuity for the wife or husband of the individual, or for any one or more dependants of the individual,
- (b) a contract the sole object of which is the provision of a lump sum on the death of the individual before he attains the age of 70, being a lump sum payable to his personal representatives.

(2) The Board shall not approve the contract unless it appears to them that it is made by the individual with a person lawfully carrying on in the United Kingdom the business of granting annuities on human life.

(3) The Board shall not approve a contract under subsection (1)(a) above unless it appears to them to satisfy all the following conditions, that is—

- (a) that any annuity payable to the wife or husband or dependant of the individual commences on the death of the individual,
- (b) that any annuity payable to the individual commences at a time after the individual attains the age of 60, and, unless the individual's annuity is one to commence on the death of a person to whom an annuity would be payable under the contract if that person survived the individual, can not commence after the time when the individual attains the age of 70,
- (c) that the contract does not provide for the payment by the person contracting with the individual of any sum, other than any annuity payable to the individual's wife or husband or

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dependant, or to the individual except, in the event of no annuity becoming payable under the contract, any sums payable to the individual's personal representatives by way of return of premiums, by way of reasonable interest on premiums or by way of bonuses out of profits,

- (d) that the contract does not provide for the payment of any annuity otherwise than for the life of the annuitant,
- (e) that the contract does include provision securing that no annuity payable under it shall be capable in whole or in part of surrender, commutation or assignment.

(4) The Board may, if they think fit, and subject to any conditions that they think proper to impose, approve a contract under subsection (1)(a) above notwithstanding that, in one or more respects, they are not satisfied that the contract complies with the provisions of paragraphs (a) to (e) of subsection (3) above.

(5) Subsections (2) and (3) of section 226 above shall not apply to the approval of a contract under this section.

(6) The main purpose of a trust scheme, or part of a trust scheme, within section 226(5) above may be to provide annuities for the wives, husbands and dependants of the individuals, or lump sums payable to the individuals personal representatives on death and in that case—

- (a) approval of the trust scheme shall be subject to the preceding provisions of this section with any necessary modifications, and not subject to subsections (2) and (3) of section 226 above,
- (b) the provisions of this Chapter shall apply to the scheme or part of the scheme when duly approved as it applies to a contract approved under this section.
- (c) section 226(6) above (tax relief for investments or deposits of the fund) shall apply to any duly approved trust scheme, or part of a trust scheme.

(7) Except as otherwise provided in this Chapter, any reference in the Tax Acts to a contract or scheme approved under section 226 above shall include a reference to a contract or scheme approved under this section."

Relief carried forward

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

"(2) If in any year of assessment a reduction or a greater reduction would be made under this section in the relevant earnings of an individual but for either or both of the following reasons, that is—

- (a) an insufficiency of net relevant earnings, or

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(b) the operation of paragraph (b) of subsection (1B) above (as respects a qualifying premium paid under a contract approved under section 226A of this Act),

the amount of the reduction which would be made but for those reasons less the amount of any reduction which is made in that year, shall be carried forward to the next following year, and shall be treated for the purposes of relief under this section as the amount of a qualifying premium paid in that following year.

(2A) If and so far as an amount once carried forward under subsection (2) above (and treated as the amount of a qualifying premium paid in the said following year) is not deducted from or set off against the individual's net relevant earnings for that year of assessment, it shall be carried forward again to the next following year (and treated as the amount of a qualifying premium paid in that year), and so on for succeeding years (if necessary).

(2B) The provisions of this subsection have effect for determining whether and how far an amount carried forward under subsection (2) above is to be treated as paid under an individual's contract on the one hand or a contract approved under section 226A of this Act on the other.

If and so far as any such amount could not have been so carried forward but for a qualifying premium paid under an individual's contract, that amount, or any part of it, when so carried forward on the first or any subsequent occasion, shall be treated for the purposes of this Chapter as the amount of a qualifying premium paid under an individual's contract.

In this subsection "individual's contract" means an approved annuity contract other than one approved under section 226A of this Act."

Relief in respect of late assessments

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

"(3) Where a relevant assessment to tax becomes final and conclusive at a time after 5th October in the year of assessment to which it relates, a qualifying premium paid—

(a) after that year of assessment, and

(b) not more than six months after that time,

may, if the individual so elects not more than six months after that time, be treated for the purposes of this section as paid in the year of assessment (and not in the year in which it is paid):

Provided that where either—

(i) the amount of that premium, together with any qualifying premiums paid by him in the year to which the assessment relates (or treated as so paid by virtue of any previous election under this subsection), exceeds the maximum amount of the reduction which may be made under this section in his relevant earnings for that year, or

(ii) the amount of that premium itself exceeds the increase in that maximum amount which is due to taking into account the income on which the assessment is made, then the election shall have no effect as respects the excess.

In this subsection "a relevant assessment to tax" means an assessment on the individual's relevant earnings or on the profits or gains of a partnership from which the individual derives relevant earnings".

Holders of pensionable offices, etc.

4. In section 228 of the Taxes Act (application of limits on relief to holders of pensionable offices, etc.)—

- (a) in subsection (1) for the words from "the proviso" to the end of the subsection substitute "section 227(1A) and (1C) of this Act shall have effect with the substitution for references to £1,500 of references to £1,500 less 15 per cent. of his pensionable emoluments for the year of assessment",
- (b) in subsection (2)(b) for "one-tenth" substitute "15 per cent."

Persons born before 1916

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

"(4) Subject to subsection (5) below, in the case of an individual born at a time specified in the first column of the Table set out below, section 227(1A) and (1C) of this Act, and subsections (1) and (2) above, shall have effect with the substitution for references to £1,500 and to 15 per cent. of references respectively to such sum and such percentage as are specified for his case in the second and third columns of the Table.

TABLE

<i>Year of birth</i>		<i>Sum</i>	<i>Percentage</i>
1914 or 1915	£1,600	16
1912 or 1913	£1,700	17
1910 or 1911	£1,800	18
1908 or 1909	£1,900	19
1907 or any earlier year	£2,000	20"

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) insert—

"(2A) Nothing in this Chapter shall apply to a policy of insurance which constitutes, or is evidence of, a contract for the time being approved under section 226A of this Act".

Commencement and transitionals

7.—(1) Nothing in the principal section or this Schedule shall affect relief for a year of assessment before the year 1971-72.

(2) Subsection (3) of the principal section shall not authorise the approval of an annuity contract or trust scheme which allows the commutation of an annuity or part of an annuity first becoming payable before 6th April 1971.

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(3) Paragraph 2 of this Schedule shall have effect as respects amounts carried forward from years before the year 1971-72 as well as respects later years.

Section 21.

SCHEDULE 3

OCCUPATIONAL PENSION SCHEMES

PART I

TRANSITIONAL

1. Section 208 of the Taxes Act (relief for superannuation funds)—

- (a) shall not apply to a retirement benefits scheme which is or has at any time been approved (that is to say approved for the purposes of Chapter II of Part II of the Finance Act 1970),
- (b) shall not apply to a scheme which comes into being after 5th April 1973, or which is altered after that date,
- (c) shall cease to have effect on 6th April 1980.

1970 c. 24.

2.—(1) Section 23 of the Finance Act 1970 (taxation of schemes with exceptions for approved schemes and the others mentioned in section 24(1) of that Act)—

- (a) in the case of a scheme which comes into being at a time after 5th April 1973 but before 6th April 1980, or which is altered at a time between those two dates, shall come into force at that time,
- (b) shall come into force for all purposes on 6th April 1980.

(2) Neither subsection (1) nor subsection (2) of section 220 of the Taxes Act (which will be superseded by section 23 of the Finance Act 1970) shall apply to an approved scheme or to a scheme as respects which the said section 23 is in force, and Chapter II of Part IX of the Taxes Act (which contains the said section 220) shall cease to have effect on 6th April 1980.

(3) Sub-paragraph (2) above, and the repeal by this Act of the said Chapter II of Part IX, shall not affect any liability to tax in respect of a scheme for any period before the time when that Chapter II (or any provision of that Chapter) ceases to apply to the scheme, nor to the giving of any relief under section 221(3) of the Taxes Act.

3.—(1) On such date as the Treasury may by order in a statutory instrument appoint—

- (a) section 22 of the Finance Act 1970 (exemptions and reliefs for certain statutory schemes) shall come into force, and
- (b) section 209 of the Taxes Act (corresponding provision for the schemes within the said section 22, and certain other statutory schemes) shall cease to have effect.

(2) The said section 209 shall not apply as respects a payment or repayment of contributions at a time when the relevant scheme is an exempt approved scheme, and the repeal by this Act of the said section 209 shall not apply as respects a payment or repayment of contributions at a time before the repeal takes effect.

4. Where an alteration has been made in a scheme which before the alteration was a statutory superannuation scheme as defined in section 224(1) in Chapter II of Part IX of the Taxes Act, and, although the scheme was approved under an enactment or regulation relating to superannuation, the alteration was not so approved—

- (a) the scheme shall not, after the alteration, be treated as a statutory superannuation scheme within the said definition, and
- (b) section 209 of the Taxes Act shall not, after the alteration, apply to that scheme.

5.—(1) This paragraph has effect as respects any retirement benefits scheme which authorises the employer to determine individual by individual which employees are subject to the scheme.

(2) For the purposes of—

- (a) Chapter II of Part IX of the Taxes Act, and
- (b) Chapter II of Part II of the Finance Act 1970,

1970 c. 24.

the Board may, if they think fit, distinguish between employees who become subject to any such scheme at a time not later than 5th April 1973 on the one hand and those who become subject to the scheme at any later time on the other hand, and may treat the scheme as being, in relation to those two classes of employees, two different schemes, of which the one relating to employees becoming subject to the scheme on and after 6th April 1973 is a scheme coming into being on that date.

(3) Where the Board exercise their powers under this paragraph, the preceding provisions of this Schedule distinguishing between schemes coming into being up to 5th April 1973 and schemes coming into being later, shall apply accordingly to what are to be so treated as separate schemes.

(4) The provisions of this paragraph are without prejudice to the powers of the Board as respects the treatment of schemes conferred by section 25 of the Finance Act 1970.

6. References in this Part of this Schedule to the alteration of a scheme do not include references to any alteration which, in the opinion of the Board, is immaterial.

PART II

TAXATION OF REFUNDS OF CONTRIBUTIONS AND CERTAIN OTHER PAYMENTS

7. For paragraphs 2 and 3 of Part II of Schedule 5 to the Finance Act 1970 substitute, as respects tax for the year 1971-72 and subsequent years of assessment—

“Charge to tax on repayment of employee's contributions

2.—(1) Subject to the provisions of this paragraph, tax shall be charged under this paragraph on any repayment to an employee during his lifetime of any contributions (including interest on contributions, if any) if the payment is made under—

- (a) a scheme which is or has at any time been an exempt approved scheme, or

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(b) a statutory scheme established under a public general Act.

(2) Where any payment is chargeable to tax under this paragraph, the administrator of the scheme shall be charged to income tax under Case VI of Schedule D and, subject to sub-paragraph (3) below, the rate of the tax shall be 10 per cent.

(3) The Treasury may, by order in a statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament, from time to time increase or decrease the rate of tax under sub-paragraph (2) above.

(4) The tax shall be charged on the amount paid or, if the rules permit the administrator to deduct the tax before payment, on the amount before deduction of tax, and the amount so charged to tax shall not be treated as income for any other purpose of the Tax Acts.

(5) (a) Sub-paragraph (1)(a) above shall not apply in relation to a contribution made after the scheme ceases to be an exempt approved scheme (unless it again becomes an exempt approved scheme);

(b) sub-paragraph (1)(b) above shall not apply to any payment made before the coming into force of section 22 of this Act.

(6) This paragraph shall not apply where the employee's employment was carried on outside the United Kingdom.

(7) In relation to a statutory scheme "employee" in this paragraph includes any officer.

Charge to tax : commutation of entire pension in special circumstances

3.—(1) Where—

(a) a scheme which is or has at any time been an approved scheme, or

(b) a statutory scheme established under a public general Act,

contains a rule allowing, in special circumstances, a payment in commutation of an employee's entire pension, and any pension is commuted, whether wholly or not, under the rule, tax shall be charged on the amount by which the sum receivable exceeds—

(i) the largest sum which would have been receivable in commutation of any part of the pension if the scheme had secured that the aggregate value of the relevant benefits payable to an employee on or after retirement, excluding any pension which was not commutable, could not exceed three-eightieths of his final remuneration for each year of service up to a maximum of 40, or

(ii) the largest sum which would have been receivable in commutation of any part of the pension under any rule of the scheme authorising the commutation of part (but not the whole) of the pension, or which would have been so receivable but for the said circumstances,

whichever gives the lesser amount chargeable to tax.

(2) Where any amount is chargeable to tax under this paragraph the administrator of the scheme shall be charged to income tax under Case VI of Schedule D on that amount, and sub-paragraphs (2), (3) and (4) of paragraph 2 above shall apply as they apply to tax chargeable under that paragraph.

(3) This paragraph shall not apply where the employee's employment was carried on outside the United Kingdom.

(4) In relation to a statutory scheme "employee" in this paragraph includes any officer.

(5) In applying paragraph (i) or paragraph (ii) of sub-paragraph (1) above—

(a) the same considerations shall be taken into account, including the provisions of any other relevant scheme, as would have been taken into account by the Board in applying section 19 of this Act, and

(b) where the scheme has ceased to be an approved scheme, account shall only be taken of the rules in force when the scheme was last an approved scheme.

(6) Sub-paragraph (1)(b) above shall not apply to any payment made before the coming into force of section 22 of this Act".

Schemes approved under old law

Taxation of refunds of contributions and commutation payments

8.—(1) This paragraph has effect as respects any payment chargeable to tax for the year 1971-72 or any later year of assessment under Regulation 7, 8 or 13 of the Regulations dated November 10th 1921 made by the Board under section 32 of the Finance Act 1921 (which corresponds to section 208 of the Taxes Act).

S.R. & O.
1921/1699.
1921 c. 32.

(2) Where tax is chargeable under the said Regulation 7 (or Regulation 13 with that Regulation) then—

(a) if the scheme relates to a trade, profession or vocation carried on by the employer, the payment shall be treated for the purposes of the Tax Acts as a receipt of that trade, profession or vocation receivable when the payment falls due or on the last day on which the trade, profession or vocation is carried on by the employer, whichever is the earlier ;

(b) if the scheme does not relate to such a trade, profession or vocation, the employer shall be charged to tax on the amount of the payment under Case VI of Schedule D.

(3) Where tax is chargeable under the said Regulation 8 (or Regulation 13 with that Regulation), sub-paragraphs (2), (3) and (4) of paragraph 2 of Part II of Schedule 5 to the Finance Act 1970 (as set out in this Schedule) shall apply as they apply to tax chargeable under that paragraph. 1970 c. 24

(4) If at any time the scheme becomes an approved scheme (that is to say approved for the purposes of Chapter II of Part II of the Finance Act 1970) no tax shall be chargeable under the said Regulations on any payment made under the scheme after that time.

(5) The provisions of this paragraph shall have effect in substitution for the provisions of the said Regulations as to the rate of

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tax and the manner of charging tax, and the said Regulations 7, 8 and 13 shall not cease to be in force by reason of the provisions of this Act repealing the said section 208 of the Taxes Act, or of the provisions of this Act under which in certain cases the said section 208 ceases to apply to a scheme before the date of that repeal.

*Schemes approved under old law or new law
Charge 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 the benefit of an employee, otherwise than in course of payment of a pension, being a payment made out of funds which are or have been held for the purposes of a scheme which is or has at any time been approved for the purposes of—

1970 c. 24.

- (a) Chapter II of Part II of the Finance Act 1970, or
- (b) section 208 of the Taxes Act, or
- (c) Chapter II of Part IX of the Taxes Act.

(2) If the payment—

- (a) is not expressly authorised by the rules of the scheme, or
- (b) is made at a time when the scheme is not approved for the purposes of any of the enactments mentioned in paragraphs (a), (b) or (c) of sub-paragraph (1) above, and would not have been expressly authorised by the rules of the scheme when it was last so approved,

the employee (whether or not he is the recipient of the payment) shall be chargeable to tax on the amount of the payment under Schedule E for the year of assessment in which the payment is made.

(3) Any payment chargeable to tax under this paragraph shall not be chargeable to tax under paragraph 2 or paragraph 3 of Part II of Schedule 5 to the Finance Act 1970 (as set out in this Schedule), or under the Regulations mentioned in paragraph 8 above.

(4) References in this paragraph to any payment include references to any transfer of assets or other transfer of money's worth.

(5) Paragraph 5 of Part II of Schedule 5 to the Finance Act 1970 (which is superseded by this paragraph) shall not have effect as respects tax for the year 1971-72 or any subsequent year of assessment.

PART III

CONSEQUENTIAL AND MINOR AMENDMENTS

1965 c. 25.

Capital gains : amendment of Finance Act 1965

10. In section 38(2) of the Finance Act 1965 as amended by Part II of the Table in paragraph 11 of Schedule 15 to the Taxes Act after "section 208(2) of the Income and Corporation Taxes Act 1970" add "or section 21(7) of the Finance Act 1970".

Saving for certain life policies

11. In section 19(4) and section 393(2) of the Taxes Act (life policies, etc.) after paragraph (b) insert " , or

- (c) to any policy of life insurance issued in connection with an approved scheme as defined in Chapter II of Part II of the Finance Act 1970."

Amendments of Finance Act 1970

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12.—(1) For section 19(4) of the Finance Act 1970 substitute— 1970 c. 24.

“(4) Where an alteration has been made in a retirement benefits scheme, no approval given as regards the scheme before the alteration shall apply after the date of the alteration unless the alteration has been approved by the Board.”

(2) For section 24(2) of the said Act (exceptions from charge to tax under section 23) substitute—

“(2) Neither subsection (1) nor subsection (2) of the last preceding section shall apply for any year of assessment where, apart from those subsections—

- (a) the employee is, by reason of his exercising his employment outside the United Kingdom, not assessable to tax for that year under Case I or II of Schedule E in respect of the emoluments of his employment, or
- (b) he is assessable to tax for that year in respect of those emoluments only under Case III of Schedule E.”

(3) In the definition of “administrator” in section 26(1) of the said Act the words “resident in the United Kingdom” shall be omitted.

(4) In the said section 26(1) after the definition of “exempt approved scheme” insert—

“‘final remuneration’ means the average annual remuneration of the last three years’ service”.

(5) Paragraph 4 of Part II of Schedule 5 to the said Act (charge to tax in respect of payments to employer) shall be amended as follows—

(a) before the words “an exempt approved scheme” in subparagraph (1) insert “a scheme which is or has at any time been”,

(b) at the end add—

“(3) References in this paragraph to any payment include references to any transfer of assets or other transfer of money’s worth.”

(6) for paragraph 12(6) of Part III of Schedule 5 to the said Act substitute—

“(6) At the end of paragraph 4(c) of Schedule 8 to the Taxes Act (standard capital superannuation benefit) add “or in section 24(1) of the Finance Act 1970””.

Construction

13.—(1) The principal sections and this Schedule shall be construed as one with Chapter II of Part II of the Finance Act 1970 and Schedule 5 to that Act.

(2) In paragraph 9(1) of the said Schedule 5, the reference to Part II of that Schedule shall include a reference to Part II of this Schedule.

(3) Without prejudice to the preceding provisions of this paragraph, references in paragraph 10 of the said Schedule 5 to that Schedule shall include references to this Schedule.

Section 23.

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 to any earned income of hers other than—

- (a) income arising in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office given in respect of the husband's past services in any office or employment ; or
- (b) any payment on account of an allowance under the Family Allowances Acts 1965 to 1969 or the Family Allowances Acts (Northern Ireland) 1966 to 1969 or any payment or benefit under the National Insurance Acts 1965 to 1970 or the National Insurance Acts (Northern Ireland) 1966 to 1969 which is payable to the wife otherwise than by virtue of her own insurance.

General Rule

2. In charging the income of husband and wife in accordance with section 37 of the Taxes Act (wife's income deemed to be husband's)—

- (a) the wife's earnings shall be charged to income tax as if she were a single woman with no other income ; and
- (b) the husband's other income shall be charged to income tax as if the wife's earnings were nil.

Personal reliefs

3.—(1) Subject to the following provisions of this paragraph, the reliefs to be given under Chapter II of Part I of the Taxes Act (including the deductions from total income to be made for the purposes of surtax under section 28 of that Act) shall be determined as if the husband and the wife were not married and—

- (a) any children of his (within the meaning of section 10(1) of the Taxes Act) were his children and not hers ;
- (b) the wife's earnings were her only income ; and
- (c) the husband's income included all income of the wife's other than her earnings.

(2) Accordingly the reliefs to be given under that Chapter in respect of the income chargeable under either sub-paragraph (a) or sub-paragraph (b) of paragraph 2 above shall not reduce the tax or the income chargeable under the other of those sub-paragraphs.

(3) No relief shall be given either to the husband or to the wife under section 6, 7, 9(2), 9(3), 13 or 14 of the Taxes Act.

(4) References in Chapter II of Part I of the Taxes Act to the claimant shall be construed as including the wife.

Effect of deductions etc.

4.—(1) Notwithstanding anything to the contrary in the Income Tax Acts, where any amount is under any provision of those Acts

to be deducted from or set off against income in respect of any payments, loss or capital allowance, then—

(a) if under that provision it is (or is in the first instance) to reduce the wife's earned income, or is to be deducted or set off in respect of payments made by her, it shall be treated as reducing her earnings and as not reducing any other income ; and

(b) in any other case it shall be treated as not reducing the wife's earnings.

(2) Sub-paragraph (1) above shall not affect the giving of any relief under section 174 of the Taxes Act (carry-back of terminal losses) for a year of assessment for which no election under section 23 of this Act was in force.

Assessments, recovery and returns

5. Income tax charged on the wife's earnings under paragraph 2(a) above shall, whether or not an application under section 38 of the Taxes Act (separate assessment) is in force, be assessed and recovered as if she were a single woman, and any repayment of tax assessed in pursuance of this paragraph shall be made to her.

6. Where an application under section 38(2) of the Taxes Act (separate assessment to surtax) is in force then, in addition to any surtax charged under paragraph 2(a) above, so much of the surtax charged under paragraph 2(b) above as is attributable to any income of the wife's shall be assessed on and recovered from her ; and for this purpose—

(a) income other than earned income shall be treated as the highest part of the income charged under paragraph 2(b) above ;

(b) if any income so charged is reduced by deductions under section 28 of the Taxes Act, income other than the wife's shall be treated as so reduced before income of the wife's ; and

(c) so much of the surtax so charged as under the preceding provisions of this paragraph is treated as charged in respect of income other than earned income shall be attributable to the husband and the wife in proportion to their respective shares of that income so charged.

7. Where subsection (3) of section 39 of the Taxes Act (separate returns in cases of separate assessment) applies for the purposes of subsection (1) and (2) of that section it shall apply also for the purpose of this Schedule ; but subject thereto nothing in this Schedule or in section 23 of this Act shall be taken to affect the provisions of the Taxes Management Act 1970 as to returns.

1970 c. 9.

Modifications for 1973-74 and subsequent years

8. In relation to the year 1973-74 and subsequent years of assessment the preceding paragraphs of this Schedule shall apply with the omission of the following :—

(a) in paragraph 3(1), the words “ (including the deductions from total income to be made for the purposes of surtax under section 28 of that Act) ” ;

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- (b) in paragraph 3(3), the references to sections 6, 9(2) and 9(3) of the Taxes Act ; and
- (c) paragraph 6.

Section 31.

SCHEDULE 5

CONSTRUCTION OPERATIONS

PART I

OPERATIONS INCLUDED

Construction, alteration, repair, extension, demolition or dismantling of buildings and structures (whether permanent or not).

Construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including (without prejudice to the foregoing) walls, roadworks, power-lines, aircraft runways, docks and harbours, railways, inland waterways, pipe-lines, wells, sewers, industrial plant and installations for purposes of land drainage, coast protection or defence.

Installation in any building or structure of systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection.

Internal cleaning of buildings and structures, so far as carried out in the course of their construction, alteration, extension, repair or restoration.

Operations which form an integral part of, or are preparatory to, or are for rendering complete, such operations as are previously described in this Schedule, including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works.

Painting or decorating the internal or external surfaces of any building or structure.

PART II

OPERATIONS EXCLUDED

Drilling for, or extraction of, oil or natural gas.

Extraction (whether by underground or surface working) of minerals ; tunnelling or boring, or construction of underground works, for this purpose.

Manufacture of building or engineering components or equipment, materials, plant or machinery; delivery of any of these things to site.

Manufacture of components for systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection; delivery of any of these things to site.

The professional work of architects or surveyors, or of consultants in building, engineering, interior or exterior decoration or in the laying-out of landscape.

SCHEDULE 6

Section 37.

AMENDMENTS CONSEQUENTIAL ON NEW METHOD OF CHARGING TAX

PART I

AMENDMENT OF INCOME AND CORPORATION TAXES ACT 1970

1970 c. 10.

1. The Income and Corporation Taxes Act 1970 shall be amended in accordance with the following provisions of this Part of this Schedule.

2. For section 3 there shall be substituted the following section:—
 “Charge at basic rate of certain income deducted from total income.

3. Where a person is required to be assessed and charged with income tax in respect of any property, profits or gains out of which he makes any payment in respect of—

- (a) any annuity or other annual payment (not being interest); or
- (b) any royalty or other sum in respect of the user of a patent; or
- (c) any rent, royalty or other payment which, by section 156 or 157 of this Act (mining etc., rents and royalties) is declared to be subject to deduction of tax under Part II of this Act as if it were a royalty or other sum paid in respect of a patent;

he shall, in respect of so much of the property, profits or gains as is equal to the payment and may be deducted in computing his total income, be charged at the basic rate.”

3. In section 4 in subsection (1) the words “other than surtax” shall be omitted and for subsection (3) there shall be substituted the following subsection:—

“(3) Except as otherwise provided by the Income Tax Acts, any income tax charged at a rate other than the basic rate on income from which income tax has been deducted (otherwise than under section 204 of this Act) or is treated as having been deducted shall be due and payable on or before 6th July following the end of the year for which it is assessed, except that any such tax included in an assessment made later than 6th June following the end of that year shall be due and payable at the expiration of thirty days from the issue of the notice of assessment.”

4. In section 5 for the words “6 to 21” there shall be substituted the words “7 to 21”.

5. In section 8—

- (a) in subsection (1)(a) for the words following sub-paragraph (ii) there shall be substituted the words “to a deduction of £600 from his total income”;
- (b) in subsection (1)(b) for the words from “from” to the end there shall be substituted the words “of £420 from his total income”;

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- (c) in subsection (2) for the words from "by an amount" to "£325" there shall be substituted the words "by the amount of that earned income or by £420".
6. In section 10—
- (a) in subsection (1) for the words from "the amount" to "standard rate on" there shall be substituted the words "his total income of";
 - (b) in subsection (3)(a) for "£205" there shall be substituted "£265";
 - (c) in subsection (3)(b) for "£180" there shall be substituted "£235"; and
 - (d) in subsection (3)(c) for "£155" there shall be substituted "£200".
7. In section 12(1)—
- (a) for the words from "from the amount" to "£75" there shall be substituted the words "of £100 from his total income"; and
 - (b) in paragraph (iii) of the proviso the words "of tax" shall be omitted.
8. In section 13 for the words from "from the amount" to the end there shall be substituted the words "of £100 from his total income".
9. In section 14—
- (a) in subsection (2) for the words from "from the amount" to the end there shall be substituted the words "of £130 from his total income";
 - (b) in subsection (3) for "£100" there shall be substituted "£130".
10. In section 16—
- (a) in subsection (1) for "£387" there shall be substituted "£412" and for the words from "from the amount" to "on £75" there shall be substituted the words "of £100 from his total income";
 - (b) for "£75" wherever it occurs in the proviso to subsection (1) or in subsections (2) and (3) there shall be substituted "£100";
 - (c) in subsection (2) for "£387" there shall be substituted "£412", for "£422" there shall be substituted "£457" and for "£110" there shall be substituted "£145".
11. In section 17 for the words from "from the amount" to "£40" there shall be substituted the words "of £55 from his total income".
12. In section 18—
- (a) in subsection (1) the words "seven-ninths of", in the first place where they occur, shall be omitted and for the words from "from the amount" to "seven-ninths of" there shall be substituted the words "from his total income equal to £130 reduced by";

- (b) in subsection (2) the words “seven-ninths of” in the first place where they occur shall be omitted and for the words from “from the amount” to “seven-ninths of” there shall be substituted the words “from his total income of £260 reduced by”;
- (c) in subsection (4)(b) for “£100”, in both places, there shall be substituted “£130”;
- (d) in subsection (4)(c) for “£200”, in both places, there shall be substituted “£260”.

13. In section 30—

- (a) in subsection (1) the words from “whether an assessment” to “years of assessment” shall be omitted;
- (b) in subsection (3) for the words “the amount of the surtax for any year which would have been payable in his case” there shall be substituted the words “what would have been his excess liability for any year” and the words “for the purposes of surtax” shall be omitted;
- (c) at the end of subsection (3) there shall be added the words “In this subsection ‘excess liability’ means the excess of liability to income tax over what it would be if all income tax were charged at the basic rate to the exclusion of any other rate”;
- (d) in subsection (4) for the words from the beginning to “such individual” there shall be substituted the words “For the purpose of assessing any individual to tax in pursuance of this section” for the words “assessed to surtax” there shall be substituted the words “assessed to tax” and for the words “avoidance of surtax” (in both places) there shall be substituted the words “avoidance of tax”;
- (e) in subsection (5) the words “for the purposes of surtax” shall be omitted.

14. In section 33(1) and (2) for the words “sections 30 to 32” there shall be substituted the words “section 30”.

15. In section 34(1) for the words following the paragraphs and preceding the proviso there shall be substituted the words “the said sum shall be treated for the purpose of computing the said individual’s total income as received by him after deduction of income tax from a corresponding gross amount; and—

- (i) no assessment shall be made on the individual in respect of income tax at the basic rate on that amount but he shall be treated as having paid income tax at the basic rate on that amount or, if his total income is reduced by any deductions, on so much of that amount as is part of his total income as so reduced;
- (ii) no repayment shall be made of income tax treated by virtue of paragraph (i) above as having been paid; and
- (iii) the said amount shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax.”

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16. In section 36—

- (a) in subsection (1) for the word “surtax” there shall be substituted the words “the excess amount of the income tax” and at the end of the subsection there shall be added the words “In this section ‘the excess amount’ means so much of the income tax payable in respect of the beneficiary’s income as exceeds what would be the amount thereof if all income tax were chargeable at the basic rate to the exclusion of any other rate”;
- (b) in subsection (2) for the words “any surtax” there shall be substituted the words “the whole or part of the excess amount of the income tax” and for the words “the said surtax” (in both places) there shall be substituted the words “the excess amount or any part thereof”;
- (c) in subsection (3) for the words “the said surtax” there shall be substituted the words “the excess amount or any part thereof”;
- (d) in subsection (4) for the word “surtax” there shall be substituted the word “tax”.

17. In section 37 subsection (5) shall be omitted and for subsection (3) there shall be substituted the following subsection:—

“(3) Any deduction from a man’s total income made under section 8(2) of this Act shall be treated as first reducing the earned income of his wife.”

18. In section 38 the following shall be substituted for subsection (2):—

“(2) Notwithstanding an application under subsection (1) above the income of the husband and the wife shall be treated as one in estimating total income and in determining whether any or what amount of that income is chargeable as investment income; and the amount of tax payable by each of them shall be ascertained by first dividing between them, in proportion to the amounts of their respective incomes, the amount that would be payable by them if no reliefs were given under Chapter II of this Part of this Act and then applying section 39 below to give effect to those reliefs.”

19. In section 39—

- (a) in subsection (1) the words “other than surtax” and paragraphs (a) and (b) shall be omitted;
- (b) in subsection (1)(e) for the words from “if” to the end there shall be substituted the words “if no personal reliefs had been allowable”.
- (c) in the proviso to subsection (1) for the words from “paragraphs (a) to (e)” to “reduce” there shall be substituted the words “paragraphs (c) to (e) above shall not be less than the reduction resulting from section 37(3) above in”;
- (d) in subsection (2) the words “(other than surtax)” (in both places) shall be omitted; and
- (e) subsection (4) shall be omitted.

20. In section 52—

- (a) paragraph (a) of subsection (1) shall be omitted ;
- (b) in paragraph (c) of that subsection the words from “ at the standard rate ” to “ due ” shall be omitted ;
- (c) at the end of that subsection there shall be added the words “ and
(e) the deduction shall be treated as income tax paid by the person to whom the payment is made ” ; and
- (d) in subsection (2) the words after “ income tax thereon ” shall be omitted.

21. In section 53—

- (a) in subsection (1) the words after “ income tax thereon ” shall be omitted, and
- (b) in subsection (2) for the words “ standard rate ” there shall be substituted the words “ basic rate ”.

22. In section 54(1) for the words following “ income tax thereon ” there shall be substituted the words “ for the year in which the payment is made ”.

23. In section 58(9)(b)(ii) for the words “ for the purposes of surtax ” there shall be substituted the words “ for the purpose of computing total income ”.

24. In section 188(1)(b) for the word “ surtax ” there shall be substituted the word “ tax ”.

25. In section 204—

- (a) in the proviso to subsection (2) for the words “ standard rate ” there shall be substituted the words “ basic rate or other rates ” ;
- (b) in subsection (3) the words “ other than surtax ” shall be omitted.

26. In section 227(5) the words “ at the standard rate ” shall be omitted.

27. In section 232—

- (a) in subsection (1), in paragraph 2 of Schedule F, the words “ thereon at the standard rate ” shall be omitted ;
- (b) in subsection (2) for the words “ standard rate ” there shall be substituted the words “ basic rate ”.

28. In section 234(3), in the definition of “ preference shares ” for the words “ standard rate ” there shall be substituted the words “ basic rate ”.

29. In section 282(2) for the words from “ amount falling ” to “ company ” there shall be substituted the words “ amount of the company's income to be apportioned under this Chapter for the purposes of computing total income ”.

30. In section 285(6)(b), for the words “ for the purposes of surtax ” there shall be substituted the words “ for the purpose of computing total income ”.

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31. In section 286—

- (a) in subsection (6) the words from “at the standard rate” to “the standard rate” shall be omitted and at the end there shall be inserted the words “is equal to that amount”;
- (b) in subsection (7) the words “for the purposes of surtax” shall be omitted.

32.—(1) In section 287(1) for the words from “the person” to the end there shall be substituted the following words: “then,—

- (a) for the purpose of computing the total income of the person to whom the loan or advance was made a sum equal to the amount so released or written off shall be treated as income received by him after deduction of income tax from a corresponding gross amount;
- (b) no repayment of income tax shall be made in respect of that income and no assessment shall be made on him in respect of income tax at the basic rate on that income;
- (c) notwithstanding paragraph (a) above, the income included by virtue of that paragraph in his total income shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax;
- (d) for the purpose of determining whether any or what amount of tax is, by virtue of paragraph (a) above, to be taken into account as having been deducted from a gross amount in the case of an individual whose total income is reduced by any deductions so much only of that gross amount shall be taken into account as is part of his total income as so reduced.”

(2) In section 287(2) the words “as regards surtax” shall be omitted and at the end there shall be added the words “and subsection (1) above shall apply accordingly with the necessary modifications”.

33.—(1) In section 288(1)—

- (a) for the word “surtax” in both places there shall be substituted the words “income tax”; and
- (b) for the words “standard rate” there shall be substituted the words “basic rate”.

34. In section 296—

- (a) in subsection (1) for the words “for the purposes of surtax” there shall be substituted the words “for the purpose of computing total income”;
- (b) in subsection (2) the words “for surtax” shall be omitted.

35.—(1) Section 297 shall be amended as follows.

(2) In subsection (1) for the word “surtax” there shall be substituted the words “income tax”.

(3) For subsection (2) there shall be substituted the following subsection:—

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“(2) Where a sum is so apportioned to a participator—

- (a) it shall be treated for the purpose of computing his total income as income received by him at the end of the accounting period to which the apportionment relates and, subject to section 529 of this Act, shall be deemed to be the highest part of his total income;
- (b) no assessment shall be made on the participator in respect of income tax at the basic rate on that sum (nor, in the case mentioned in subsection (4) below, in respect of income tax at any other rate) but he shall be treated as having paid income tax at the basic rate on that sum or, if his total income is reduced by any deductions, on so much of that sum as is part of his total income as so reduced;
- (c) no repayment shall be made of the income tax treated by virtue of paragraph (b) above as having been paid; and
- (d) the sum so apportioned shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax.”

(4) For subsection (3) there shall be substituted the following subsection:—

“(3) Where an amount is so apportioned to the personal representatives of a deceased person it shall be treated, in ascertaining the aggregate income of the estate for the purposes of Part XV of this Act, as having been received as mentioned in paragraph (a) of subsection (2) above, and paragraphs (b) to (d) of that subsection shall apply accordingly with the necessary modifications”.

(5) In subsection (4) for the words “charged to surtax” there shall be substituted the words “assessed to income tax” and for the words “on which he is so chargeable” there shall be substituted the words “to which he is so assessable”.

(6) In subsection (5) for the word “surtax”, where it first occurs, there shall be substituted the words “income tax” and for the words from “relating to surtax” to the end there shall be substituted the words “relating to assessments and the collection and recovery of tax shall, with any necessary modifications, apply to tax chargeable under this section.”

(7) In subsection (6), for the word “surtax” (in both places) there shall be substituted the word “tax”, for the words “1st January in the year next following” there shall be substituted the words “6th July next following the end of” and for the words “2nd January in the year next following” there shall be substituted the words “7th July next following the end of”.

(8) In subsection (8)—

- (a) for the word “surtax” where it occurs in paragraph (a), there shall be substituted the word “tax”; and
- (b) the words “for the purposes of surtax” shall be omitted.

SCH. 6 (9) In subsection (9) for the word "surtax" there shall be substituted the word "tax".

36. In section 298(3) for the word "surtax", in the first place where it occurs, there shall be substituted the word "tax", and the words "for the purposes of surtax" shall be omitted.

37. In section 299(5) the words "for the purposes of surtax" shall be omitted.

38. In section 310(3) for the words "standard rate" (in both places) there shall be substituted the words "basic rate".

39. In section 319, in subsections (2) and (3), for the words "standard rate" there shall be substituted the words "basic rate".

40. In section 343—

(a) in subsection (1)(a) for the words "standard rate" there shall be substituted the words "basic rate";

(b) in subsection (2)(b) the words "at the standard rate for the year of assessment" shall be omitted;

(c) in subsection (3)(b) for the words preceding "shall be made" there shall be substituted the words "subject to subsection (2)(b) above no repayment of income tax and, subject to paragraph (i) of the proviso below, no assessment to income tax";

(d) for paragraph (c) of subsection (3) there shall be substituted the following paragraph:

"(c) in computing the total income of an individual entitled to any amounts paid or credited in respect of any such dividends or interest those amounts shall be treated as income for that year received by him after deduction of income tax from a corresponding gross amount;"

(e) in subsection (3)(d) for the words "the said amounts" there shall be substituted the words "the amounts so paid or credited";

(f) for paragraphs (i) and (ii) of the proviso to subsection (3) there shall be substituted the following paragraphs:—

"(i) paragraph (b) above shall not prevent an assessment in respect of income tax at a rate other than the basic rate;

(ii) for the purpose of determining whether any or what amount of tax is, by virtue of paragraph (c) above, to be taken into account as having been deducted from a gross amount in the case of an individual whose total income is reduced by any deductions (not being an individual entitled to relief under section 7 of this Act) so much only of that gross amount shall be taken into account as is part of his total income as so reduced;"

41. In section 393(1) for the words "surtax and to" there shall be substituted the words "tax, including".

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42. In section 399—

(a) in subsection (1)(a) the words from "for the purposes" to "information", in subsection (1)(b)(ii) the word "surtax" and in subsection (1)(c) the words "as regards surtax" shall be omitted; and

(b) at the end of the section there shall be added the following subsection:—

"(4) Subject to section 400 of this Act, where, by virtue of subsection (1) above, a sum is included in an individual's total income—

(a) no assessment shall be made on him in respect of income tax at the basic rate on that sum but he shall be treated as having paid income tax at the basic rate on that sum or, if his total income is reduced by any deductions, on so much of that sum as is part of his total income as so reduced;

(b) no repayment shall be made of the income tax treated by virtue of paragraph (a) above as having been paid; and

(c) the sum so included shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax."

43. In section 400—

(a) in subsections (2) and (5) for the word "surtax", wherever it occurs, there shall be substituted the word "tax"; and

(b) in subsection (3) for the words from "the rate or rates" to "nil rate" there shall be substituted the words "such rate or rates of income tax, other than the basic rate, as would apply if it were reduced to that fraction and, as so reduced, still constituted the highest part of the claimant's total income for the year."

44. In section 403(1) the words "for the purposes of surtax" shall be omitted and at the end there shall be added the words "but he shall be entitled to a deduction from the amount of income tax with which he is chargeable for that year of an amount equal to income tax at the basic rate on that interest."

This subsection shall not affect the amount to be taken as an individual's total income for the purposes of section 7 or section 21 of this Act."

45. In section 407(1) for the words from "in the case of" to "surtax" there shall be substituted the words "any consequential assessment".

46. In section 414—

(a) in subsection (1) the words "surtax or", and

(b) subsection (2)

shall be omitted.

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47. In section 417(2)(a) for the words "standard rate" there shall be substituted the words "basic rate".

48. In section 422—

- (a) in subsections (1), (3) and (5) for the words "standard rate" there shall be substituted the words "basic rate"; and
- (b) in subsection (2) the words "surtax for the year preceding" shall be omitted and for the words from "would have been" to the end there shall be substituted the words "would be sufficient to discharge the liability to income tax at rates other than the basic rate of the person entitled to the payment if the whole of his total income were chargeable at the basic rate, and such part thereof as would have been chargeable to surtax had it been income for the year 1937-38, were chargeable also at the rates of surtax in force for that year."

49. In section 423 the following shall be substituted for subsections (2) and (3)—

"(2) The amount, if any, payable, in a case to which this section applies, to or for the benefit of the recipient of the emoluments in respect of his income tax for any year of assessment shall not exceed the following amount, that is to say—

- (a) if the provision was limited to income tax other than surtax, the amount that would have been payable if the 1938-1939 rates of income tax, other than surtax, had applied to the year of assessment in question;
- (b) if the provision was not so limited, the aggregate of the amount specified in paragraph (a) above and the amount that would have been payable in respect of his surtax if surtax had been charged for the year of assessment in question and had been charged on the same part of his income and at the same rates as surtax for the year 1937-1938."

50. In section 424(c) for the words "if the standard rate of tax for the year had been 27·5 per cent" there shall be substituted the words "if the basic rate for the year had been 27·5 per cent and had applied to all income to the exclusion of any other rate."

51. In section 425(2) for the words "the standard rate of income tax for the time being in force" there shall be substituted the words "income tax".

52. In section 426—

- (a) in subsection (4)(a), for the words "standard tax", in the first place where they occur, there shall be substituted the words "income tax" and for the words "standard tax", in the second place where they occur, there shall be substituted the words "income tax at the basic rate";
- (b) in subsection (4)(b), for the words "shall be chargeable to standard tax" there shall be substituted the words "shall be chargeable to income tax",

- (c) in subsection (5) for the words "standard tax", in the first place where they occur, there shall be substituted the words "income tax", and for the proviso there shall be substituted the following—

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"Provided that, where relief has been so given, such part of the amount in respect of which he has been charged to income tax as corresponds to the said proportion shall, for the purpose of computing his total income, be deemed to represent income of such an amount as would after deduction of income tax be equal to that part of the amount charged."

53. In section 427—

- (a) in the proviso to subsection (2) for the words from "his residuary income" to the end there shall be substituted the words "his liability to income tax for that year at the rate or rates determined in pursuance of paragraph (b) of section 32(1) of the Finance Act 1971 shall be computed as if the amount determined in pursuance of that paragraph were increased by the amount of the duty so paid or, if less, by the amount of his residuary income";
- (b) in subsection (3) for the words "standard tax", where they first and last occur, there shall be substituted the words "income tax at the basic rate" and for the words "deduction of standard tax" there shall be substituted the words "deduction of income tax".
- (c) in subsection (4)(a), for the words "by reference to the standard rate", there shall be substituted the words "at the basic rate";
- (d) in subsection (5), for the words "shall be chargeable to standard tax" there shall be substituted the words "shall be chargeable to income tax";
- (e) in subsection (6), for the words "standard tax" there shall be substituted the words "income tax".

54. In section 428(2), for the words "standard tax" in paragraph (a) and in paragraph (b) there shall be substituted the words "income tax".

55. In section 429(2)(a), for the words "standard tax" there shall be substituted the words "income tax at the basic rate".

56. In section 430—

- (a) in subsection (1), for the words "liability to surtax" there shall be substituted the words "excess liability" and at the end of the subsection there shall be added the words "In this subsection 'excess liability' means the excess of liability to income tax over what it would be if all income tax were chargeable at the basic rate to the exclusion of any other rate";
- (b) in subsection (2) for the words "standard tax" there shall be substituted the words "income tax"; and

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(c) in subsection (4) for the words "standard tax" there shall be substituted the words "income tax at the basic rate".

57. In section 431(4), the words preceding "an inspector" shall be omitted, for the words "furnish them within such time as they may direct" there shall be substituted the words "furnish him within such time as he may direct" and for the words "they think" there shall be substituted the words "he thinks".

58. In section 432—

- (a) in subsection (7) the words "As regards surtax" and "surtax" shall be omitted;
- (b) in subsection (10) the words from "in the application" to "surtax" shall be omitted; and
- (c) subsection (11) shall be omitted.

59. In section 435(1)(b) the words from "the Board" to "standard rate" shall be omitted.

60. In section 440(2) the words "at the standard rate" shall be omitted.

61. In section 441(1)(b) the words from "the Board" to "standard rate" shall be omitted.

62. In section 443 the words preceding "an inspector" shall be omitted, for the words "furnish them within such time as they may direct" there shall be substituted the words "furnish him within such time as he may direct" and for the words "they think" there shall be substituted the words "he thinks".

63. In section 449—

- (a) in subsection (1) the words "at the standard rate"; and
- (b) in subsection (3)(b) the words from "the Board" to "standard rate"

shall be omitted.

64. In section 451—

- (a) in subsection (2)(e) for the words "standard rate" there shall be substituted the words "basic rate";
- (b) in subsection (5) for the words "of tax at the standard rate" there shall be substituted the words "of income tax"; and
- (c) in subsection (6) the words "at the standard rate" shall be omitted.

65. In section 453 the words preceding "an inspector" shall be omitted, for the words "furnish them within such time as they may direct" there shall be substituted the words "furnish him within such time as he may direct" and for the words "they think" there shall be substituted the words "he thinks".

66. In section 456(4) the words "at the standard rate" shall be omitted. SCH. 6

67. In section 457(1) for the words following the paragraphs there shall be substituted the words "the income shall, for the purposes of excess liability, be treated as the income of the settlor and not as the income of any other person."

In this subsection "excess liability" means the excess of liability to income tax over what it would be if all income tax were charged at the basic rate to the exclusion of any other rate."

68. In section 458(1) for the words from "the income shall be treated" to "any other person" there shall be substituted the words "the income shall, for the purposes of excess liability, be treated as the income of the settlor and not as the income of any other person."

In this subsection "excess liability" means the excess of liability to income tax over what it would be if all income tax were charged at the basic rate to the exclusion of any other rate".

69. In section 460(4) for the word "surtax" there shall be substituted the words "his total income".

70. In section 469(1)(ii) the words "at the standard rate", in the first place where they occur, shall be omitted and for the words from "unless" to the end there shall be substituted the words "but shall be entitled to credit for any tax which that income is shown to have borne".

71. In section 470(3) for the words from "shall be chargeable" to "of this Act" there shall be substituted the words "unless he shows that the proceeds of any sale or other realisation of the right to receive the interest which is deemed to be his income by virtue of this section have been charged to tax under Schedule C or under section 159(3) of this Act, shall be chargeable to tax under Case VI of Schedule D in respect of that interest, but shall be entitled to credit for any tax which that interest is shown to have borne."

72. In section 480(1) for the words "standard rate", in the first two places where they occur, there shall be substituted the words "basic rate" and the words "at the standard rate" in the last place where they occur shall be omitted.

73. In section 481(1) and (2)(b) the words from "or, for the purpose" to "inspector" shall be omitted.

74. At the end of section 497 there shall be added the following subsection—

"(10) In so far as any arrangements made before 30th March 1971 provide for the exemption of any income from surtax they shall have effect, unless otherwise modified by subsequent arrangements, as if they provided for that income to bear income tax at the basic rate and to be disregarded for the

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purpose of computing total income, except in so far as the computation affects the matters mentioned in section 34(3) of the Finance Act 1971, but not to be disregarded for the purpose of determining whether that income or any other income is chargeable as investment income."

75. In section 510(5) for the words "standard rate" there shall be substituted the words "basic rate".

76. In section 522, for the words "standard rate" there shall be substituted the words "basic rate".

77. In section 526(5), in the definitions of "ordinary share capital" and "preference dividend", for the words "standard rate" there shall be substituted the words "basic rate".

78. In section 528—

(a) in subsection (1) for the words from "as the case may be" to the end there shall be substituted the words "in accordance with the provisions of the Income Tax Acts";

(b) in subsections (3)(a) and (b) for the words "standard rate" there shall be substituted the words "basic rate";

(c) in subsection (4) the words "at the standard rate" shall be omitted; and

(d) in subsection (5) the words "for the purpose of estimating total income for the purposes of surtax" shall be omitted.

79. In paragraph 6 of Schedule 3 the words "tax at the standard rate on" shall be omitted.

80. In Schedule 5, in paragraphs 1(c) and 7 for the words "standard rate" there shall be substituted the words "basic rate".

PART II

AMENDMENT OF TAXES MANAGEMENT ACT 1970

1970 c. 9.

81. The Taxes Management Act 1970 shall be amended in accordance with the following provisions of this Part of this Schedule.

82. In section 8—

(a) subsections (5) and (6) shall be omitted;

(b) in subsection (8) the words from "which are required" to "standard rate" and the words "for either or both of those purposes" shall be omitted and at the end there shall be added the words "or would fall to be so deducted but for section 457 or 458 of the principal Act".

83. In section 22 the words "for the purpose of charging surtax" shall be omitted.

84. In section 29—

(a) for subsection (2) there shall be substituted the following subsection:—

"(2) All assessments under section 297 of the principal Act shall be made by the Board";

(b) in subsection (4) the words “at the standard rate” shall be omitted; and

(c) in subsection (7) the words “at the standard rate” shall be omitted.

85. In section 31(3)—

(a) in paragraph (a) the words “assessment to surtax, or any other” shall be omitted;

(b) in paragraph (b) after “53” there shall be inserted “297”; and

(c) after the paragraphs there shall be added the words “or if the appeal involves any question as to the application of section 30, Part XV or Part XVI of that Act.”

86. In section 86(1) the following shall be substituted for paragraph (b)—

“(b) any assessment charging income tax at a rate other than the basic rate.”

87. In section 88(5) the following shall be substituted for paragraph (c)—

“(c) in the case of any income tax specified in section 4(3) of the principal Act, the following 6th July”.

88. In section 91(3)—

(a) paragraphs (a) and (b)(i) shall be omitted; and

(b) after paragraph (b) there shall be added the following:—

“or

(c) affecting tax charged at a rate other than the basic rate on income from which tax has been deducted (otherwise than under section 204 of the principal Act) or is treated as having been deducted, unless it is a relief from the tax so charged.”

89. In section 93(4) for the words from the beginning to “this Act it” there shall be substituted the words “In relation to a return required for the purposes of section 9 of this Act the reference in subsection (2) above to tax”.

90. In section 95(3) for the words from “include surtax” to “do not” there shall be substituted the words “do not, in relation to anything done in connection with a partnership”.

PART III

AMENDMENT OF OTHER ACTS

91. In Schedule 6 to the Finance Act 1965, in paragraph 18, for 1965 c. 25. the word “surtax” there shall be substituted—

(a) wherever it occurs in sub-paragraph (1), the words “income tax”; and

SCR. 6 (b) wherever it occurs in sub-paragraph (2) or (3), the word "tax";

and at the end of sub-paragraph (2) there shall be inserted the words "or in relation to tax treated as having been paid by virtue of subsection (2)(b) of that section".

1968 c. 44. 92. In section 32(6) of the Finance Act 1968, for the words "standard rate" there shall be substituted the words "basic rate".

1970 c. 24. 93. In section 29 of the Finance Act 1970—

(a) in subsection (1)(a), the words "(including surtax)" shall be omitted; and

(b) in subsection (4), the words "exclusive of surtax" shall be omitted.

Section 38.

SCHEDULE 7

NEW METHOD OF CHARGING TAX—TRANSITIONAL PROVISIONS

1. Where any of the preceding years mentioned in the proviso to subsection (4) of section 30 of the Taxes Act is a year earlier than 1973-74 the proviso shall have effect, in relation to that year, as if neither the second reference in it to avoidance of surtax nor subsection (3) of that section had been amended by this Act.

2.—(1) Where any provision, however worded, contained in an instrument (of whatever nature) made on or after 3rd September 1939 or in a will or codicil taking effect on or after that date provides for the payment, whether periodically or otherwise,—

(a) of a stated amount free of income tax other than surtax; or

(b) of an amount which, after deduction of income tax at the standard rate, is equal to a stated amount;

it shall have effect as follows.

(2) If it is such a provision as is mentioned in subparagraph (1)(a) above it shall have effect as if it provided for the payment of the stated amount free of income tax other than such as exceeds the amount to which the person to whom the payment is made would be liable if all income tax were charged at the basic rate to the exclusion of any other rate.

(3) If it is such a provision as is mentioned in subparagraph (1)(b) above, it shall have effect as if it provided for the payment of an amount which, after deduction of income tax at the basic rate, is equal to the stated amount.

3. Any instrument, however worded, conferring on any person a right to receive a dividend or interest the amount of which depends on the standard rate of income tax shall have effect as if instead of referring to the standard rate it referred to the basic rate.

4. Any reference in a statutory instrument made under the Tax Acts to the standard rate of income tax shall have effect as if it were a reference to the basic rate.

SCHEDULE 8

Section 49.

CAPITAL ALLOWANCES

Investment grants etc. : exclusion of first-year allowances

1.—(1) No first-year allowance shall be made in respect of so much of any expenditure as is taken into account for the purposes of—

- (a) any grant towards that expenditure made under the Industrial 1966 c. 34. Development Act 1966, or
- (b) any grant towards that expenditure made under the Industrial Investment (General Assistance) Act (Northern Ireland) 1966 c. 34 (N.I.) 1966 by virtue of the Industrial Investment Grant (Addition of Eligible Assets) Order (Northern Ireland) 1967, or
- (c) any grant towards that expenditure made under the last-mentioned Act and exceeding 20 per cent. of that expenditure, or
- (d) any grant towards that expenditure made under any agreement under the Industries Development Act (Northern Ireland) 1966 made before 1st August 1971 other than one made after 16th February 1971 and providing that no grant payable thereunder in respect of expenditure on machinery or plant is to exceed 40 per cent. of the expenditure:

Provided that the Treasury may from time to time, by order made by statutory instrument, vary as respects expenditure incurred after the passing of this Act, or any description of such expenditure specified in the order, the percentages specified in paragraphs (c) and (d) above or either of them.

(2) If any such grant is made after the making of any such allowance, that allowance shall to that extent be withdrawn; and where the amount of any such grant is repaid in whole or in part by the grantee to the grantor, then, to the extent to which it has been so repaid, it shall be deemed never to have been made.

(3) All such assessments and adjustments of assessments shall be made as may be necessary to give effect to sub-paragraph (2) above; and, notwithstanding anything in any other provision, the time within which such an assessment or adjustment may be made shall not expire before the expiry of three years from the end of the chargeable period in which the grant or, as the case may be, repayment is made.

(4) This paragraph does not apply to expenditure on the provision of ships.

Effect of other capital allowances

2.—(1) Expenditure in respect of which a deduction may be allowed under section 91 of the Capital Allowances Act 1968 1968 c. 3. (which gives a deduction of 100 per cent. in the case of capital expenditure on scientific research) shall be disregarded for all the purposes of Chapter I of Part III of this Act; and where a deduction in respect of any expenditure has been allowed under the said section 91 in taxing a trade carried on by any person, paragraph 7 of this Schedule shall not apply on that person's bringing into use for the

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purposes of the trade of any machinery or plant representing that expenditure.

(2) Section 50 of the said Act of 1968 (effect on allowances under Chapter II of Part I of that Act of allowances in respect of machinery or plant used for exploration or in respect of agricultural or forestry works) shall have effect as if references therein to the said Chapter II included references to Chapter I of Part III of this Act.

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

3.—(1) Where a person incurs capital expenditure on the provision by purchase of machinery or plant which has been in use for the purposes of a trade carried on by the seller, and—

- (a) he and the seller are connected with each other within the terms of section 533 of the Taxes Act, or
- (b) the machinery or plant continues to be used for the purposes of a trade carried on by the seller, or
- (c) it appears with respect to the sale, or with respect to transactions of which the sale is one, that the sole or main benefit which, but for this sub-paragraph, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under Chapter I of Part III of this Act,

a first-year allowance shall not be made in respect of the expenditure, or if made shall be withdrawn, and there shall be disregarded for the purposes of section 44 of this Act so much (if any) of the expenditure as exceeds the disposal value to be brought into account under that section by reason of the sale.

(2) Where a person enters into a contract under which, on the performance thereof, he will or may become the owner of machinery or plant which has been in use for the purposes of a trade carried on by the person to whom the machinery or plant belongs, and—

- (a) he and that person are connected with each other within the terms of section 533 of the Taxes Act, or
- (b) the machinery or plant continues to be used for the purposes of a trade carried on by that person, or
- (c) it appears with respect to the transaction, or with respect to transactions of which it is one, that the sole or main benefit which, but for this sub-paragraph, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under Chapter I of Part III of this Act,

a first-year allowance shall not be made in respect of any expenditure incurred by him under the contract so far as relating to that machinery or plant, or if made shall be withdrawn, and there shall be disregarded for the purposes of section 44 of this Act so much (if any) of the expenditure as exceeds the disposal value to be brought into account under that section by reason of the contract so far as so relating.

(3) Where a person, being entitled to the benefit of a contract under which, on the performance thereof, he will or may become the owner of any machinery or plant which has been in use for the

purposes of his trade, assigns the benefit of the contract so far as it relates to that machinery or plant to another person, and—

- (a) he and the assignee are connected with each other within the terms of section 533 of the Taxes Act, or
- (b) the machinery or plant continues to be used for the purposes of a trade carried on by him, or
- (c) it appears with respect to the assignment, or with respect to transactions of which the assignment is one, that the sole or main benefit which, but for this sub-paragraph, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under Chapter I of Part III of this Act,

a first-year allowance shall not be made in respect of any expenditure incurred by the assignee under the contract so far as so relating, or by way of consideration for the assignment, or if so made shall be withdrawn, and there shall be disregarded for the purposes of section 44 of this Act so much (if any) of the assignee's expenditure as exceeds the disposal value to be brought into account under section 45 of this Act by reason of the assignment.

(4) All such assessments and adjustments of assessments shall be made as may be necessary to give effect to the preceding provisions of this paragraph.

Further effects of disposal etc. before bringing into use

4.—(1) Subject to sub-paragraph (2) below, the following provisions shall have effect where a person has incurred capital expenditure on the provision of machinery or plant for the purposes of a trade and, by reason of any event, the machinery or plant ceases to belong to him without having been brought into use for those purposes—

- (a) if that expenditure exceeds the disposal value which by reason of the event that person would be required to bring into account under section 44 of this Act if he had previously brought the machinery or plant into use for the purposes of the trade, the amount of the excess shall, for the purposes of that section, be added to his qualifying expenditure for the chargeable period related to the event ;
- (b) if the event is one such that, if that person had previously brought the machinery or plant into use for the purposes of the trade any of the provisions of paragraph 3 above would have applied to the allowances to be made under Chapter I of Part III of this Act to another person, there shall be disregarded for the purposes of that Chapter so much (if any) of the expenditure incurred by that other person in acquiring the machinery or plant as exceeds the expenditure incurred by the first-mentioned person in providing it.

(2) Where the event referred to in sub-paragraph (1) above is the assignment of the benefit of a contract—

- (a) paragraph (a) of that sub-paragraph shall have effect as if the expenditure there referred to were the total capital expenditure which the person in question would have incurred in respect of the machinery or plant if he had wholly performed the contract, and

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- (b) paragraph (b) of that sub-paragraph shall have effect as if, for the reference to the expenditure incurred by the other person in acquiring the machinery or plant, there were substituted a reference to the consideration given by that other person for the assignment.

(3) All such assessments and adjustments of assessments shall be made as may be necessary to give effect to the preceding provisions of this paragraph.

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 in respect of any machinery or plant notwithstanding that it appears that, during the period during which the machinery or plant will be used for the purposes of a trade carried on by him, it will also be used for other purposes; but the allowance in any such case shall be so much only of the allowance that would fall to be made if the machinery or plant were to be used only for the purposes of the trade as may be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent to which it appears that the machinery or plant is likely to be used for the said other purposes during that period.

(2) Where any machinery or plant is used partly for the purposes of a trade and partly for other purposes, the following provisions of this paragraph shall have effect with respect to the allowances and charges to be made in the case of the trade (hereafter called “the actual trade”) under section 44 of this Act.

(3) If the machinery or plant has been used for the purposes of the actual trade at any time before the beginning of the chargeable period or its basis period in which it is first used partly for those purposes and partly for other purposes, it shall be treated for the purposes of the said section 44 as having permanently ceased to be used for the purposes of the actual trade immediately after the beginning of the said chargeable or basis period.

(4) Whether or not sub-paragraph (3) above applies, it shall be assumed for the purposes of the said section 44—

- (a) that (with paragraph 7 of this Schedule applying where appropriate) immediately after the beginning of the said chargeable or basis period the machinery or plant is brought into use for the purposes of a trade (hereafter called “the notional trade”) carried on by the person carrying on the actual trade separately from that and any other trade carried on by him,
- (b) that from then until it ceases altogether to be used for the purposes of the actual trade the machinery or plant is used solely for the purposes of the notional trade,
- (c) that the notional trade is permanently discontinued on the machinery or plant ceasing altogether to be used for the purposes of the actual trade, and

- (d) that any first-year allowance made in respect of the machinery or plant was made without any reduction in the amount thereof under sub-paragraph (1) above ;

and the allowance or charge under that section which, on the above assumptions and having regard to sub-paragraph (5) below, would fall to be made for any chargeable period in the case of the notional trade—

- (i) shall be reduced to such extent as may be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent to which the machinery or plant was used in that chargeable period or its basis period otherwise than for the purposes of the actual trade, and
- (ii) shall, as so reduced, be made for that chargeable period in the case of the actual trade.

(5) If an allowance under the said section 44 falling by virtue of this paragraph to be made for any chargeable period in the case of the actual trade is not claimed, or is reduced in amount in accordance with a requirement under the proviso to subsection (2) of that section, then, in determining the allowance or charge under that section which would fall to be made for any subsequent chargeable period in the case of the notional trade, any allowance falling to be made in the case of that trade for the first-mentioned chargeable period shall be treated as not claimed or, as the case may require, proportionately reduced.

Effect of subsidies towards wear and tear

6.—(1) If it appears that, during the period during which any machinery or plant will be used by a person for the purposes of his trade, sums which—

- (a) are in respect of, or take account of, the wear and tear to the machinery or plant occasioned by its use for those purposes, and
- (b) do not fall to be taken into account as income of that person, or in computing the profits or gains of any trade carried on by him,

are, or are to be, payable to that person directly or indirectly by the Crown, or by any government or public or local authority (whether in the United Kingdom or elsewhere), or by any other person, then, unless those sums are in respect of, or take account of, part only of the said wear and tear, any expenditure incurred by the first-mentioned person in providing the machinery or plant shall be wholly disregarded for the purposes of Chapter I of Part III of this Act.

(2) Where sub-paragraph (1) above would apply to a person's expenditure on the provision of machinery or plant but for the fact that the sums there referred to are in respect of, or take account of, part only of the wear and tear to the machinery or plant, a first-year allowance may be made in respect of the expenditure, but the amount thereof shall be reduced to such extent as may be just

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(3) Where sums within sub-paragraph (1) above are paid as mentioned in that sub-paragraph to a person carrying on a trade, but are in respect of, or take account of, part only of the wear and tear to the machinery or plant in respect of which they are paid, the following provisions of this paragraph shall have effect with respect to the allowances and charges to be made in the case of the trade (hereafter called "the actual trade") under section 44 of this Act.

(4) If the machinery or plant has been used for the purposes of the actual trade at any time before the beginning of the chargeable period or its basis period in which the first such sum is so paid in respect thereof, it shall be treated for the purposes of the said section 44 as having permanently ceased to be used for the purposes of the actual trade immediately after the beginning of the said chargeable or basis period.

(5) Whether or not sub-paragraph (4) above applies, it shall be assumed for the purposes of the said section 44—

- (a) that (with paragraph 7 of this Schedule applying where appropriate) immediately after the beginning of the said chargeable or basis period the machinery or plant is brought into use for the purposes of a trade (hereafter called "the notional trade") carried on by the person carrying on the actual trade separately from that and any other trade carried on by him,
- (b) that from then until it ceases altogether to be used for the purposes of the actual trade the machinery or plant is used solely for the purposes of the notional trade, with no sums within sub-paragraph (1) above being paid in respect thereof to the person carrying on that trade,
- (c) that the notional trade is permanently discontinued on the machinery or plant ceasing altogether to be used for the purposes of the actual trade, and
- (d) that any first-year allowance made in respect of the machinery or plant was made without any reduction in the amount thereof under sub-paragraph (2) above ;

and the allowance or charge under that section which, on the above assumptions and having regard to sub-paragraph (6) below, would fall to be made for any chargeable period in the case of the notional trade—

- (i) shall be reduced to such extent as may be just and reasonable having regard to all the relevant circumstances of the case, and
- (ii) shall, as so reduced, be made for that chargeable period in the case of the actual trade.

(6) If an allowance under the said section 44 falling by virtue of this paragraph to be made for any chargeable period in the

case of the actual trade is not claimed, or is reduced in amount in accordance with a requirement under the proviso to subsection (2) of that section, then, in determining the allowance or charge under that section which would fall to be made for any subsequent chargeable period in the case of the notional trade, any allowance falling to be made in the case of that trade for the first-mentioned chargeable period shall be treated as not claimed or, as the case may require, proportionately reduced.

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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—

- (a) brings into use for the purposes of a trade carried on by him machinery or plant which belongs to him in consequence of his having incurred capital expenditure on its provision, but which he has previously used in circumstances such that that expenditure has not been taken into account in computing any allowance falling to be made in the case of the trade under Chapter I of Part III of this Act, or
- (b) brings into use for the purposes of a trade carried on by him machinery or plant which belongs to him in consequence of a disposition by way of gift by reason of which the donor was required by virtue of section 44(5) of this Act to bring into account for the purposes there mentioned a disposal value equal to the price which the machinery or plant would have fetched if sold in the open market at the time of the gift,

the said section 44 shall have effect as if that person had incurred capital expenditure on the provision of the machinery or plant for the purposes of the trade in the chargeable period related to its bringing into use for those purposes, the amount of that expenditure being taken as the price which the machinery or plant would have fetched if sold in the open market on the date when it was so brought into use, and the machinery or plant being treated as belonging to that person in consequence of his having incurred that expenditure.

(2) Sub-paragraph (1) above shall not apply where a person brings into use for the purposes of a trade carried on by him machinery or plant which belongs to him in consequence of his having incurred capital expenditure on its provision and which he has previously used only for the purposes of activities carried on by him before commencing to work a mine, oil well, or other source of mineral deposits of a wasting nature, being activities consisting of—

- (a) searching for or discovering and testing deposits or winning access thereto, or
- (b) the construction of any works which are likely to be of little or no value when the source is no longer worked, or, where the source is worked under a foreign concession, which are

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likely to become valueless when the concession comes to an end to the person working the source immediately before the concession comes to an end ;

but, in any such case, the actual expenditure incurred by that person on the provision of the machinery or plant shall be treated for the purposes of the said section 44 as having been incurred by him on its provision for the purposes of the trade in the chargeable period related to its bringing into use for those purposes.

In this sub-paragraph—

“foreign concession” means a right or privilege granted by the government of, or any municipality or other authority in, any territory outside the United Kingdom, and

“mineral deposits” includes any natural deposits capable of being lifted or extracted from the earth.

Special rules for new ships

8.—(1) Where for any chargeable period a first-year allowance falls to be made to a person carrying on a trade in respect of expenditure incurred by him on the provision of a new ship, that person may, by notice in writing given to the inspector not later than two years after the end of the period, require the postponement either of the whole allowance or of so much thereof as is specified in the notice.

(2) Where a notice has been given under sub-paragraph (1) above in respect of any first-year allowance—

(a) the allowance shall, as the case may require, be withheld or withdrawn, or partially withheld or withdrawn, and

(b) the expenditure to which the allowance relates shall be disregarded for all the purposes of section 44 of this Act except the purposes of subsections (5) and (6) of that section, and

(c) the person giving the notice may claim the amount withheld or withdrawn as a first-year allowance for any subsequent chargeable period in which he carries on the trade, or may claim first-year allowances not exceeding that amount in the aggregate for any two or more such periods.

(3) All such assessments and adjustments of assessments shall be made as may be necessary to give effect to the provisions of this paragraph.

(4) An allowance which is postponed by virtue of this paragraph shall not by reason only of the postponement fall within the references to allowances or amounts carried forward from an earlier year or period in sections 169(4)(d), 174(6) and 259(2) of the Taxes Act (loss relief and group relief).

Special rules for motor cars

9. In paragraphs 10 to 12 below “motor car” means any mechanically-propelled road vehicle other than one within paragraph (a), (b) or (c) of section 43 of this Act.

10.—(1) The following provisions of this paragraph shall have effect where capital expenditure exceeding £4,000 is incurred, or is treated under any provision of this Schedule as incurred, on the provision of a motor car for the purposes of a trade.

(2) It shall be assumed for the purposes of section 44 of this Act—

- (a) that, immediately after the beginning of the chargeable period related to the incurring of the expenditure, the person carrying on the trade (hereafter called “the actual trade”) brings the motor car into use for the purposes of a trade carried on by him separately from the actual trade and any other trade he may carry on,
- (b) that the motor car is used for the purposes of the separate trade from then until it ceases altogether to be used for the purposes of the actual trade, and
- (c) that the separate trade is permanently discontinued when the motor car ceases altogether to be used for the purposes of the actual trade ;

and, subject to sub-paragraphs (3) to (5) below, the allowance or charge under that section which, on these assumptions, would fall to be made for any chargeable period in the case of the separate trade shall be made for that period in the case of the actual trade.

(3) If on the assumptions in sub-paragraph (2) above a writing-down allowance would fall to be made for any chargeable period in the case of the separate trade, the amount thereof shall be treated as not exceeding—

- (a) except in a case falling within paragraph (b) below, £1,000 or, if the period is part only of a year, a proportionate part of £1,000,
- (b) if (by virtue of section 84 of the Capital Allowances Act 1968 c. 3. 1968 as applied by this Schedule) the person carrying on the trade is regarded as having incurred a part only of the expenditure actually incurred on the provision of the motor car, a proportionate part of £1,000 or, if the period is part only of a year, that proportionate part proportionately reduced.

(4) Where the motor car ceases to be used for the purposes of the actual trade by reason of a transaction to which paragraph 3 of this Schedule applies—

- (a) the disposal value to be brought into account under section 44 of this Act in the case of the separate trade shall be an amount equal to the price which the motor car would have fetched on a sale at the same time in the open market or, if less, the capital expenditure incurred, or treated as incurred, on the provision of the motor car by the person disposing of it, and
- (b) the person acquiring the motor car shall be treated for the purposes of Chapter I of Part III of this Act as having incurred on its provision capital expenditure equal to that disposal value.

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(5) If either of the following events occurs in relation to the motor car—

- (a) it is used partly for the purposes of the actual trade and partly for other purposes, or
- (b) while it is in use for the purposes of the actual trade, there is paid to the person carrying on the trade any sum which is in respect of, or takes account of, part of the wear and tear to it occasioned by that use,

neither paragraph 5 nor paragraph 6 of this Schedule shall apply, but, for the chargeable period related to the event and any subsequent period, instead of there being made in the case of the actual trade the allowance or charge which under the preceding provisions of this paragraph would fall to be made for that period in the case of the separate trade, there shall be made so much of that allowance or charge as, in accordance with the said paragraph 5 or 6, would be just and reasonable if it were one falling to be made for that period in the case of the notional trade referred to in that paragraph.

1968 c. 3.

11. Where capital expenditure exceeding £4,000 is incurred on the provision of a motor car and, by virtue of section 85 of the Capital Allowances Act 1968 as applied by this Schedule, writing-down allowances may be made to a person as if a contribution made by him to the expenditure had been expenditure on the provision of the motor car for the purposes of a trade, the amount of the allowance to be made for any chargeable period—

- (a) shall be determined as if the contribution had been expenditure on the provision of the motor car for the purposes of a trade carried on by that person separately from any other trade carried on by him, and
- (b) shall not exceed an amount bearing to £1,000 the same proportion as that borne by the contribution to the capital expenditure actually incurred on the provision of the motor car or, if the chargeable period is part only of a year, that amount proportionately reduced.

12. Where, apart from this paragraph, the amount of any expenditure on the hiring of a motor car the retail price of which when new exceeds £4,000 would be allowed to be deducted in computing for the purposes of tax the profits or gains of any trade, the said amount shall be reduced in the proportion which £4,000, together with one half of the excess, bears to the said retail price.

Effect of successions to trades between connected persons

13. Where a person (the “successor”) succeeds to a trade which was until that time carried on by another person (the “predecessor”) and the two persons are connected with each other within the terms of section 533 of the Taxes Act, those persons may by notice in writing to the inspector elect that the provisions of this paragraph shall have effect; and in that event—

- (a) for the purpose of making allowances and charges under Chapter I of Part III of this Act, the trade shall not be treated as discontinued;

- (b) allowances and charges shall be so made to or on the successor as if everything done to or by the predecessor had been done to or by the successor, but with no account being taken of the sale or transfer from the predecessor to the successor of any machinery or plant which was in use for the purposes of the trade at the time of the succession.

Treatment of demolition costs

14.—(1) Where any machinery or plant which is in use for the purposes of a trade is demolished, then—

- (a) if the person carrying on the trade replaces the machinery or plant by other machinery or plant, the net cost to him of the demolition shall be treated for the purposes of Chapter I of Part III of this Act as expenditure incurred by him on the provision of that other machinery or plant, and
- (b) if the person carrying on the trade does not replace the machinery or plant, his qualifying expenditure for the chargeable period related to the demolition shall be treated for the purposes of section 44 of this Act as increased by the net cost to him of the demolition.

(2) In this paragraph any reference to the net cost of the demolition of any machinery or plant is a reference to the excess, if any, of the cost of the demolition over any moneys received for the remains of the machinery or plant.

Application of certain provisions of Capital Allowances Act 1968

1968 c. 3.

15.—(1) Section 44 of the Capital Allowances Act 1968 (partnership using property of a partner) shall have effect as if the reference in subsection (1) to Chapter II of Part I of that Act included a reference to Chapter I of Part III of this Act, and as if the references in subsection (2) to section 33 of that Act and an event giving rise to a balancing allowance or balancing charge included references respectively to section 44(5) of this Act and an event requiring any disposal value to be brought into account.

(2) In section 45 of the said Act of 1968 (building alterations connected with installation of machinery or plant), the reference to the said Chapter II shall include a reference to the said Chapter I.

(3) Section 48 of the said Act of 1968 (successions to trades) shall, with the omission of the proviso to subsection (4) and subsection (6), have effect as if references therein to initial allowances, the said Chapter II, and section 47(1) of that Act included references respectively to first-year allowances, the said Chapter I and section 47(1) of this Act; but, in its application by virtue of this subparagraph, the section shall be modified by substituting, for all the words in subsection (2) from “be deemed to be a reference” to the end of that subsection, the words “be deemed to be a reference to that price or, if it is less than that price, any excess of qualifying

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expenditure over disposal value which would have been taken into account under section 44 of the Finance Act 1971 for making an allowance for the chargeable period related to the permanent discontinuance of the deceased person's trade if the machinery or plant had had no disposal value."

(4) In section 77 of the said Act of 1968 (apportionments etc.) references to Part I of that Act shall include references to the said Chapter I; and the said Chapter I shall be treated as included in the provisions referred to in section 81(2) of that Act (procedure on apportionments etc.).

(5) In section 84(1) of the said Act of 1968 (subsidies etc.), the reference to Part I of that Act shall include a reference to the said Chapter I.

(6) Section 85(1) of the said Act (allowances in respect of contributions to capital expenditure) shall have effect as if the references therein to initial allowances and writing-down allowances included references respectively to first-year allowances and writing-down allowances under the said Chapter I, but, in its application by virtue of this sub-paragraph, modified by substituting the words "of that asset" for the words "of a similar asset"; and, for the purpose of any allowance under the said Chapter I given by virtue of the said section 85(1) in respect of any asset, that asset shall be treated as belonging to the person making the contribution in respect of which the allowance is given at any time when it belongs, or is treated under the said Chapter I as belonging, to the recipient of the contribution.

Amendments of other enactments

1965 c. 25.

16.—(1) Paragraph 6 of Schedule 6 to the Finance Act 1965 shall be amended by inserting in sub-paragraph (4)(a), after the words "said Act of 1968)", the words "or under Chapter I of Part III of the Finance Act 1971", and by adding the following sub-paragraph after sub-paragraph (6)—

"(7) Where the disposal is of machinery or plant in relation to expenditure on which allowances or charges have been made under Chapter I of Part III of the Finance Act 1971, and neither paragraph 5 (assets used partly for trade purposes and partly for other purposes) nor paragraph 6 (wear and tear subsidies) of Schedule 8 to that Act applies, the capital allowances to be taken into account under this paragraph are to be regarded as equal to the difference between the capital expenditure incurred, or treated as incurred, under that Chapter on the provision of the machinery or plant by the person making the disposal and the disposal value required to be brought into account in respect of the machinery or plant."

1968 c. 3.

(2) Any reference in the Capital Allowances Act 1968 to Chapter II of Part I of that Act shall, unless it is in the said Chapter II or in Chapter VI of the said Part I, include a reference to Chapter I of Part III of this Act.

(3) In the definition of "capital allowance" in section 526(5) of the Taxes Act, there shall be added at the end "and any allowance under Chapter I of Part III of the Finance Act 1971".

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(4) In sections 60(3) and 190(3) of the Taxes Act, for the words from "section 28" to the end there shall be substituted the words "such relief shall be given under this section as may be just and reasonable having regard to all the relevant circumstances and, in particular, to the extent of the use for the said other purposes".

(5) In sections 155(8), 174(12), 180(7), 190(1), 227(4), 252(2), 352(4), 485(4) and 528(5)(c) of the Taxes Act, any reference to the Capital Allowances Act 1968, to Part I of that Act, or to Chapter II of that Part, shall include a reference to Chapter I of Part III of this Act. 1968 c. 3.

(6) Section 177 of the Taxes Act shall be amended by adding the following subsection after subsection (3)—

"(3A) Where a company incurs a loss in a trade in an accounting period for which one or more first-year allowances fall to be made to it under Chapter I of Part III of the Finance Act 1971 in respect of expenditure on the provision for the purposes of the trade of machinery or plant within section 42(2)(b) of that Act, subsections (2) and (3) above shall have effect in relation to so much of the loss as would not have been incurred if the allowance or allowances had been totally disclaimed as if the time specified in the said subsection (3) were a period of three years ending immediately before the accounting period in which the loss is incurred".

(7) Section 492 of the Taxes Act shall be amended by adding the following subsection after subsection (8)—

"(9) This section shall not apply if the capital sum obtained in respect of the lessee's interest in a lease constituting a hire-purchase agreement for machinery or plant is a sum which is required to be brought into account as the whole or part of the disposal value of the machinery or plant under section 45(2) of the Finance Act 1971."

(8) The following shall be substituted for the definition of "anticipated normal working life" in section 493(6) of the Taxes Act—

"'anticipated normal working life' means, in the case of any asset, the period which might be expected, when the asset is first put into use, to be going to elapse before it is finally put out of use as being unfit for further use, it being assumed that the asset is going to be used in the normal manner and to the normal extent, and is going to be so used throughout that period."

(9) In paragraph 14(a) of Schedule 8 to the Taxes Act, after the words "section 33 of the Capital Allowances Act 1968" there shall be inserted the words "or under Chapter I of Part III of the Finance Act 1971"; and in paragraph 14(b) of that Schedule, for

SCH. 8. the words "Chapter II of Part I of that Act" there shall be substituted the words "Chapter II of Part I of the said Act of 1968 or Chapter I of Part III of the said Act of 1971".

1971 c. 75. (10) In paragraph 9 of Schedule 2 to the Civil Aviation Act 1971, for the words "(which confers" there shall be substituted the words "and Chapter I of Part III of the Finance Act 1971 (which confer", and for the words "shall be made under the said Act of 1968" there shall be substituted the words "or first-year allowance shall be made under the said Act of 1968 or the said Act of 1971".

Transitional provision as to roll-over relief

1968 c. 3. 17. Where section 40 of the Capital Allowances Act 1968 applies on a person's replacement of any machinery or plant by other machinery or plant on the provision of which his expenditure is capital expenditure to which Chapter I of Part III of this Act applies, it shall so apply with the substitution of the following for all the words from the beginning of paragraph (a) of subsection (1) to the end of the section—

"(a) if the amount on which the charge would have been made is greater than the capital expenditure on the provision of the new machinery or plant, the charge shall be made on an amount equal to the difference, and

(b) for the purposes of Chapter I of Part III of the Finance Act 1971, except the bringing into account of any disposal value, the capital expenditure on the provision of the new machinery or plant shall be treated as reduced by the amount on which the charge would have been made, or, if paragraph (a) above applies, shall be disregarded.

(2) No election shall be made under this section if in relation to the new machinery or plant it appears that the provisions of paragraph 5, 6 or 10 of Schedule 8 to the said Act of 1971 will apply."

Section 55.

SCHEDULE 9

RESTORATION OF DEVELOPMENT VALUE

Interpretation

1. In this Schedule "the principal section" means section 55 of this Act.

Disposal on compulsory purchase

2. Where a disposal of land is made on the compulsory acquisition of an interest in the land by an authority possessing compulsory purchase powers and the interest became vested in the acquiring authority before 23rd July 1970 the disposal shall be regarded for the purposes of subsection (2) of the principal section as having been made before that date, whether or not it would be so regarded apart from this paragraph.

Replacement of business assets

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3. Where section 33 of the Finance Act 1965 applied on the acquisition, before 23rd July 1970, of, or of an interest in, any new assets and the adjustment required to be made under subsection (1)(a) or subsection (2)(a) of that section was, by virtue of paragraph 9(5) of Schedule 14 to the Finance Act 1967, required to be computed as mentioned therein, the adjustment required to be made under subsection (1)(b) or (2)(b) of that section shall also be so computed, notwithstanding the repeals made by this Act.

1965 c. 25.

1967 c. 54.

Mineral royalties

4.—(1) Where betterment levy was chargeable in respect of the grant, renewal, extension or variation of a mineral lease or agreement and the mineral lease or agreement is renewed, extended or varied after 22nd July 1970, the relevant fraction referred to in section 29(1)(b) of the Finance Act 1970 (which determines the chargeable gain treated as accruing to a person entitled to receive mineral royalties under the lease or agreement) shall, notwithstanding anything in that section, be one half in any period beginning after the renewal, extension or variation.

1970 c. 24.

(2) Where such a period is part of a year of assessment or accounting period the chargeable gain treated as so accruing shall be calculated separately for that part and the part ending with the renewal, extension or variation.

(3) In this paragraph any expression used in section 29 of the Finance Act 1970 has the same meaning as in that section.

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 land in respect of an act or event falling within Case B or Case C or, if it was the renewal, extension or variation of a tenancy, Case F—

(a) has been paid ; and

(b) has not been allowed as a deduction in computing the profits or gains or losses of a trade for the purposes of Case I of Schedule D ;

then, if the person by whom the levy was paid disposes of the land or any part of it after 22nd July 1970 and so claims, the following provisions of this paragraph shall have effect for the purpose of applying Schedule 6 to the Finance Act 1965 to the disposal.

(2) Paragraph 23 of that Schedule (sales of land reflecting development value) shall apply where the condition stated in sub-paragraph (1)(a) thereof is satisfied, notwithstanding that the condition stated in sub-paragraph (1)(b) thereof is not satisfied.

(3) Subject to the following provisions of this paragraph, there shall be ascertained the excess, if any, of—

(a) the net development value ascertained for the purposes of the levy ; over

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(b) the increment specified in sub-paragraph (6) below; and the amount of the excess shall be treated as an amount allowable under sub-paragraph (1)(b) of paragraph 4 of the said Schedule 6.

(4) Where the act or event in respect of which the levy was charged was a part disposal of the land, the said paragraph 4 shall apply as if the part disposal had not taken place and sub-paragraph (5) below shall apply in lieu of sub-paragraph (3) above.

(5) The amount or value of the consideration for the disposal shall be treated as increased by the amount of any premium or like sum paid in respect of the part disposal, and there shall be ascertained the excess, if any, of—

(a) the aggregate specified in sub-paragraph (7) below ; over

(b) the increment specified in sub-paragraph (6) below ;

and the amount of the excess shall be treated as an amount allowable under sub-paragraph (1)(b) of the said paragraph 4.

(6) The increment referred to in sub-paragraphs (3)(b) and (5)(b) above is the excess, if any, of—

(a) the amount or value of the consideration brought into account under sub-paragraph (1)(a) of the said paragraph 4 ; over

(b) the base value ascertained for the purposes of the levy.

(7) The aggregate referred to in sub-paragraph (5)(a) above is the aggregate of—

(a) the net development value ascertained for the purposes of the levy ; and

(b) the amount of any premium or like sum paid in respect of the part disposal, in so far as charged to tax under Schedule A (or, as the case may be, Case VIII of Schedule D) ; and

(c) the chargeable gain accruing on the part disposal.

(8) Where betterment levy in respect of more than one act or event has been charged and paid as mentioned in sub-paragraph (1) above sub-paragraphs (2) to (7) above shall apply without modifications in relation to the betterment levy in respect of the first of them ; but in relation to the other or others sub-paragraph (3) or, as the case may be, (5) above shall have effect as if the amounts to be treated thereunder as allowable under sub-paragraph (1)(b) of the said paragraph 4 were the net development value specified in sub-paragraph (3)(a) or, as the case may be, the aggregate referred to in sub-paragraph (5)(a) of this paragraph.

(9) Where the disposal is of part only of the land sub-paragraphs (2) to (8) above shall have effect subject to the appropriate apportionments.

(10) References in this paragraph to a premium include any sum payable as mentioned in subsection (3) or (4) of section 80 of the Taxes Act (sums payable in lieu of rent or as consideration for the surrender of lease or for variation or waiver of term) and, in relation to Scotland, a grassum.

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SCHEDULE 10

Section 56.

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 of Schedule D ;

“gilt-edged securities” means specified securities within the meaning of section 41 of the Finance Act 1969 ; and

1969 c. 32.

“securities” includes shares and any assets dealt with without identifying the particular assets disposed of or acquired.

(2) Shares shall not be treated for the purposes of this Schedule as being of the same kind unless they are treated as being of the same class by the practice of a recognised stock exchange in the United Kingdom or elsewhere or would be so treated if dealt with on such a stock exchange.

Unrelieved Case VII losses

2. Where no relief from income tax (for a year earlier than 1971-72) has been given in respect of a loss or part of a loss allowable under Case VII the loss or part shall, notwithstanding that the loss accrued before that year, be an allowable loss for the purposes of the capital gains tax, but subject to any restrictions imposed by paragraph 17(3) of Schedule 7 to the Finance Act 1965 (transactions between connected persons).

1965 c. 25.

Gains arising out of the United Kingdom

3. Any amount which, if income tax were chargeable under Case VII for a year of assessment later than 1970-71, would be so chargeable for such a year by virtue of section 160 (6) of the Taxes Act (remittance basis for individuals not domiciled in the United Kingdom) shall be chargeable to capital gains tax as a gain arising in that year.

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 and losses on certain guaranteed stock disregarded if disposal within exempt price range), nor paragraph 5(2) of Schedule 7 to that Act (conversion of such stock), nor section 41(1) of the Finance Act 1969

SCH. 10 (exemption of gilt-edged securities) shall apply in the case of any disposal of securities which occurs within 12 months after their acquisition.

(2) Sub-paragraph (1) above shall not exclude the application of the provisions mentioned therein where the person disposing of the securities had acquired them by devolution on death or as legatee or, if they were settled property, on becoming absolutely entitled thereto as against the trustee.

1965 c. 25. (3) Where, in the case of a man and his wife, paragraph 20 of Schedule 7 to the Finance Act 1965 applies in relation to the acquisition of any securities by the one from the other, and the one making the acquisition subsequently disposes of the securities by a disposal to which that paragraph does not apply, he shall be treated for the purposes of sub-paragraph (1) above as if he had acquired the securities when the other did.

Identification of certain assets acquired and disposed of

1968 c. 44. 5. Paragraph 2 of Schedule 7 to the Finance Act 1965 (pooling of shares etc.) shall not apply to gilt-edged securities or to securities in the case of which the application of section 27(3) of that Act is excluded by paragraph 4 above and shall, in its application to other assets, have effect subject to paragraph 6 of this Schedule; and paragraphs 22(6) and 26(3) of Schedule 6 to that Act and section 32(5) of the Finance Act 1968 (shares held on 6th April 1965) shall also have effect subject to paragraph 6 of this Schedule.

Disposal on or before day of acquisition

6.—(1) The following provisions shall apply where securities of the same kind are acquired or disposed of by the same person on the same day and in the same capacity—

- (a) all the securities so acquired shall be treated as acquired by a single transaction and all the securities so disposed of shall be treated as disposed of by a single transaction; and
- (b) all the securities so acquired shall, so far as their quantity does not exceed that of the securities so disposed of, be identified with those securities.

(2) Where the quantity of the securities so disposed of exceeds the quantity of the securities so acquired, then so far as the excess—

- (a) is not required by paragraph 22(6) or 26(3) of Schedule 6 to the Finance Act 1965 or by section 32(5) of the Finance Act 1968 to be identified with securities held on or acquired before 6th April 1965; and
- (b) cannot be treated under paragraph 2 of Schedule 7 to the Finance Act 1965 as diminishing a holding;

it shall be treated, subject to paragraph 7 below, as diminishing a quantity subsequently acquired, and a quantity so acquired at an earlier date rather than one so acquired at a later date.

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

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7.—(1) The following provisions shall apply, subject to paragraph 6(1) above and paragraph 8 below, for the purpose of identifying gilt-edged securities disposed of by any person with securities of the same kind acquired by him in the same capacity, and for determining whether the application of section 27(3) of the Finance Act 1965 to any securities is excluded by paragraph 4 above. 1965 c. 25.

(2) Securities disposed of at an earlier date shall be identified before securities disposed of at a later date, and their identification shall have effect also for determining what securities might be comprised in the later disposal.

(3) Securities disposed of shall be identified with securities acquired within the twelve months preceding the disposal rather than with securities not so acquired, and with securities so acquired at an earlier date rather than with securities so acquired at a later date.

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 wife living with him, one of them—

- (a) disposes of gilt-edged securities of any kind to the other ;
and
- (b) disposes of gilt-edged securities of the same kind to a third person;

then, if under the preceding provisions of this Schedule any of the securities disposed of to the husband or wife would be identified with securities acquired within the twelve months preceding the disposal and any of the securities disposed of to the third person with securities not so acquired, the securities disposed of to the third person shall be identified with securities so acquired before any securities disposed of to the husband or wife are so identified.

(2) If there is more than one disposal to the wife or husband, or to a third party, the provisions of this paragraph shall be applied to securities disposed of at an earlier date before they are applied to securities disposed of at a later date, and the identification of the securities disposed of at the earlier date shall have effect also for determining what securities might be comprised in the later disposal.

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

9.—(1) Where a loss accrues to a person from his acquisition and disposal of gilt-edged securities and he re-acquires (in the same capacity) the same securities within one month of the disposal or, if the re-acquisition is not through a stock exchange, within six months of the disposal, that loss shall not be deductible except from a chargeable gain accruing to him on the disposal of the securities re-acquired.

(2) Where a person disposes of gilt-edged securities and afterwards acquires gilt-edged securities of the same kind within the

SCH. 10 period referred to in sub-paragraph (1) above, he shall be treated for the purposes of that sub-paragraph as re-acquiring the securities disposed of (or such quantity of them as does not exceed the quantity acquired) but so that—

- (a) there cannot be in relation to the same disposal more than one re-acquisition of the same security, nor can there be by the same acquisition of a security a re-acquisition in relation to more than one disposal ; and
 - (b) if an acquisition could be treated as a re-acquisition of securities disposed of either at an earlier or at a later date it shall be treated as a re-acquisition of the securities disposed of at the earlier date ; and
 - (c) if securities disposed of by the same disposal could be treated as re-acquired at an earlier or at a later date they shall be treated as re-acquired at the earlier date.
- (3) In the case of a man and his wife living with him the preceding provisions of this paragraph shall, with the necessary modifications, apply also where a loss on the disposal accrues to one of them and the acquisition after the disposal is made by the other.

Time of disposal and acquisition

1965 c. 25.

10.—(1) Subject to section 45(5) of the Finance Act 1965 and sub-paragraph (2) below, where an asset is disposed of and acquired under a contract the time at which the disposal and acquisition is made is the time the contract is made (and not, if different, the time at which the asset is conveyed or transferred).

(2) If the contract is conditional (and, in particular, if it is conditional on the exercise of an option) the time at which the disposal and acquisition is made is the time when the condition is satisfied.

11. Where an interest in land is acquired, otherwise than under a contract, by an authority possessing compulsory purchase powers the time at which the disposal and acquisition is made is the time at which the compensation for the acquisition is agreed or otherwise determined (variations on appeal being disregarded for this purpose) or, if earlier (but after 20th April 1971), the time when the authority enter on the land in pursuance of their powers.

Consequential amendments

1970 c. 10.

12. In section 270 of the Income and Corporation Taxes Act 1970—

(a) in subsection (3) after the word “disposal” there shall be inserted the words “and the asset consists of specified securities” and for the words from “subsections (1) and (2)” to “(1) above” there shall be substituted the words “the provisions of Schedule 10 to the Finance Act 1971 applying to such securities”; and

(b) after subsection (5) there shall be added the following subsection:—

“(6) In this section ‘specified securities’ has the same meaning as in section 41 of the Finance Act 1969.”

1969 c. 32.

13. In section 271(4) of the Income and Corporation Taxes Act 1970 after the word "disposal" there shall be inserted the words "and the asset consists of securities of a description specified in section 41(8) of the Finance Act 1969" and for the words "the preceding provisions of this section" there shall be substituted the words "the provisions of Schedule 10 to the Finance Act 1971 applying to such securities".

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1970 c. 10.

1969 c. 32.

SCHEDULE 11

Section 57.

PROVISIONS SUPPLEMENTARY TO SECTION 57

Interpretation

1. In this Schedule "the principal section" means section 57 of this Act.

Losses

2.—(1) Where, in the case of any individual, subsection (1) of the principal section applies in any year of assessment, or would apply if there were any, or sufficient, capital gains accruing to him, then if any allowable losses accrued to him in that year, they shall be treated for the purpose of applying section 20(4) of the Finance Act 1965 (deduction of allowable losses) in any subsequent year as reduced by the amount of the chargeable gains accruing to him in the year in which the losses accrued.

1965 c. 25.

(2) Where in any year of assessment in which a married woman is living with her husband there is in the case of one but not in the case of the other an excess of allowable losses over chargeable gains the excess shall be treated for the said purpose as reduced by the amount by which the other's chargeable gains exceed the other's allowable losses.

Consideration

3. In computing for the purposes of the principal section the amount or value of the consideration for a disposal made by any person there shall be deducted the incidental costs to him of making the disposal.

4. Where by virtue of section 29(1)(b) of the Finance Act 1970 (taxation of mineral royalties) a chargeable gain is treated as accruing to any person in any year of assessment the amount thereof shall be treated for the purposes of the principal section as consideration for a disposal made by him in that year.

1970 c. 24.

5. If the consideration for any disposal is payable by instalments over a period exceeding eighteen months and beginning not earlier than the time when the disposal is made, then, for the purposes of the principal section, such part only of the consideration as is payable in the year of assessment in which the disposal is made shall be taken into account for that year, but any part payable in a subsequent year of assessment shall be deemed to be a consideration for a disposal made in that subsequent year.

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1965 c. 25.

6. Paragraph 14(5) of Schedule 6 to the Finance Act 1965 (consideration brought into account without discount etc.) shall apply for the purposes of the principal section as it applies for the computation under that Schedule.

7. Paragraph 14(2)(a) of Schedule 7 to the Finance Act 1965 (consideration for option) shall apply for the purposes of the principal section as it applies for the computation of chargeable gains.

Disregard of consideration for certain disposals

8.—(1) For the purposes of the principal section the consideration for a disposal shall be disregarded if, under any provision—

- (a) it falls to be excluded from the computation of a gain arising on the disposal ; or
- (b) a gain accruing on the disposal is not a chargeable gain.

(2) Where a disposal satisfies the following conditions, namely—

- (a) that it is the disposal of an asset which is tangible movable property ; and
- (b) that it is not such a disposal as is mentioned in section 30(6) of the Finance Act 1965 (commodities dealt with on terminal market and currency) ; and
- (c) that the consideration for it is not disregarded under sub-paragraph (1) above ;

then, if, apart from the disposal and any other disposal satisfying those conditions, the principal section would apply it shall, notwithstanding the disposal, apply for the purpose of determining whether any or what tax is chargeable in respect of disposals not satisfying those conditions but shall not affect the tax chargeable in respect of disposals satisfying those conditions.

Disposals on death

9. Where by virtue of section 24 of the Finance Act 1965 a disposal is deemed to occur on the death (before 31st March 1971) of an individual, the consideration for that disposal shall be disregarded for the purposes of the principal section so far as that section relates to the tax chargeable apart from the death, but this paragraph shall not affect the tax chargeable in respect of the disposal deemed to occur on the death.

Section 59.

SCHEDULE 12

ABOLITION OF CHARGE ON DEATH

Death not constituting disposal

1. For subsection (1) of section 24 of the Finance Act 1965 there shall be substituted the following subsection:—

“(1) For the purposes of this Part of this Act, the assets of which a deceased person was competent to dispose—

- (a) shall be deemed to be acquired on his death by the personal representatives or other person on whom they

devolve for a consideration equal to their market value at the date of the death ; but

- (b) shall not be deemed to be disposed of by him on his death (whether or not they were the subject of a testamentary disposition) ”.

2. At the end of subsection (9) of that section (construction of references to assets of which the deceased was competent to dispose) there shall be added the words “ and include references to his severable share in any assets to which, immediately before his death, he was beneficially entitled as a joint tenant ”.

Donatio mortis causa not chargeable gain

3. Notwithstanding section 22(4) of the Finance Act 1965 no 1965 c. 25. chargeable gain shall accrue to any person on his making a disposal by way of donatio mortis causa.

4. In section 45(1) of the Finance Act 1965, in the definition of “legatee”, for the words from “and a donatio” to “gift” there shall be substituted the words “and a person taking under a donatio mortis causa shall be treated (except for the purposes of section 24 of this Act) as a legatee and his acquisition as made at the time of the donor’s death”.

5. In sub-paragraph (2) of paragraph 20 of Schedule 7 to the Finance Act 1965 (which makes exceptions to the rule that neither a gain nor a loss accrues on a disposal between husband and wife) the following shall be substituted for paragraph (b)—

“ (b) if the disposal is by way of donatio mortis causa ”.

Settled property

6. Where, by virtue of subsection (3) of section 25 of the Finance Act 1965, the assets forming part of any settled property are deemed to be disposed of and re-acquired by the trustee on the occasion when a person becomes absolutely entitled thereto as against the trustee, then, if that occasion is the termination of a life interest (within the meaning of that section) by the death of the person entitled to that interest—

- (a) no chargeable gain shall accrue on the disposal ; and
(b) if on the death the property reverts to the disponent the disposal and re-acquisition under that subsection shall be deemed to be for such consideration as to secure that neither a gain nor a loss accrues to the trustee, and shall, if the trustee had first acquired the property at a date earlier than 6th April 1965, be deemed to be at that earlier date.

7. In section 25(4) of the Finance Act 1965 (notional disposal of all assets of settled property on termination of life interest in all or part of settled property) for the words “all the assets forming part of the settled property, except any which at that time cease to be

SCH. 12 settled property” there shall be substituted the words “the whole or a corresponding part of each of the assets forming part of the settled property and not ceasing at that time to be settled property” and for the words “their market value” there shall be substituted the words “the whole or a corresponding part of the market value of the asset.”

8. At the end of the said section 25(4) there shall be inserted the following paragraph:—

“For the purposes of this subsection a life interest which is a right to part of the income of settled property shall be treated as a life interest in a corresponding part of the settled property”.

9. Where the said section 25(4) applies on the death of the person entitled to the life interest referred to therein, no chargeable gain shall accrue on the disposal deemed to be made under that section.

1965 c. 25. 10. Subsections (3) and (4) of section 25 of the Finance Act 1965 shall apply, where an annuity which is not a life interest within the meaning of that section is terminated by the death of the annuitant, as they apply on the termination of a life interest by the death of the person entitled thereto.

1894 c. 30. 11. Where a life interest (within the meaning of section 25 of the Finance Act 1965) in settled property is terminated by the death of a person on whose death estate duty falls to be charged on the property by virtue of section 2(1)(b) of the Finance Act 1894, then—

(a) if the value on which estate duty is so chargeable is not reduced under paragraph 3 of Part II of Schedule 17 to the Finance Act 1969 or paragraph 3 of Part II of Schedule 1 to the Finance Act (Northern Ireland) 1969 paragraphs 6 and 9 above shall apply as if that person had been entitled thereto at his death; and

1969 c. 32.
1969 c. 18 (N.I.).

(b) if that value is so reduced by any percentage, any chargeable gain or allowable loss accruing on the disposal deemed to be made under section 25(3) or 25(4) of the Finance Act 1965 shall be reduced by the complementary percentage, that is to say the percentage found by subtracting the first-mentioned percentage from one hundred per cent.

12. In section 25 of the Finance Act 1965 the following shall be inserted after subsection (4)—

“(4A) Where, by virtue of section 2(1)(b) of the Finance Act 1894, estate duty is chargeable on any property comprised, at the time of a death, in settled property in a case where neither subsection (3) nor subsection (4) above applies, the appropriate portion of each of the assets forming part of the property so comprised shall for the purposes of this Part of this Act be deemed to be disposed of and immediately re-acquired at that time by the trustee for a consideration equal to the appropriate portion of the market value of the asset; but no chargeable gain shall accrue on the disposal.

For the purposes of this subsection the appropriate portion is the value on which estate duty is so chargeable divided by the market value of the whole of the settled property at the time of the death.” SCH. 12

13. Section 31(3)(b) of the Finance Act 1965 (concession on certain notional disposals of settled property) shall not apply in relation to a disposal on which by virtue of this Schedule no chargeable gain or allowable loss accrues to the trustee. 1965 c. 25.

Gifts

14.—(1) After section 25 of the Finance Act 1965 there shall be inserted the following section:—

“Gifts subject to estate duty. 25A.—(1) Where on the death of a person, estate duty falls to be charged, by virtue of section 2(1)(c) of the Finance Act 1894, on an asset comprised in a gift inter vivos, and at the time of the death the asset— 1894 c. 30.

(a) is owned by the donee ; or

(b) is property settled by the gift or property which for the purposes of section 38 of the Finance Act 1957 or section 1 of the Finance Act (Northern Ireland) 1957 is by virtue of subsection (9) thereof treated as property settled by the gift, 1957 c. 49.

then, subject to subsection (2) below, the asset shall for the purposes of this Part of this Act be deemed to be disposed of and immediately re-acquired at that time by the donee or trustee for a consideration equal to its market value ; but no chargeable gain shall accrue on the disposal. 1957 c. 15 (N.I.).

(2) Where the value on which estate duty is so chargeable is reduced under section 35 of the Finance Act 1968 or section 1 of the Finance Act (Northern Ireland) 1968 the appropriate portion only of the asset shall be deemed to be so disposed of and re-acquired and the consideration shall be deemed to be equal to the appropriate portion of the market value of the asset. 1968 c. 44. 1968 c. 17 (N.I.).

For the purposes of this subsection the appropriate portion is the value on which estate duty is chargeable divided by the market value of the asset at the time of the death.”

(2) Section 42(3) of the Finance Act 1966 shall cease to have effect. 1966 c. 18.

Market value determined for estate duty

15. For section 26 of the Finance Act 1965 there shall be substituted the following section:—

“Market value determined for estate duty. 26.—(1) Where estate duty is chargeable in respect of any property passing on a death and the principal value of an asset forming part of that property has been ascertained (whether in any proceedings or otherwise) for the purposes of that duty, the principal value so ascertained shall be taken for the purposes of this Part of this Act to be the market value of that asset at the date of the death.

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1968 c. 44.
1968 c. 17.
(N.I.).

(2) Where the principal value has been reduced under section 35 of the Finance Act 1968 or section 1 of the Finance Act (Northern Ireland) 1968, the reference in subsection (1) above to the principal value as ascertained for the purposes of estate duty is a reference to that value as so ascertained before the reduction."

Insolvents' assets

1966 c. 18.

16. In paragraph 10(2)(b) of Schedule 10 to the Finance Act 1966 for the words "disposed of by the deceased" there shall be substituted the words "acquired by the persons on whom they devolve".

Death of heir of entail or proper liferenter

17. In paragraph 4 of Schedule 12 to the Finance Act 1968—

(a) in sub-paragraph (1) for the words "charging of capital gains tax on the death" there shall be substituted the words "consequences of the death";

(b) in sub-paragraph (2) paragraph (a) and, in paragraph (b), the words from "(i) in the case" to "those assets" shall be omitted; and

(c) sub-paragraphs (3) to (9) shall be omitted.

Northern Ireland estate duty

18. In paragraphs 11, 12, 14 and 15 of this Schedule references to estate duty include references to estate duty leviable under the law of Northern Ireland.

Section 67.

SCHEDULE 13

HEALTH SERVICE AGREEMENT BETWEEN TREASURY AND
MINISTRY OF FINANCE FOR NORTHERN IRELAND

1949 c. 23.

The Commissioners of Her Majesty's Treasury and the Ministry of Finance for Northern Ireland, with a view to assimilating the burdens on the Consolidated Fund of the United Kingdom and the Exchequer of Northern Ireland in respect of health services, have entered into the following Agreement, which supersedes as from 1st April 1971 the Agreement of 11th February 1949 set out in the Schedule to the Social Services (Northern Ireland Agreement) Act 1949, as amended by the Agreement of 28th February 1968 set out in Schedule 19 to the Finance Act 1968.

1946 c. 81.
1947 c. 27.

1.—(1) There shall be ascertained in respect of each financial year during which this Agreement is in operation the total net cost in Great Britain and in Northern Ireland under the National Health Service Act 1946 and the National Health Service (Scotland) Act 1947, as they may be amended from time to time, and the corresponding enactments in Northern Ireland.

(2) The net cost under paragraph (1) above shall be the actual cost as certified annually by the Commissioners of Her Majesty's Treasury as respects the services in Great Britain and by the Ministry of Finance for Northern Ireland as respects the services in Northern Ireland.

(3) The net cost under paragraph (1) above of services in Northern Ireland shall, in relation to the net cost of the corresponding services in Great Britain, be determined subject to such adjustments, if any, as may be necessary to take account, from time to time, of any differences between methods of administration in Great Britain and in Northern Ireland.

2.—(1) If in respect of any financial year the total net cost in Northern Ireland under article 1 of this Agreement is less than 2 per cent. of the total net cost in Great Britain and Northern Ireland, there shall be paid from the Exchequer of Northern Ireland to the Consolidated Fund of the United Kingdom a contribution equal to 90 per cent. of the amount by which the said net cost in Northern Ireland is less than the said 2 per cent.

(2) If in respect of any financial year the total net cost in Northern Ireland under article 1 of this Agreement exceeds 2 per cent. of the total net cost in Great Britain and Northern Ireland, there shall be paid to the Exchequer of Northern Ireland out of the Consolidated Fund of the United Kingdom a contribution equal to 90 per cent. of the amount by which the said net cost in Northern Ireland exceeds the said 2 per cent.

3. It is hereby agreed that, subject to such differences as may from time to time exist between the methods of administration in Great Britain and in Northern Ireland of the services covered by this Agreement, the Government of Northern Ireland undertakes to keep the scale and standard of comprehensive health services in Northern Ireland in general conformity with the scale and standard of such services in Great Britain, and to ensure that the rates of remuneration of persons employed in such services in Northern Ireland correspond as nearly as may be with the rates for such services obtaining in Great Britain.

4. Payments on account of such contributions as may ultimately be found to be due under article 2 of this Agreement from the Exchequer of Northern Ireland or from the Consolidated Fund of the United Kingdom shall be made of such amounts and at such times as may be agreed between the Commissioners of Her Majesty's Treasury and the Ministry of Finance for Northern Ireland.

5. Any question arising under this Agreement, whether as to the amount of any adjustments necessary in the determination of net costs in Great Britain and Northern Ireland for the purposes of article 1 of this Agreement, or of any contribution payable under article 2, or otherwise, shall, in default of agreement between the Commissioners of Her Majesty's Treasury and the Ministry of Finance for Northern Ireland, be determined by the Joint Exchequer Board, whose decision shall be final.

6. This Agreement shall not come into operation until confirmed by Acts of the Parliaments of the United Kingdom and Northern Ireland respectively, but upon being so confirmed shall have effect as from 1st April 1971.

In Witness whereof Walter Clegg and Hector Monro two of the Commissioners of Her Majesty's Treasury have hereunto set their

SCH. 13 hands and seals and the Official Seal of the Ministry of Finance for Northern Ireland has been hereunto affixed this 14th day of April 1971.

Signed Sealed and Delivered by
Walter Clegg one of the Com-
missioners of Her Majesty's
Treasury in the presence
of:— } Walter Clegg (L.S.)

Albert George Nicholson
Civil Servant, House of
Commons, London S.W.1.

Signed Sealed and Delivered by
Hector Monro one of the Com-
missioners of Her Majesty's
Treasury in the presence of:— } Hector Monro (L.S.)

Albert George Nicholson
Civil Servant, House of
Commons, London S.W.1.

The Official Seal of the Ministry
of Finance for Northern Ireland
was hereunto affixed in the
presence of:— } H. V. Kirk (L.S.)

D. C. B. Holden
Civil Servant, Ministry of
Finance, Stormont, Belfast.

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SCHEDULE 14

ENACTMENTS REPEALED

Section 21.

PART I

OCCUPATIONAL PENSION SCHEMES

Chapter	Short Title	Extent of Repeal
1970 c. 9.	The Taxes Management Act 1970.	In the Table in section 98(3) the entry (in each column) relating to section 224 of the Taxes Act, but not as regards any penalty incurred before this repeal takes effect.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 19(4)(b). Sections 208 and 209. Section 211(5). Chapter II of Part IX. Section 283(4)(b). Section 303(3)(i). Section 393(2)(b).
1970 c. 24.	The Finance Act 1970.	Section 21(10)(11). Section 22(4). Section 23(6).

Chapter	Short Title	Extent of Repeal
1970 c. 24 —cont.	The Finance Act 1970. —cont.	In section 26(1), in the definition of “administrator” the words “resident in the United Kingdom”. In Schedule 5, Part I, in Part II, paragraph 5, and in Part III, paragraph 12(2), and in paragraph 12(7) the words “by this Act”. In Part III of Schedule 8 the repeals in the Taxes Act (which did not take effect before the passing of this Act).

The above repeals of sections 209 and 211(5) of the Taxes Act take effect from the date appointed by the Treasury for the repeal of section 209.

The other repeals of the Taxes Act and the repeals of the Taxes Management Act 1970 take effect on 6th April 1980.

PART II

Section 37.

NEW METHOD OF CHARGING TAX

Chapter	Short Title	Extent of Repeal
1965 c. 25.	The Finance Act 1965.	In section 21, in subsections (1), (2) and (4), the words “including surtax”, in subsection (2), the words from “as applied” to “surtax” and in subsection (4), the words “at the standard rate or to surtax”.
1970 c. 9.	The Taxes Management Act 1970.	In section 7(2), the words from “or in the case” to the end. In section 8, subsections (5) and (6) and in subsection (8), the words from “which are required” to “standard rate” and the words “for either or both of those purposes.” In section 12(1), the words “at the standard rate”. In section 22, the words “for the purpose of charging surtax”. In section 29, in subsections (4) and (7), the words “at the standard rate.” In section 31(3)(a), the words “assessment to surtax, or any other”. In section 33(2), the words from “including” to “surtax”. In section 55(1), paragraph (b).

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Chapter	Short Title	Extent of Repeal
1970 c. 9. —cont.	The Taxes Management Act 1970—cont.	In section 77(1), the words “chargeable at the standard rate”. In section 91(3), paragraph (a) and in paragraph (b), sub-paragraph (i).
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 4(1), the words “other than surtax”. Section 6. Section 9. In section 12(1), in paragraph (iii) of the proviso, the words “of tax”. In section 18(1) and (2), the words “seven-ninths of” in the first place where they occur. Section 19(8). In section 24(1), the words “from tax”. In section 27, the words “other than surtax” in both places. Sections 28 and 29. In section 30, in subsection (1), the words from “whether an assessment” to “years of assessment” and in subsections (3) and (5), the words “for the purposes of surtax”. Sections 31 and 32. Section 35. Section 37(5). In section 38, in subsection (1), the words “other than surtax” (in both places), and in subsection (3) the words “or (2)”. In section 39, in subsection (1), paragraphs (a) and (b) and the words “other than surtax”, in subsection (2) the words “(other than surtax)”, in both places, and subsection (4). In section 40(1)(b), the words “or 38(2)”. In section 41(2)(b), the words “whether to income tax other than surtax or to surtax” and “or 38(2)”. In section 42(2), in the proviso, the words “including surtax”. In section 52, in subsection (1), paragraph (a) and in paragraph (c), the words from “at the standard rate” to “due” and in subsection (2), the words after “income tax thereon”. In section 53(1), the words after “income tax thereon”. Section 193.

Chapter	Short Title	Extent of Repeal
1970 c. 10 —cont.	The Income and Corporation Taxes Act 1970 —cont.	<p>In section 204(3), the words “ other than surtax ”.</p> <p>In section 227(5), the words “ at the standard rate ”.</p> <p>In section 232(1), in paragraph 2 of Schedule F, the words “ thereon at the standard rate ”.</p> <p>In section 238(2), the words “ other than surtax ”.</p> <p>In section 250(2), the words “ other than surtax ”.</p> <p>In section 286, in subsection (6), the words from “ at the standard rate ” to “ to the standard rate ” and in subsection (7), the words “ for the purposes of surtax ”.</p> <p>In section 287(2), the words “ as regards surtax ”.</p> <p>In section 296(2), the words “ for surtax ”.</p> <p>In section 297(8), the words “ for the purposes of surtax ”.</p> <p>In section 298(3), the words “ for the purposes of surtax ”.</p> <p>In section 299(5), the words “ for the purposes of surtax ”.</p> <p>In section 343(2)(b), the words “ at the standard rate for the year of assessment ”.</p> <p>In section 380(2), in paragraph (iii) of the proviso, the words “ other than surtax ” in both places.</p> <p>In section 381(1), (2)(b) and (3), the words “ (including surtax) ” where they occur.</p> <p>In section 384, in subsection (1), the words “ at standard rate ” and in subsections (1) and (3), the words “ (including surtax) ” where they occur.</p> <p>In section 390(5), the words “ (including surtax) ” where they occur.</p> <p>In section 399, in subsection (1) (a), the words from “ for the purposes ” to “ information ”, in subsection (1)(b)(ii), the word “ surtax ” and in subsection (1)(c), the words “ as regards surtax ”.</p> <p>In section 403(1), the words “ for the purposes of surtax ”.</p> <p>In section 414, in subsection (1), the words “ surtax or ” and subsection (2).</p> <p>In section 422(2), the words “ surtax for the year preceding ”.</p> <p>In section 431(4), the words preceding “ an inspector ”.</p>

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Chapter	Short Title	Extent of Repeal
1970 c. 10 —cont.	The Income and Corpora- tion Taxes Act 1970 —cont.	<p>In section 432, in subsection (7), the words “As regards surtax” and “surtax”, in subsection (10), the words from “in the application” to “surtax” and subsection (11).</p> <p>In section 435(1)(b), the words from “the Board” to “standard rate”.</p> <p>In section 440(2), the words “at the standard rate”.</p> <p>In section 441(1)(b), the words from “the Board” to “standard rate”.</p> <p>In section 443, the words preceding “an inspector”.</p> <p>In section 449, in subsection (1), the words “at the standard rate” and in subsection (3)(b), the words from “the Board” to “standard rate”.</p> <p>In section 450(1), the words “for the purposes of surtax”.</p> <p>In section 451(6), the words “at the standard rate”.</p> <p>In section 453, the words preceding “an inspector”.</p> <p>In section 456(4), the words “at the standard rate”.</p> <p>In section 469(1)(ii), the words “at the standard rate” in the first place where they occur.</p> <p>In section 480(1), the words “at the standard rate” in the last place where they last occur.</p> <p>In section 481(1) and (2)(b), the words from “or, for the purpose” to “inspector”.</p> <p>In section 496(6), the words “at the standard rate”.</p> <p>In section 528, in subsection (4), the words “at the standard rate” and in subsection (5), the words “for the purpose of estimating total income for the purposes of surtax”.</p> <p>In Schedule 3, in paragraph 1, the words “if it relates to surtax or” and in paragraph 6, the words “tax at the standard rate on”.</p> <p>In Schedule 8, in paragraph 2, the words “at the standard rate”.</p> <p>In Schedule 10, in paragraph 11(1)(b), the words “at the standard rate for that year of assessment”, in paragraph 11(2)(b) the words “at the standard rate”, in paragraph 11(3)(b), the words from “at the standard rate” to the end, in paragraph 11(4), the words from</p>

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Chapter	Short Title	Extent of Repeal
1970 c. 10 — <i>cont.</i>	The Income and Corporation Taxes Act 1970 — <i>cont.</i>	“ and nothing ” to the end and in paragraph (12)(2)(b), the words from “ at the standard rate ” to the end.
1970 c. 24.	The Finance Act 1970.	Section 11(2). In section 14(1), sub-paragraphs (i) to (iii) of paragraph (a) and paragraphs (b) and (d). In section 29, in subsection (1)(a), the words “ (including surtax) ” and in subsection (4) the words “ exclusive of surtax ”.
1970 c. 54.	The Income and Corporation Taxes (No. 2) Act 1970.	In section 2 the words “ 6(2) and ” and paragraph (a).

These repeals have effect subject to section 38 of this Act.

PART III

Section 55.

BETTERMENT LEVY

Chapter	Short Title	Extent of Repeal
1967 c. 54.	The Finance Act 1967.	Sections 33 and 34. Schedules 14 and 15.
1968 c. 44.	The Finance Act 1968.	In Schedule 12, paragraph 6 and the proviso to paragraph 11(4).
1969 c. 32.	The Finance Act 1969.	In Schedule 19, paragraphs 10(7), 11(4), 15(5) and 23.
1970 c. 9.	The Taxes Management Act 1970.	Section 57(2).
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 88. Section 158(3). Section 269(2). In section 489(11) the words from “ and paragraph ” to “ 1967 ”. Schedule 4. In Schedule 15 the entry relating to Schedule 14 to the Finance Act 1967.
1970 c. 24.	The Finance Act 1970.	In section 29, in subsection (2)(b) the words from “ including ” to “ Act ”, and in subsection (3) paragraphs (b) and (c). In Schedule 6, Part I; and in paragraph 4(1) the words from “ but without prejudice ” to the end.

These repeals have effect subject to section 55(2) of this Act.

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Section 56.

PART IV

CASE VII

Chapter	Short Title	Extent of Repeal
1965 c. 25.	The Finance Act 1965.	Section 17(15). In section 27(2), the words from "and section 166(1)" to "1970" and the word "together". In Schedule 6, paragraph 3, except sub-paragraphs (5), (7) and (8), and paragraph 26(5). In Schedule 7, paragraph 2(4).
1968 c. 44.	The Finance Act 1968.	In Schedule 11, paragraph 1(8). In Schedule 12, paragraphs 10 to 12.
1969 c. 32.	The Finance Act 1969.	In Schedule 18, paragraphs 4 and 5. In paragraph 15 of Schedule 19, in sub-paragraph (1), the words from "and of Chapter" to "1970", in sub-paragraph (2), the words from "plus" to the end, in sub-paragraph (3), the words "or short-term gain" and, in paragraph (b), the words from "or, as the case may be" to "disposal", in sub-paragraph (7), the words from "'short-term gains' means" to the end, and in sub-paragraph (9), the words "and short-term gains".
1970 c. 9.	The Taxes Management Act 1970.	Section 9(5). In section 98, in Table I, the words "section 167(4)".
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 109(2), the words from "Case VII" to the end. Sections 160 to 167. In section 186(12), paragraph (b) and the preceding "and". In section 208(2), the words from the beginning to "fund, and" and in the proviso the words "from tax or". In section 211(3), the words from "shall be" to "Schedule D, and". In section 212(4), the words from "shall be" to "Schedule D, and". In section 213(2), the words from "shall be" to "Schedule D, and". In section 214(4), the words from "shall be" to "Schedule D, and".

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Chapter	Short Title	Extent of Repeal
1970 c. 10 —cont.	The Income and Corporation Taxes Act 1970 —cont.	<p>In section 216(3), the words from “shall be” to “Schedule D, and”.</p> <p>In section 217(3), the words from “shall be” to “Schedule D, and”.</p> <p>In section 218(2), the words from “shall be” to “Schedule D, and”.</p> <p>In section 226(6), the words from “shall be” to “Schedule D, and”.</p> <p>In section 250(6), paragraph (c) and the preceding “or”.</p> <p>In section 270, subsections (1) and (2).</p> <p>In section 271, subsections (1) to (3).</p> <p>In section 321(1), paragraph (c) and the preceding “and”.</p> <p>In section 360(2), the words from “be exempt from” to “assets, and” and the word “shall” in the second place where it occurs.</p> <p>In section 374(1), the words “or VII” and the words “and to short-term capital gains”.</p> <p>Section 418(7).</p> <p>Section 444(3) and (4).</p> <p>Section 454(2).</p> <p>In section 478(8), the words following paragraph (e).</p> <p>Schedule 7.</p> <p>In Schedule 10, paragraphs 7(4) and 15.</p> <p>In Schedule 14, paragraphs 7 and 8.</p> <p>Section 21(6).</p>
1970 c. 24.	The Finance Act 1970.	

These repeals have effect subject to section 56(4) of this Act.

PART V

Section 59.

CAPITAL GAINS—ABOLITION OF CHARGE ON DEATH ETC.

Chapter	Short Title	Extent of Repeal
1965 c. 25.	The Finance Act 1965.	<p>In section 24, subsections (2) to (4). Section 24A.</p> <p>In section 25, subsections (5), (5A), (6), (7) and (13), and, in subsection (12), the references to subsections (5), (6) and (7).</p> <p>In section 31, in subsection (1) the words from “or accruing” to “deceased” the words “or bequest” (in both places) and the</p>

SCH. 14

Chapter	Short Title	Extent of Repeal
1965 c. 25 —cont.	The Finance Act 1965 —cont.	<p>words from “or in the case” to “from estate duty”; subsection (2); and in subsection (4) the words “subsection (2) or”.</p> <p>In section 32, in subsection (1), the words from “or accruing” to “deceased”, the words “devise or bequest” (in both places) and the words “or in the case of an asset exempt from estate duty”; and subsection (2).</p> <p>In section 34(4), paragraphs (a) and (b) and the word “and” preceding them.</p> <p>In section 44(2), the proviso.</p> <p>In section 45(10) the words preceding “references to profits”.</p> <p>In Schedule 6, in paragraph 16, sub-paragraph (1) and, in sub-paragraph (2)(b), the words preceding “any such”.</p> <p>In Schedule 10, in paragraph 4, in sub-paragraph (1), paragraphs (a) and (c) and the word “or” preceding paragraph (c), and sub-paragraph (3); in paragraph 12(2) the words “and section 24A”; and paragraph 12(3).</p>
1966 c. 18.	The Finance Act 1966.	<p>Section 42(3).</p> <p>In Schedule 10, in paragraph 1(2) the words from “and section” to “death”, in paragraph 1(4) the words “(5), (6) and (7)”; and paragraphs 5 and 10(4).</p>
1968 c. 44.	The Finance Act 1968.	<p>In Schedule 12, in paragraph 4, sub-paragraph (2)(a), in sub-paragraph (2)(b) the words from “(i) in the case” to “those assets”, and sub-paragraphs (3) to (9).</p>
1969 c. 32.	The Finance Act 1969.	<p>In Schedule 17, in Part II, paragraph 13.</p> <p>In Schedule 19, paragraph 5 and, in paragraph 8, sub-paragraphs (1) and (2).</p>

These repeals have effect in relation to a death occurring, or any fifteen years ending, after 30th March 1971.

PART VI
STAMP DUTY

Section 64.

Chapter	Short Title	Extent of Repeal
3 & 4 Vict. c. 110.	The Loan Societies Act 1840.	In section 12, the words “and no bond or security so to be given shall be chargeable with any stamp duty whatsoever”.

Chapter	Short Title	Extent of Repeal
8 & 9 Vict. c. 118.	The Inclosure Act 1845.	In section 163, the word "bond".
25 & 26 Vict. c. 53.	The Land Registry Act 1862.	In section 73, the words from "and any agreement" to the end.
54 & 55 Vict. c. 39.	The Stamp Act 1891.	<p>In section 12(6)(b), the words from "shall extend" to "limit; or".</p> <p>In section 15(2)(d), in the Table, the entry in column 1 beginning "Mortgage", and the words in column 2 relating to that entry.</p> <p>Section 23.</p> <p>Section 56(4).</p> <p>Sections 86 to 89.</p> <p>In Schedule 1, the heading "Agreement or Contract, accompanied with a deposit"; in the heading "Annuity", the words from "creation of" to "section 87"; in the heading "Assignment or Assignation", the words from "By way of" to "See Mortgage, &c."; the heading "Back Bond or Back Letter"; in the heading "Bill of Sale", the words "By way of security. See Mortgage, &c."; in the heading beginning "Bond for securing", the words "Mortgage, &c., and"; the headings beginning "Bond of any kind whatsoever", "Bond, accompanied with a deposit of title deeds", "Bond, Declaration, or other Deed or Writing", "Conveyance or Transfer by way of security", and "Covenant for securing"; in the heading beginning "Covenant. Any separate deed", the words "or mortgage", "or mortgaged" and "or mortgage money", wherever occurring; in the heading beginning "Debenture", the words "Mortgage, &c., and"; the heading beginning "Deed whereby any real burden is declared"; both headings beginning "Deed containing an obligation"; the heading beginning "Defeasance"; the heading "Deposit of title deeds"; the heading "Dispensation"; in the second heading beginning "Disposition of heritable property", the words "Mortgage, &c. and section 86"; the heading "Disposition in security</p>

SCH. 14

Chapter	Short Title	Extent of Repeal
54 & 55 Vict. c. 39— <i>cont.</i>	The Stamp Act 1891— <i>cont.</i>	in Scotland”; the heading “Disposition of any wadset, heritable bond, &c.”; the heading “Eik to a reversion”; the heading “Equitable Mortgage”; the heading “Further Charge or Further Security”; the heading “Heritable Bond”; the heading “Letter of Reversion in Scotland”; in the heading “Marketable Security”, in paragraph (2), the words “Upon a mortgage thereof—see mortgage of stock or marketable security”, and the words “than a sale or mortgage”; the heading “Marriage Settlement”; the heading “Mortgage of Stock or Marketable Security”; the heading “Reconveyance, Release, or Renunciation of any security”; in the heading beginning “Release or Renunciation of any property”, the words “By way of security. See Mortgage, &c.”; in the heading “Renunciation”, the words “Reconveyance and”; in the heading beginning “Seisin”, the words “wadset, heritable bond”; in the heading “Surrender”, the words “or a mortgage”; the heading “Tack in Security”; the heading “Wadset”; the heading beginning “Warrant of Attorney to confess and enter up a judgment”; in General Exemption (2), the words “or by way of mortgage”; General Exemption (3); General Exemption (5).
57 & 58 Vict. c. 60.	The Merchant Shipping Act 1894.	In section 309, the words “and shall not be liable to stamp duty”.
59 & 60 Vict. c. 25.	The Friendly Societies Act 1896.	Section 33(c).
2 & 3 Geo. 5. c. 31.	The Pilotage Act 1913.	In section 35(2), the words from “Any bond” to “and”.
4 & 5 Geo. 5. c. 59.	The Bankruptcy Act 1914.	In section 148, the words “any mortgage charge or other incumbrance on, or” and the word “bond”.
15 & 16 Geo. 5. c. 20.	The Law of Property Act 1925.	In section 115, in subsection (5), the words from “and where it takes” to the end and, in subsection (9), the words from “but nothing in this section” to the end.

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Chapter	Short Title	Extent of Repeal
11 & 12 Geo. 6. c. 38.	The Companies Act 1948.	In section 339(1)(a), the words "any mortgage, charge or other encumbrance on, or" and in section 339(1)(b), the word "bond".
1 & 2 Eliz. 2. c. 34.	The Finance Act 1953.	In section 31(1)(b), the words "or bond".
6 & 7 Eliz. 2. c. 56.	The Finance Act 1958.	In section 35, subsections (1) to (3).
10 & 11 Eliz. 2. c. 37.	The Building Societies Act 1962.	In section 117, in paragraph (f), the words " (other than a mortgage) " and in paragraph (i) the words " other than a mortgage ".
1965 c. 12.	The Industrial and Provident Societies Act 1965.	In section 34(4), the words from " and such receipts " to the end.
1965 c. 51.	The National Insurance Act 1965.	In Schedule 9, paragraph 3, the words " bond or other security ".
1965 c. 52.	The National Insurance (Industrial Injuries) Act 1965.	In Schedule 6, paragraph 3, the words " bond or other security ".
1967 c. 54.	The Finance Act 1967.	In section 28(2), the words " trust deed or other " (where first occurring) and the words " or that beginning ' Mortgage, Bond, Debenture, Covenant ' ".
1969 c. 50.	The Trustee Savings Bank Act 1969.	In section 89(c), the words " a surety-bond ".
1970 c. 24.	The Finance Act 1970.	In Schedule 7, paragraphs 1(3)(a) and 8.
1970 c. 35.	The Conveyancing and Feudal Reform (Scotland) Act 1970.	Section 16(3).

These repeals have effect as from 1st August 1971.

PART VII

MISCELLANEOUS REPEALS

Chapter	Short Title	Extent of Repeal
12, 13 & 14 Geo. 6. c. 23.	The Social Services (Northern Ireland Agreement) Act 1949.	The whole Act.
15 & 16 Geo. 6 & 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	Sections 47(2) and 86(3).
1965 c. 25.	The Finance Act 1965.	In section 33, in subsection (1) the words " one and the same one, of; " and subsection (4).

SCH. 14

Chapter	Short Title	Extent of Repeal
1968 c. 13.	The National Loans Act 1968.	Section 16(8).
1968 c. 44.	The Finance Act 1968.	Section 31, as regards any year of assessment later than 1970-71. Section 59. Schedule 19.
1969 c. 32.	The Finance Act 1969.	In section 3(10), in the definition of "bingo"; the words from "except" onwards. Section 50.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 10(5) proviso, the words from "of any income falling" to "child, or". In section 24(1), the words "or allowances" and the words "for each allowance if more than one". Sections 43 to 48. In section 168(4), the words from "and then" to "or that person's wife or husband". In section 444(1), all the words after "illegitimate child". In section 498(4) the words "to the Commonwealth territories and". In section 500(1) the definition of "Commonwealth territory". In section 507, subsections (2) and (3).
1970 c. 24.	The Finance Act 1970.	In section 14(1), paragraphs (c) and (e).
1970 c. 54.	The Income and Corporation Taxes (No. 2) Act 1970.	Section 2(b), with effect from 6th April 1972.

NOTES:

1. The repeal of the Act of 1949 and of section 59 of and Schedule 19 to the Finance Act 1968 takes effect on the coming into operation of section 67(1) of this Act.
2. The repeals in section 33 of the Finance Act 1965 have effect with respect to acquisitions on or after 20th April 1971.
3. The repeal in section 3(10) of the Finance Act 1969 has effect as from 13th April 1971.
4. The repeal in section 10(5) of the Taxes Act, the repeal of sections 43 to 48 of that Act and the repeals in sections 168(4) and 444(1) of that Act, have effect for the year 1972-73 and subsequent years of assessment.