



Finance Act 1977

1977 CHAPTER 36

PART I

CUSTOMS AND EXCISE

1 Spirits, beer, wine, made-wine, cider and tobacco

- (1) In the Table in section 9 of the Finance (No. 2) Act 1975 (excise duty on spirits) for " 24.6300 " and " 24.7050 " there shall be substituted " 27.0900 " and "27.1650" respectively.
- (2) In section 10(1) of that Act (excise duty on beer) for "£15.8400" and "£0.5280" there shall be substituted " £17.4240 " and " £0.5808 " respectively.
- (3) For the provisions of Schedule 4 to that Act (rates of excise duty on wine) there shall be substituted the provisions of Schedule 1 to this Act.
- (4) For the provisions of Schedule 5 to that Act (rates of excise duty on made-wine) there shall be substituted the provisions of Schedule 2 to this Act.
- (5) In section 2(1) of the Finance Act 1976 (excise duty on cider) for " £0.22 " there shall be substituted " £0.242 ".
- (6) The rates of the duties of customs and excise chargeable under the provisions of subsection (1) of section 8 of the said Act of 1976 and the provisions mentioned in subsection (2) of that section (customs and excise duties on tobacco) shall each be increased by £0.585 per pound; and as respects tobacco on which there have been paid duties of customs and excise at the said increased rates, the rates of drawback allowable under those provisions shall each be increased by the like amount per pound.
- (7) In section 1(4) of the Finance Act 1973 (power to make orders before 1st July 1977 for giving effect to Community obligations in respect of tobacco duties) for the words " 1st July 1977 " there shall be substituted the words " 1st January 1978 " ; and subsection (6) above is without prejudice to the powers conferred by the said section 1(4).

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- (8) The Surcharge on Revenue Duties Order 1976 (the effect of which is substantially reproduced by subsections (1) to (6) above) shall cease to have effect.
- (9) This section shall be deemed to have come into force on 30th March 1977.

2 Tobacco products

- (1) For the Table in section 4(1) of the Finance Act 1976 there shall be substituted—

“TABLE

1. Cigarettes.	An amount equal to 22 per cent. of the retail price plus £1.4100 per thousand cigarettes.
2. Cigars	£3.0415 per pound.
3. Hand-rolling tobacco	£3.8250 per pound.
4. Other smoking tobacco and chewing tobacco	£1.7050 per pound.”

- (2) For the purposes of paragraph 1 in the Table in the said section 4(1) any cigarette more than 9cm. long (excluding any filter or mouthpiece) shall be treated as if each 9cm. or part thereof were a separate cigarette ; and for the purposes of section 6 of the said Act of 1976 (power to alter rates of duty) the percentage and the amount per thousand cigarettes in that paragraph shall be treated as separate rates of duty.
- (3) The Tobacco Products Duty (Increase) Order 1976 shall cease to have effect,
- (4) The Treasury may by order provide that in the enactments relating to the duty charged by section 4 of the said Act of 1976 references to cigarettes, cigars, hand-rolling tobacco, other smoking tobacco and chewing tobacco shall or shall not include references to any product of a description specified in the order, being a product manufactured wholly or partly from tobacco or any substance used as a substitute for tobacco but not including products commonly known as herbal cigarettes or herbal smoking mixtures; and any such order may amend or repeal subsection (5) of that section.
- (5) The power to make orders under subsection (4) above includes power to vary or revoke a previous order and shall be exercisable by statutory instrument.
- (6) Subject to subsection (7) below, any order under subsection (4) above shall be laid before the House of Commons after being made; and unless it is approved by that House before the expiration of twenty-eight days beginning with the date on which it was made, it shall cease to have effect on the expiration of that period, but without prejudice to anything previously done thereunder or to the making of a new order.
- In reckoning any such period no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the House of Commons is adjourned for more than four days.
- (7) Subsection (6) above shall not apply to any order containing a statement by the Treasury that the order does not extend the incidence of the duty or involve a greater charge to duty or a reduction of any relief; and any such order shall be subject to annulment in pursuance of a resolution of the House of Commons.

- (8) Subsections (1) to (3) above shall be deemed to have come into force on 4th April 1977.

3 Replacement by tobacco products duty of other tobacco duties

- (1) As from 1st January 1978 no duties of customs or excise shall be charged under section 4 of the Finance Act 1964 and for the Table in section 4(1) of the Finance Act 1976 there shall be substituted—

“TABLE

1. Cigarettes	An amount equal to 30 per cent. of the retail price plus £9.00 per thousand cigarettes.
2. Cigars	£9.50 per pound.
3. Hand-rolling tobacco	£9.20 per pound.
4. Other smoking tobacco and chewing tobacco	£7.30 per pound.”

- (2) If it is shown to the satisfaction of the Commissioners that any tobacco which has borne duty under section 4 of the said Act of 1964 on or after 10th May 1976 has been or will be used in the manufacture of tobacco products chargeable with duty under section 4 of the said Act of 1976 on or after the said 1st January, they shall make a repayment at the appropriate rate specified in Schedule 3 to this Act in respect of the duty borne by that tobacco as aforesaid; and the rate per pound at which drawback is allowable on tobacco in respect of which a repayment has been made under this subsection shall be reduced by an amount equal to the rate per pound at which the repayment was made.
- (3) Drawback in respect of any duty charged under section 4 of the said Act of 1964 shall not be allowed by virtue of any event occurring after 30th June 1978; but if it is shown to the satisfaction of the Commissioners after that date—
- that any tobacco which has borne duty under that section has been used in the manufacture of products which have become unmerchantable through natural causes; and
 - that no drawback or repayment in respect of the duty has been allowed or made under any other provision,
- the Commissioners shall repay the duty to the manufacturer, but any such repayment shall be conditional on the products being disposed of in such manner as the Commissioners may require.
- (4) Part V of the Customs and Excise Act 1952 (which contains provisions for the collection and management of the duties charged by section 4 of the said Act of 1964 and for the protection of the revenue arising from them) shall cease to have effect on 1st January 1978 except as respects drawback by virtue of events occurring on or before the date mentioned in subsection (3) above.
- (5) In section 4(3) of the said Act of 1976 (regulations for the purposes of tobacco products duty) after paragraph (b) there shall be inserted—
- “(bb) for the registration of premises where—

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- (i) tobacco products are manufactured ;
 - (ii) materials for the manufacture of such products are grown, produced, stored or treated ; or
 - (iii) refuse from the manufacture of such products is stored or treated,
- and for regulating the storage and treatment in, and removal from, premises so registered of such materials and refuse;”.

4 Hydrocarbon oil etc.

- (1) The rate of the duty of excise charged by section 11 of the Finance (No. 2) Act 1975 (hydrocarbon oil etc.) shall differ according to whether the oil is light oil or heavy oil; and accordingly—
- (a) in that section after the words " £0.3000 a gallon " there shall be inserted the words " in the case of light oil and £0.3500 a gallon in the case of heavy oil ";
 - (b) in the following provisions (under which duty is charged by reference to the duty on hydrocarbon oil), that is to say—
 - (i) section 6 of the Hydrocarbon Oil (Customs & Excise) Act 1971 (petrol substitutes and power methylated spirits);
 - (ii) section 3(3) and (4)(c) of the Finance Act 1971 and Article 3 of the Excise Duties (Gas as Road Fuel) Order 1972,
 for the words " hydrocarbon oil" there shall be substituted the words " light oil "; and
 - (c) in section 92(2) of the Finance Act 1965 and section 14(2) of the Finance Act (Northern Ireland) 1966 (grants towards duty on bus fuel) for the words " hydrocarbon oil " there shall be substituted the words " heavy oil ".
- (2) In section 9 of the Hydrocarbon Oil (Customs & Excise) Act 1971 (rebate on heavy oil) for the words " at a rate of 1p a gallon less than the rate at which the duty is for the time being chargeable " there shall be substituted the words " at a rate—
- (a) in the case of kerosene other than aviation turbine fuel, of 1p a gallon less than the rate at which the duty is for the time being chargeable ;
 - (b) in the case of aviation turbine fuel and heavy oil other than kerosene, of 2½ p a gallon less than the rate at which the duty is for the time being chargeable."
- (3) The provisions of the said section 9 as amended by subsection (2) above shall become subsection (1) of that section and after those provisions there shall be added—
- “(2) In this section—
- " aviation turbine fuel " means kerosene which is intended to be used as fuel for aircraft engines and is allowed to be delivered for that purpose without being marked in accordance with the regulations made for the purposes of this section;
 - " kerosene " means heavy oil of which more than 50 per cent. by volume distils at a temperature not exceeding 240°C.”
- (4) In section 12(1) of the said Act of 1971 (rebate on light oil for use as furnace fuel at a rate of 1p a gallon less than the rate at which the duty is charged) for " 1p " there shall be substituted " 2 ½ p ".
- (5) This section shall be deemed to have come into force at 6 o'clock in the evening of 29th March 1977 ; but as respects the period beginning at that time and ending at

6 o'clock in the evening of 8th August 1977 the rate of the duty of excise charged by section 11 of the said Act of 1975 shall, notwithstanding subsection (1) above, be £0.3500 a gallon in the case of light oil as well as heavy oil and the provisions mentioned in paragraph (b) of that subsection shall have effect accordingly.

- (6) The Commissioners may make repayments of duty at the rate of 5p a gallon under arrangements made by them for avoiding dislocation in the supply of petrol to retailers and distributors at the end of the period mentioned in subsection (5) above.

5 Vehicles excise duty: Great Britain

- (1) The Vehicles (Excise) Act 1971 shall be amended as follows.
- (2) For the provisions of Part II of Schedules 1 to 5 (annual rates of duty) there shall be substituted the provisions set out in Schedule 4 to this Act.
- (3) In subsection (5) of section 16 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 7, for " £20 " and " £3.35 " there shall be substituted respectively " £25 " and " £5 ".
- (4) In section 2(1)(b) (four month licence for vehicles with annual rate exceeding £8) for " £8 " there shall be substituted " £18 ".
- (5) This section has effect in relation to licences taken out after 29th March 1977.

6 Vehicles excise duty: Northern Ireland

- (1) The Vehicles (Excise) Act (Northern Ireland) 1972 shall be amended as follows.
- (2) For the provisions of Part II of Schedules 1 to 5 (annual rates of duty) there shall be substituted the provisions set out in Schedule 5 to this Act.
- (3) In subsection (6) of section 16 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 9, for " £20 " and " £3.35 " there shall be substituted respectively " £25 " and " £5 ".
- (4) In section 2(1)(b) (four month licence for vehicles with annual rate exceeding £8) for " £8 " there shall be substituted " £18 ".
- (5) This section has effect in relation to licences taken out after 29th March 1977.

7 Units and methods of measurement in customs and excise Acts

- (1) The Treasury may by order amend the customs and excise Acts for the purpose of—
- (a) replacing any unit of measurement by a metric unit;
 - (b) replacing the proof system of ascertaining the alcoholic strength of spirits and other liquids by a system of measurement by reference to percentages of alcohol by volume;
 - (c) replacing any temperature expressed in degrees Fahrenheit by a temperature expressed in degrees Celsius;
 - (d) replacing any pressure expressed in atmospheres by a pressure expressed in millibars.
- (2) Any amendment of an enactment under this section shall be such as to preserve the effect of the enactment except to such extent as the Treasury consider necessary to

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enable a substituted unit or method of measurement to be applied in a convenient and suitable manner.

- (3) An order under this section may contain such transitional and other supplementary provisions as the Treasury think necessary.
- (4) The power to make orders under this section includes power to vary or revoke a previous order and shall be exercisable by statutory instrument.
- (5) Subject to subsection (6) below, any order under this section shall be laid before the House of Commons after being made ; and unless it is approved by that House before the expiration of twenty-eight days beginning with the date on which it was made, it shall cease to have effect on the expiration of that period, but without prejudice to anything previously done thereunder or to the making of a new order.

In reckoning any such period no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the House of Commons is adjourned for more than four days.

- (6) Subsection (5) above shall not apply to any order containing a statement by the Treasury that the order does not involve a greater charge to duty or a reduction of any relief, drawback, rebate or allowance; and any such order shall be subject to annulment in pursuance of a resolution of the House of Commons.

8 Regulations where duty depends on use

- (1) The Commissioners may, in accordance with subsection (2) below, make regulations applying in cases where any question as to the duties of customs chargeable on any goods depends on the use to be made of them.
- (2) In cases in which a Community instrument makes provision for the purpose of securing that the relevant use is made of the goods, regulations under this section may make provision for any matter which under the instrument is required or authorised to be dealt with by the authorities of member States or which otherwise arises out of the instrument; and in other cases regulations under this section may make such provision for that purpose as appears to the Commissioners to be necessary or expedient.
- (3) Section 255A of the Customs and Excise Act 1952 (which makes provision for purposes including that mentioned in subsection (2) above) shall, with effect from such day as may be appointed by regulations under this section, be amended as follows—
 - (a) for the words " on the use to be made of any goods or on any other matter " there shall be substituted the words " on any matter (other than the use to be made of the goods) ";
 - (b) the words " for securing that the goods will be so used or otherwise " shall be omitted.

9 Forfeiture of goods relieved from duty

- (1) Section 257 of the Customs and Excise Act 1952 (forfeiture of goods relieved from duty) shall be amended in accordance with subsections (2) and (3) below.
- (2) For subsection (1) there shall be substituted—
 - “(1) Where—

- (a) any goods have been relieved from customs duty or have been charged with duty at a reduced rate; and
 - (b) any condition or other obligation required to be complied with in connection with the relief or with the charge of duty at that rate is not complied with,
- the goods shall be liable to forfeiture.”
- (3) In subsection (2) for the words "the observance of the condition " there shall be substituted the words " compliance with the condition or obligation ".
- (4) Section 10(2) of the Import Duties Act 1958 and paragraph 1(3)(b) of the Schedule to the Agriculture and Horticulture Act 1964 (which become unnecessary in consequence of the above amendments) shall cease to have effect.

10 Duties or levies on goods passing into free circulation etc.

- (1) In any case where—
- (a) goods which are not for the time being in free circulation in member States are imported into the United Kingdom from another member State, and
 - (b) in accordance with the Treaties the goods either are allowed to be put on the market in the United Kingdom or to be destroyed or otherwise cease to be subject to special arrangements involving the suspension of, or the giving of relief from, duties or levies in another member State,
- then, in such circumstances as may be prescribed, duties of customs or levies shall be charged on or in respect of the goods by virtue of this section.
- (2) Any question whether goods are at any time in free circulation in member States shall be determined in accordance with the Treaties.
- (3) The amount of the duty of customs or levy which, in any particular prescribed circumstances, is charged on or in respect of any goods by virtue of this section shall be such as, in accordance with the Treaties, may either be prescribed or determined in a prescribed manner.
- (4) Duties of customs charged by virtue of this section shall be treated as Community customs duties charged under subsection (1) of section 5 of the European Communities Act 1972 and levies charged by virtue of this section shall be treated as agricultural levies, as denned in subsection (8) of section 6 of that Act; and the provisions of, and of the enactments referred to in, those sections shall apply accordingly.
- (5) In this section " prescribed " means prescribed by regulations made by the Commissioners.
- (6) This section and, except in so far as any such regulations otherwise provide, any regulations made under it shall have effect in relation to goods imported into the United Kingdom on or after 1st July 1977.

11 Recovery of duty etc. due in other member States

- (1) This section applies where, in accordance with the Directive of the Council of the European Communities dated 15th March 1976 No. [76/308/EEC](#), an authority in a member State makes a request for the recovery in the United Kingdom of any sum claimed by that authority in that State.

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- (2) Subject to the following provisions, where this section applies the Commissioners or the Intervention Board for Agricultural Produce may recover the sum specified in the request as if it were a debt due to the Crown.
- (3) Proceedings for the recovery of any sum under this section shall be stayed if the defendant satisfies the court that proceedings relevant to his liability on the claim in relation to which the request has been made are pending, or are about to be instituted, before a court, tribunal or other competent body in the member State in question; but any such stay may be removed if the proceedings in the member State are not prosecuted or instituted with reasonable expedition.
- (4) It shall be a defence to proceedings under this section for the defendant to show that a final decision on the claim has been given in his favour by a court, tribunal or other competent body in the member State in question; and if he shows that such a decision has been given in respect of part of the claim it shall be a defence to the proceedings in so far as they relate to that part.
- (5) For the purposes of subsection (3) above proceedings shall be regarded as pending so long as an appeal may be brought against any decision in the proceedings; and for the purposes of subsection (4) above a final decision is one against which no appeal lies or against which an appeal lies within a period which has expired without an appeal having been brought.
- (6) In proceedings under this section any averment in the pleadings that a request has been made as mentioned in subsection (1) above for the recovery of the sum which is the subject of the proceedings shall be conclusive evidence of that fact; and except as provided in subsection (4) above no question shall be raised in any such proceedings as to the defendant's liability on the claim in relation to which the request has been made.
- (7) In relation to proceedings under this section in Scotland—
 - (a) the reference in subsection (3) above—
 - (i) to proceedings being stayed shall be construed as a reference to their being sisted ;
 - (ii) to a stay being removed shall be construed as a reference to a sist being recalled ; and
 - (b) the references in subsections (3), (4) and (6) above to a defendant shall be construed as references to a defender.
- (8) This section shall not have effect in relation to a request for the recovery of any sum which became due before 15th March 1976.

12 Conditional reliefs from import duty

- (1) The following provisions of the Import Duties Act 1958 shall cease to have effect, that is to say—
 - (a) section 9 and Schedule 5 (drawback);
 - (b) paragraphs 1, 2, 3, 6, 7, 9, 10 and 11 of Schedule 3 (goods eligible for conditional relief).
- (2) This section shall be deemed to have come into force on 1st July 1977.

13 Continuation of powers under Finance Act 1961 s. 9

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 16 of the Finance Act 1976, was extended until the end of August 1977) shall extend until the end of August 1978 or such later date as Parliament may hereafter determine.