



Finance Act 1907

1907 CHAPTER 13

PART V

INCOME TAX

18 Income tax for 1907-1908

- (1) Income tax for the year beginning on the sixth day of April nineteen hundred and seven shall be charged at the rate of one shilling.
- (2) All such enactments relating to income tax as were in force on the fifth day of April nineteen hundred and seven shall, subject to any amendments made by this Act, have full force and effect with respect to the duty of income tax hereby granted.
- (3) The annual value of any property which has been adopted for the purpose either of income tax under Schedules A. and B. in the Income Tax Act, 1853, or of inhabited house duty, during the year ending on the fifth day of April nineteen hundred and seven, shall be taken as the annual value of such property for the same purpose during the next subsequent year provided that this subsection—
 - (a) so far as respects the duty on inhabited houses in Scotland, shall be construed with the substitution of the twenty-fourth day of May for the fifth day of April; and
 - (b) shall not apply to the Metropolis as defined by the Valuation (Metropolis) Act, 1869.

19 Relief in respect of earned income where total income does not exceed 2,000l

- (1) Any individual who claims and proves, in manner provided by this section, that his total income from all sources does not exceed two thousand pounds, and that any part of that income is earned income, shall be entitled, subject to the provisions of this section, to such relief from income tax as will reduce the amount payable on the earned income to the amount which would be payable if the tax were charged on that income at the rate of nine pence.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (2) The relief given by this section shall be in addition to and not in derogation of any exemption or other relief or abatement under the Income Tax Acts, except that where an individual is entitled to relief from income tax under section eight of the Finance Act, 1898, or, in respect of the payment of premiums, under section fifty-four of the Income Tax Act, 1853 (as extended by any subsequent enactment), relief shall be given under this section only in respect of such earned income (if any) as remains after deducting therefrom the amount on which he is relieved of income tax under the said sections eight and fifty-four.
- (3) Where relief is given under section eight of the Finance Act, 1898, or section fifty-four of the Income Tax Act, 1853, by way of repayment of the tax after relief has been given under this section, the amount repaid shall be adjusted so that the total amount of the relief given under this section and under the said sections eight and fifty-four does not exceed the amount which would have been given if the whole relief had been claimed simultaneously.
- (4) An individual who desires relief under this section must, in cases where he is required to make a return for the purpose of the assessment of income tax, claim that relief at the time the return is made and must, in any case, claim that relief before the thirtieth day of September in the year for which the tax is charged. For the purpose of making a claim for relief under this section with respect to income tax charged under this Act for the current year, any individual may, before the thirtieth day of September nineteen hundred and seven, substitute a fresh return for any return previously made by him.
- (5) An individual shall not be entitled to relief under this section in respect of any income the tax on which he is entitled to charge against any other person, or to deduct, retain, or satisfy out of any payment which he is liable to make to any other person.
- (6) Subject to the provisions of this section, all the provisions of the Income Tax Acts which relate to claims for exemption, relief, or abatement, or the proof to be given with respect to those claims, shall apply to claims for relief under this section and the proof to be given with respect to those claims.
- (7) For the purposes of this section the expression " income " means income as estimated according to the several rules and directions of the Income Tax Acts ; and the expression "earned income" means—
 - (a) any, income arising in respect of any remuneration from any office or employment of profit held by the individual, or in respect of any pension, superannuation, or other allowance, deferred pay, or compensation for loss of office given in respect of the past services of the individual or of the husband or parent of the individual in any office or employment of profit, whether the individual or husband or parent of the individual shall have contributed, to such pension, superannuation allowance, or deferred pay or not; and
 - (b) any income from any property which is attached to or forms part of the emoluments of any office or employment of profit held by the individual; and
 - (c) any income which, is charged under Schedules B or D in the Income Tax Act, 1853, or the rules prescribed by Schedule D in the Income Tax Act, 1842, and is immediately derived by the individual from the carrying on or exercise by him of his profession, trade, or vocation either as an individual, or, in the case of a partnership, as a partner personally acting therein.

In cases where a wife's profits are deemed to be profits of the husband, any reference in this provision to the individual includes either the husband or the wife.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (8) Section thirty-four of the Finance Act, 1894, shall cease to have effect so far as it gives relief or abatement to persons who are entitled to relief under section eight of the Finance Act, 1898.

20 Special provisions applicable to partners

Where an individual carrying-on or exercising any profession, trade or vocation in partnership with any other person makes any claim for exemption, relief, or abatement under the Income Tax Acts, the income of the individual from the partnership, for the year to which the claim relates may be treated separately for the purpose of any such exemption, relief, or abatement, and if so treated shall be deemed to be the share to which he is entitled during the said year in the partnership profits, such profits being estimated according to the several rules and directions of those Acts.

21 Particulars to be given by employers

- (1) Every employer, when required to do so by notice from an assessor, shall, within the time limited by the notice, prepare and deliver to the assessor a return of the names and places of residence of any persons employed by him, to whom this provision applies, and of the payments made to those persons in respect of that employment, and section fifty-five of the Income Tax Act, 1842, shall apply with respect to any such return as it applies with respect to the lists, declarations, or statements mentioned in that section.

This provision applies to all persons employed by an employer, except persons who are not employed in any other employment, and whose remuneration in the employment for the year does not exceed the sum for the time being fixed as the limit for total exemption from income tax.

- (2) Where the employer is a body of persons, corporate or unincorporate (including a company), the secretary of the body, or other officer (by whatever name called) performing the duties of secretary, shall be deemed to be the employer for the purposes of this provision, and any director of a company, or person engaged in the management of a company, shall be deemed to be a person employed.

22 Liability to make returns

- (1) Every person upon whom notice is served in manner prescribed by section forty-eight of the Income Tax Act, 1842 (which relates to the delivery of notices by assessors), requiring him to make a return of any profits, gains, or income in respect of which he is chargeable with duty under Schedule D or Schedule E in the Income Tax Act, 1853, shall make a return in the form required by the notice, whether he is or is not chargeable with duty, and in default shall be liable to a penalty under section fifty-five of the Income Tax Act, 1842, accordingly :

Provided that a penalty inflicted in the case of a person proceeded against for not complying with this provision, who proves that he was not chargeable to duties, shall not exceed five pounds for any one offence.

- (2) The duties imposed on officers of any corporation, company, fraternity, fellowship, or society by sections forty and fifty-four of the Income Tax Act, 1842, and by section eighteen of the Customs and Inland Revenue Act, 1879, shall, in the case of any company, be performed by the secretary of the company or other officer (by whatever name called) performing the duties of secretary.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

23 Extension of time for certain proceedings

- (1) Notwithstanding, anything in. an Acte concerninge Informers, being chapter five of the Acts of the thirty-first year of the reign of Queen Elizabeth, or in subsection (4) of section twenty-one of the Taxes Management Act, 1880, or in subsection (2) of section twenty-two of the Inland Revenue Regulation Act, 1890, or in any other enactment, proceedings for the recovery of any fine or penalty incurred under, the Income Tax Acts may be commenced within three years next after the fine or penalty is incurred.
- (2) The time during which an assessment may be amended or. an additional first assessment made under section fifty-two of the Taxes Management Act, 1880 (which relates to the amendment of assessments), or during which an assessment may be made on the estate, of a deceased person under section twenty-four of the Customs and Inland Revenue Act, 1890 (which relates to the power to make such assessments), shall be any time within the year of assessment or within three years after the expiration, thereof, and the, time during which in. cases of omission to charge any person a charge may be made and allowed or signed under section sixty-three of the Taxes Management Act, 1880 (which relates to the powers of surveyors to make such charges), shall be a period of three years after the expiration of the year for which the person ought to have been charged.
- (3) Nothing in this section shall affect proceedings for the recovery of fines or penalties incurred before the commencement of this Act, or extend the time during which any assessment may be made or amended, or a charge may be made on any person in respect of income tax charged under any Act passed before the commencement of this Act.

24 Provisions with respect to computing profits by average of three years

- (1) Section one hundred and thirty-three of the Income Tax Act, 1842, and section six of the Revenue Act, 1865 (which provide for the reduction of assessments or the repayment of duty in certain cases where the profits of the year of assessment fall short of the sum on which the assessment has been made), shall cease to have effect as respects income tax charged for the year beginning the sixth day of April nineteen hundred and seven, or for any subsequent year.
- (2) Where a person charged or chargeable with income tax in respect of any profession, trade, or vocation which has been set up or commenced within the period of three years upon the average of which the profits or gains are to be taken under the Income Tax Acts, or within the year of assessment, proves at the end of the year of assessment to the satisfaction of the commissioners by whom the assessment has been or can be made that the actual profits or gains arising from the profession, trade, or vocation in the year of assessment fall short of the profits or gains as computed in accordance with those Acts, he shall, be entitled to be charged on the actual amount of the profits or gains so arising instead of on the amount of the profits or gains so computed, and, if he has paid the full amount of the tax on the profits or gains so computed, be entitled to repayment of the amount overpaid.
- (3) Where a profession, trade, or vocation is discontinued in any year, any person charged or chargeable with income tax in respect of that profession, trade, or vocation, shall be entitled to be charged on the actual amount of the profits or gains arising from the profession, trade, or vocation in that year, and shall also, if he proves to the satisfaction of the Commissioners, by whom the assessment has been or could have been made, that the total amount of the income tax paid during the three previous years in respect

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

of that profession, trade, or vocation, exceeds the total amount which would have been paid if he had been assessed in each of those years on the actual amount of the profits or gains arising in respect of the profession, trade, or vocation, be entitled to repayment of the excess.

25 Payment of tax on patent royalties by deduction

- (1) In estimating, under any schedule of the Income Tax Acts, the amount of the profits and gains arising from any trade, manufacture, adventure, concern, profession, or vocation, no deduction shall be made on account of any royalty, or other sum, paid in respect of the user of a patent, but the person paying the royalty or sum shall be authorised, on making the payment, to deduct and retain thereout the amount of the rate of income tax chargeable during the period through which the royalty or sum was accruing due.
- (2) Subsection (3) of section twenty-four of the Customs and Inland Revenue Act, 1888, shall apply to any such royalties or sums as it applies to interest of money or annuities charged with income tax under Schedule D. in the Income Tax Act, 1853.

26 Provisions with respect to deductions for wear and tear of machinery or plant

- (1) For the purpose of enabling deductions for wear and tear to be allowed by the additional Commissioners, "claims in, respect of those deductions shall be included in the annual statement required to be delivered under the Income Tax Acts of the profits or gains of the concern for the purpose of which the machinery or plant is used, and the additional Commissioners in assessing those profits and gains shall make such allowances in respect of those claims as they think just and reasonable.
- (2) No deduction for wear and tear or repayment on account of any such deduction shall be allowed in any year if the deduction when added to the deductions allowed on that account in any previous years to the person by whom the concern is carried on will make the aggregate amount of the deductions exceed the actual cost to that person of the machinery or plant, including in that actual cost any expenditure in the nature of capital expenditure on the machinery or plant by way of renewal, improvement, or reinstatement.
- (3) Where as respects any trade, manufacture, adventure, or concern full effect cannot be given to the deduction for wear and tear in any year owing to there being no profits or gains chargeable with income tax in that year, or owing to the profits or gains so chargeable being less than the deduction, the deduction or part of the deduction to which effect has not been given, as the case may be, shall, for the purpose of making the assessment for the following year, be added to the amount of the deduction for wear and tear for that year and deemed to be part of that deduction, or if there is no such deduction for that year, be deemed to be the deduction for that year, and so on for succeeding years.
- (4) In this section the expression " deduction for wear and tear " means the deduction allowed, or which would be allowed, under section twelve of the Customs and Inland Revenue Act, 1878, as representing the diminished value, by reason of wear and tear during the year, of machinery or plant used for the purposes of any trade, manufacture, adventure, or concern.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

27 Power of Commissioners for special purposes to allow relief under s.23 of 53 & 54 Vict. c.8

Any application for relief under section twenty-three of the Customs and Inland Revenue Act, 1890, may be made either to the Commissioners for the general purposes of the Acts relating to income tax as provided in that section or to the Commissioners for the special purposes of those Acts, and the last-named Commissioners shall have the same power under that section as the first-named Commissioners have.

28 Deductions by clergymen or ministers of religion in respect of dwelling-houses in certain cases

Where a clergyman or minister of any religious denomination pays rent for a dwelling-house, and uses any part thereof mainly and substantially for the purposes of his duty or function as such clergyman or minister, such part of the rent of the dwelling-house, not exceeding one-eighth, as the Commissioners by whom any assessment for income tax is made may allow, shall be treated for the purposes of section fifty-two of the Income Tax Act, 1853, as expenses to which the provisions of that section as to deduction and repayment apply.