



Finance Act 1954

1954 CHAPTER 44

PART I

CUSTOMS AND EXCISE

1 Reduction of entertainments duty

- (1) The three scales of entertainments duty provided for by section two of the Finance Act, 1952, shall be those set out in the First Schedule to this Act, the first, or lowest, scale in Part I of that Schedule, the second in Part II, and the third, or highest, in Part III.
- (2) This section shall apply, and shall be deemed to have applied, to payments for admission (whenever made) to entertainments held on or after the thirtieth day of May, nineteen hundred and fifty-four; and where entertainments duty has been charged on any payment made before that day and by virtue of this section a less amount of duty should have been charged than the amount which was in fact charged, the person by whom the duty was paid shall be entitled to repayment of the overcharge.

2 Extension of certain exemptions to entertainments provided by local authorities or their committees

- (1) The expressions "society, institution or committee" and "society" in the enactments conferring the following exemptions from entertainments duty, that is to say—
 - (a) the exemption for performances provided by a body whose aims, objects and activities are partly educational,
 - (b) the exemption for certain amateur performances,
 - (c) the exemption for certain amateur sports,
 - (d) the exemptions for exhibitions,
 - (e) the exemption for entertainments provided for partly scientific purposes,shall, for the purposes of those exemptions, include a local authority and any committee or sub-committee of a local authority.

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- (2) On a claim made by a local authority (but not by a committee or sub-committee) in respect of the exemption for performances provided by a body whose aims, objects and activities are partly educational, or of the exemption for certain amateur performances, the Commissioners shall have regard to the entertainments provided by the local authority, being entertainments which are, or apart from either of those exemptions would be, chargeable on the first scale of duty, and shall treat the local authority as not established or conducted for profit if they are satisfied that those entertainments are not provided for profit; and in considering for the purposes of the first of those two exemptions whether the local authority's aims, objects and activities are partly educational, the Commissioners shall have regard to those entertainments, and not to any other activities of the local authority.
- (3) On a claim made as aforesaid in respect of the exemption for certain amateur sports, the Commissioners shall have regard to the entertainments provided by the local authority, being entertainments consisting of games, races or other sports which are, or apart from that exemption would be, chargeable on the second scale of duty, and shall treat the local authority as established and conducted for the promotion and furtherance of amateur games or sports, and as not established or conducted for profit, if they are satisfied that the local authority provides the entertainments to which they are to have regard under this subsection for the promotion and furtherance of amateur games and sports, and not for profit.
- (4) On a claim made as aforesaid in respect of any of the exemptions for exhibitions or the exemption for entertainments provided for partly scientific purposes, the Commissioners shall have regard to the entertainments provided by the local authority of a kind to which the exemption relates, and shall treat the local authority as not established or conducted for profit if they are satisfied that those entertainments are not provided for profit.
- (5) The provisions of this section shall not restrict the cases in which a reduced rate of duty is chargeable under section fifteen of the Finance Act, 1950 (which relates to entertainments consisting partly of a cinematograph film and partly of some entertainment which by itself would be chargeable on the first scale of duty).
- (6) This section shall apply, and shall be deemed to have applied, to payments for admission (whenever made) to any entertainment held on or after the first day of July, nineteen hundred and fifty-four, and to any previous entertainment as respects which a claim for exemption made before that date had not then been disposed of by the Commissioners.
- (7) In this section—
 - (a) " the exemption for performances provided by a body whose aims, objects and activities are partly educational" means the exemption conferred by section eight of the Finance Act, 1946, in respect of entertainments consisting of one or more of the items mentioned in paragraphs (a), (b), (c), (e), (f) or (i) of subsection (1) of that section;
 - (b) " the exemption for certain amateur performances" means the exemption conferred by section ten of the Finance Act, 1949;
 - (c) " the exemption for certain amateur sports " means the exemption conferred by section seven of the Finance Act, 1953;
 - (d) " the exemptions for exhibitions " means the exemptions conferred by section eight of the Finance Act, 1946, in respect of entertainments consisting of one or more of the items mentioned in paragraphs (g) or (h) of subsection (1) of

that section and the exemption conferred by section eleven of the Finance Act, 1923;

- (e) " the exemption for entertainments provided for partly scientific purposes " means the exemption conferred by subsection (5) of section one of the Finance (New Duties) Act, 1916, in respect of entertainments provided for partly scientific purposes.

3 Chicory (customs duties and drawbacks)

- (1) The enactments relating to the duties of customs and drawbacks on chicory and mixtures of coffee and chicory shall be amended as follows.
- (2) In subsection (1) of section three of the Finance Act, 1924 (which relates to the full rates of duty), rates of 19s. 0d. per cwt. and 3d. per lb. shall be substituted for the rates of 13s. 3d. per cwt. and 2d. per lb. respectively applicable to chicory (raw or kiln-dried) and chicory (roasted or ground).
- (3) Section eight of the Finance Act, 1919 (which relates to imperial preference), shall have effect as if the reduced rates specified in the Second Schedule to that Act were, in the case of chicory (raw or kiln-dried), 16s. 9 1/2 d. per cwt. and, in the case of chicory (roasted or ground), 2 2/3 d. per lb.
- (4) Mixtures of roasted coffee and roasted chicory shall be chargeable with duty at the like rates as roasted chicory.
- (5) In subsection (4) of section three of the Finance Act, 1924 (which relates to the drawbacks on roasted coffee, roasted chicory and mixtures of them),—
 - (a) for the rate of 11s. 0d. per 100 lbs. applicable to chicory there shall be substituted a rate of 17s. 0d. per 100 lbs.; and
 - (b) for the rate of 11s. 0d. per 100 lbs. applicable to mixtures there shall be substituted a rate of 14s. 0d. per 100 lbs.;
 - (c) for the proviso there shall be substituted the following:—

“Provided that, in the case of the drawback on chicory, the rate thereof shall, if the duty paid on the chicory was the customs duty at the reduced rate payable under section eight of the Finance Act, 1919, be 15s. 0d. instead of 17s. 0d.”
- (6) This section shall have effect as from the seventh day of April, nineteen hundred and fifty-four.

4 Five-year extension of key industry duty

Part I of the Safeguarding of Industries Act, 1921, shall continue in force until the beginning of the nineteenth day of August, nineteen hundred and fifty-nine.

5 Relief from silk duties on temporary importations

- (1) Section twelve of the Finance Act, 1951 (which authorises the Commissioners in the interests of the export trade to grant relief from duties chargeable under Part I of the Import Duties Act, 1932, or under the Safeguarding of Industries Act, 1921, on certain temporarily imported goods), shall apply in relation to the silk and artificial silk duties as it applies in relation to those duties.

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- (2) In this section the expression " the silk and artificial silk duties " means any duty of customs chargeable under section four of the Finance Act, 1925, section five of the Finance Act, 1926, section five of the Finance Act, 1932, or section nine of the Finance Act, 1933.
- (3) This section shall have effect as respects goods of which entry under the customs Acts on importation is made after the commencement of this Act or which are delivered from bonded warehouse after that time.

6 Exemption of works of art from import duties

Section four of the Finance Act, 1937 (under which certain works of art may be exempted from import duties conditionally upon their certification as works of art), shall apply to works of art of any description and accordingly in that section, subsection (4) and in subsection (1) the words " to which this section applies", shall cease to have effect.

PART II

PURCHASE TAX

7 Charge of tax on cessation of registration

- (1) Subject to the provisions of this section, when a person ceases to be required to be registered, purchase tax shall become chargeable in respect of any chargeable goods then in his ownership in respect of which tax has not become chargeable on any appropriation or application by him, and which he acquired under a purchase of goods as stock for his business or as materials or which were imported for him as stock for his business or as materials or which have been manufactured by him, as if they had been delivered by him under a chargeable purchase from him while he was required to be registered.
- (2) Payment of tax due by virtue of the foregoing subsection shall, subject to any conditions the Commissioners may impose for the purpose of protecting the revenue, be deferred for such period as the Commissioners may allow having regard to the said purpose and to the time when tax in respect of the goods might have been expected to become payable if the said person had continued to be required to be registered; and if he satisfies the Commissioners that any of the goods have been sold to a registered person as stock or as materials or exported by him within the period so allowed, or within any further period which they may allow, the tax chargeable under this section in respect of the goods so sold or exported shall be remitted or, if it has been paid, shall be repaid.
- (3) In this section—
 - (a) the references to a purchase of goods as stock or as materials shall be construed in accordance with subsection (1) of section twenty-four of the Finance (No. 2) Act, 1940;
 - (b) the reference to an importation of goods as stock or as materials shall be construed in accordance with subsection (2) of section ten of the Finance Act, 1944; and

- (c) the reference to manufacturing goods shall be construed as a reference to making goods or applying a process in the course of making goods.
- (4) While any tax for which any person is accountable by virtue of this section remains unpaid, any regulations for the time being in force under section thirty-three of the Finance (No. 2) Act, 1940 (under which the Commissioners may make provision for requiring registered persons to keep accounts and for applying to them any enactment relating to a duty of excise or customs), shall apply to him as if he were a registered person.
- (5) This section shall have effect as respects persons ceasing to be registered on or after the first day of May, nineteen hundred and fifty-four.

8 Registration of manufacturers making goods to be let out on hire

- (1) The reference to manufacturers whose business includes the selling of chargeable goods in subsection (1) of section twenty-three of the Finance (No. 2) Act, 1940 (under which such manufacturers are required to be registered), and any other reference in the enactments relating to purchase tax to such manufacturers shall include references to manufacturers whose business includes the letting out on hire of goods manufactured by them.
- (2) For the purposes of the proviso to subsection (1) of the said section twenty-three (which exempts from registration persons whose annual gross takings from sales of chargeable goods do not exceed five hundred pounds) any appropriation by a manufacturer of goods manufactured by him to the purposes of any business of letting out chargeable goods on hire shall be deemed to be a sale at a price equal to the wholesale value of the goods.
- (3) In this section references to manufacturing goods shall be construed as references to making goods or applying a process in the course of making goods.

9 Power to impose conditions as to use of a certificate of registration

- (1) At the end of subsection (1) of section fourteen of the Finance Act, 1944 (which authorises the Commissioners to impose, as a condition of the holding of a certificate of registration, a requirement that security is given for payment of tax), there shall be added the words " or that he shall make representations as being the holder of a certificate of registration only in such circumstances or as respects such classes of goods as the Commissioners may from time to time direct, or both of those requirements ".
- (2) The power conferred by the foregoing subsection shall not be exercisable as respects a person who is a registered person at the date of the passing of this Act, but if before that date the Commissioners entered into any arrangement or agreement with him as to the cases in which he should make representations as being the holder of a certificate of registration, or imposed any requirement to the like effect under any practice established for the granting of certificates of registration, and the arrangement, agreement or requirement is in force at that date, subsection (1) of the said section fourteen shall apply as if that arrangement, agreement or requirement were a requirement imposed in exercise of the said power.
- (3) In subsections (1) and (2) of section fifteen of the Finance Act, 1944 (which affords relief from double charge of purchase tax in cases where a person does not hold a

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certificate of registration), the references to those cases shall include references to cases where a person refrains from making a representation to obtain goods without payment of tax in pursuance of a requirement imposed on him by or under this section.

10 Operations affecting tax classification to be treated as processes of manufacture

Section twenty-three of the Finance Act, 1948 (which provides that any treatment of goods affecting their get-up which results in the goods becoming chargeable goods or becoming goods in respect of which tax is chargeable at a higher rate shall be regarded as a process of manufacture), shall apply in relation to any treatment of goods which affects the goods themselves as it applies in relation to a treatment which affects the get-up of the goods.

11 Power to define the difference between processes of manufacture and repairs, maintenance or alterations

- (1) If it appears to the Treasury necessary for the protection of the revenue that for any class of goods the difference should be defined for the purposes of purchase tax between cases where the carrying out of an operation amounts to a process of manufacture and cases where it constitutes no more than the repair, maintenance or alteration of the goods to which it is applied, they may by order specify as respects any class of goods the cases in which specified kinds of operations are to be treated for those purposes as processes applied in the course of making goods.
- (2) Subsections (3) to (5) of section twenty-one of the Finance Act, 1948 (which contain supplementary provisions about orders under that section, including provision for their submission to the House of Commons), shall apply to orders under this section and any such order shall be treated as an order extending the incidence of tax for the purposes of subsection (5) of that section (which makes such an order subject to affirmative approval by resolution of the House of Commons).

12 Tax in respect of unfinished or incomplete goods

- (1) Purchase tax in respect of any goods of a prescribed class shall be chargeable on the wholesale value thereof finished and complete, and for the purpose of section twenty-one of the Finance (No. 2) Act, 1940 (which relates to the determination of wholesale value), any goods of a prescribed class in respect of which tax is chargeable shall be assumed to be in that state.
- (2) It shall be for the Commissioners to determine for any goods of a prescribed class, or for any type of goods of a prescribed class, what processes those goods, or goods of that type, must have undergone if they are to be regarded for the purposes of this section as finished, what parts and accessories are for those purposes to be deemed to belong to such goods when complete and what type of any part or accessory deemed to belong to such goods when complete, goods lacking that part or accessory are to be treated for those purposes as having.
- (3) In exercising their powers under this section the Commissioners shall wherever practicable have regard to any standard specification for the type of goods in question and to the common practice of users of such goods.
- (4) In this section the expression " prescribed class " means mechanically propelled vehicles and such other classes of goods as the Treasury may by order direct, and the power of making orders under this section shall include power to direct that for the

purposes of this section and any other enactment relating to purchase tax goods without a specified part or accessory shall fall within the same class as goods complete with that part or accessory, being a class which is a prescribed class or part of a prescribed class.

- (5) For the said purposes a vehicle designed to be mechanically propelled shall be deemed to be mechanically propelled, whether or not complete with an engine and other parts and accessories required for the purpose.
- (6) Subsections (3) to (6) of section twenty-one of the Finance Act, 1948 (which contain supplementary provisions about orders under that section, including power to vary and revoke and provision for their submission to the House of Commons), shall apply to orders under this section and any such order which has the effect of increasing the tax chargeable in respect of any goods shall be treated as an order increasing the rate of tax for the purposes of subsection (5) of that section (which makes such an order subject to affirmative approval by resolution of the House of Commons).
- (7) The provisions of subsection (5) of this section may be varied or revoked as if they were contained in an order under this section.
- (8) Section twenty-four of the Finance Act, 1948 (which relates to changes in the charge to tax in relation to pre-existing contracts), shall apply to any change made by or under this section in the amount of tax chargeable in respect of any goods as it applies to changes in the rate at which tax is chargeable in respect of any goods.

13 Valuation of goods

- (1) Section twenty-one of the Finance (No. 2) Act, 1940 (which relates to the determination of wholesale value), shall have effect subject to the following provisions of this section.
- (2) Where the goods to be valued are goods bought by a retail trader under a chargeable purchase (whether from a wholesale merchant or from the manufacturer of the goods), or imported in pursuance of a purchase by such a trader, then, unless it appears to the Commissioners—
 - (a) that by reason of the quantity of the goods comprised in the purchase, the price payable thereunder is lower than the price which would be paid by retail traders in general for goods of the like description; or
 - (b) that the retail trader, in carrying on his business in respect of such goods, performs any of the functions usually performed by wholesale merchants, or otherwise enjoys any purchasing advantage over retail traders in general; or
 - (c) that the seller mainly sells to persons whose purchases are substantially greater than those made by the majority of retail traders,

the wholesale value of the goods as determined under the said section twenty-one shall not exceed a sum equal to the price payable under the purchase, exclusive of purchase tax and properly adjusted so as to take account of any circumstances differentiating the purchase from a sale made in the circumstances specified in the Eighth Schedule to the said Act of 1940 and of any difference between the actual state of the goods and the state in which they are to be assumed to be for the purposes of valuation.

- (3) Where the goods to be valued are not goods bought or imported as mentioned in subsection (2) of this section or, being such goods, are excluded from the operation of that subsection under paragraph (a), (b) or (c) thereof, the Commissioners shall, in determining the price which the goods would fetch on a sale made as mentioned in

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subsection (1) of the said section twenty-one, have regard to the extent to which goods of the like description are sold to retail traders in general by manufacturers as well as by wholesale merchants.

- (4) Any estimate of the amount of purchase tax chargeable in any circumstances to be made by the Commissioners for the purposes of any enactment relating to the registration of wholesale merchants and manufacturers shall be made by reference to the said section twenty-one without the amendments effected by this section.
- (5) This section shall come into force on the first day of January, nineteen hundred and fifty-five.

PART III

INCOME TAX AND PROFITS TAX

14 Charge of income tax for 1954-55

Income tax for the year 1954-55 shall be charged at the standard rate of nine shillings in the pound and, in the case of an individual whose total income exceeds two thousand pounds, at such higher rates in respect of the excess over two thousand pounds as Parliament may hereafter determine.

15 Further provision for repayment of post-war credits

- (1) Where a man or woman who has died or become bankrupt would, but for that, be entitled on making the proper application under section twenty-six of the Finance Act, 1946 (which provides for the repayment of post-war credits to elderly persons), to payment of a post-war credit to which that section applies, then (subject to the provisions of this section) the person for the time being having the title to the credit shall be entitled to receive the payment.
- (2) Notwithstanding the proviso to subsection (4) of section seven of the Finance Act, 1941, an assignment of or charge on any such credit made by a deceased person's personal representatives acting in their capacity as such, and not made to a legatee or, where the deceased's estate is (or but for the credit would be) insolvent, to a creditor of the estate, and any agreement for such an assignment or charge, shall be void unless made before the commencement of this Act; and a person shall not be entitled to payment of a credit by virtue of this section if his title to the credit depends on such an assignment or charge made before that commencement but after the sixth day of April, nineteen hundred and fifty-four:

Provided that for the purposes of this subsection an assignment or charge made to give effect to an agreement enforceable against the persons making the assignment or charge shall be treated as made at the time of the agreement.

- (3) A person shall not be entitled to payment of a credit by virtue of this section unless he makes a written application to the Commissioners of Inland Revenue in such form as they may require and they are satisfied of his right, at the time of the application, to payment (subject only to subsection (6) of this section); and the Commissioners may require such evidence as they think fit in support of applications under this section.

- (4) Subsections (6) to (8) of section twenty-six of the Finance Act, 1946 (which make supplementary provision for the purposes of that section), shall apply for the purposes of this section as they apply for the purposes of that section.
- (5) In this section—
 - (a) any reference to the person having title to a credit is a reference to the person who, on the date being fixed by the Treasury under subsection (1) of section seven of the Finance Act, 1941, would be entitled to have it credited to him; and
 - (b) " legatee " means, in relation to a deceased person, a person taking any property or interest in property, whether beneficially or not, under a will or other testamentary disposition of the deceased person or on his intestacy.
- (6) No payments shall be made by virtue of this section before the ninth day of August, nineteen hundred and fifty-four; but anything done before the commencement of this Act, and after the fourth day of July, nineteen hundred and fifty-four, with a view to obtaining or making payment on or as soon as may be after the said ninth day of August shall be and be deemed to have been of the same effect as if this section had been in force at the time.

16 New provision for " investment allowances."

- (1) In the cases provided for by this section, an allowance (in this Act referred to as an " investment allowance ") shall be made in respect of capital expenditure on new assets incurred after the sixth day of April, nineteen hundred and fifty-four.
- (2) An investment allowance equal to one-tenth of the expenditure shall be made instead of an initial allowance under Chapter I of Part X of the Income Tax Act, 1952, in respect of expenditure on the construction of a building or structure which is to be an industrial building or structure, and any provision of the Income Tax Acts applicable to initial allowances under that Chapter shall apply instead to investment allowances under this subsection, except that—
 - (a) the amount of an investment allowance shall not be written off under subsection (2) of section two hundred and sixty-eight of the Income Tax Act, 1952, in ascertaining the residue of the expenditure, nor taken into account under subsection (6) of section two hundred and sixty-seven of that Act in ascertaining the maximum amount on which a balancing charge may be made; and
 - (b) the right to an investment allowance shall not be excluded by section two hundred and seventy-seven of that Act (which relates to cases where mills, factories etc. allowances continue to be allowable); and
 - (c) paragraph (b) of subsection (1) of section two hundred and seventy-eight of that Act (by virtue of which the expenditure treated as incurred on a building or structure does not include expenditure on preparing, cutting, tunnelling or levelling land) shall not apply, but any investment allowance shall be disregarded for the purposes of subsection (3) of that section.
- (3) An investment allowance equal to one-fifth of the expenditure shall be made instead of an initial allowance under Chapter II of the said Part X in respect of expenditure on the provision of new machinery or plant, and any provision of the Income Tax Acts applicable to initial allowances under that Chapter, so far as it is applicable in

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relation to allowances for new assets, shall apply also to investment allowances under this subsection, except that—

- (a) references to initial allowances in sections two hundred and eighty-one to two hundred and ninety-seven of and in the Fourteenth Schedule to the Income Tax Act, 1952 (under which an initial allowance affects the right or liability to or amount of other allowances and charges), shall not apply; and
- (b) in the case of expenditure on the provision of a ship, the proviso to subsection (5) of section two hundred and seventy-nine of the said Act (which contains transitional provisions in connection with the suspension of initial allowances by the Finance Act, 1951) shall not affect the amount of any investment allowance, but where an initial allowance equal to two-fifths of the expenditure falls to be made by virtue of that proviso, either an investment allowance or an initial allowance shall be made at the option of the person entitled; and
- (c) where the expenditure on new machinery or plant is allowed to be deducted in computing profits or gains for the purposes of income tax, it shall nevertheless be treated as capital expenditure for the purposes of this subsection, if it would be so treated for the purposes of the said Chapter II but for the deduction:

Provided that no investment allowance shall be made under this subsection in respect of expenditure incurred on the provision of road vehicles unless they are of a type not commonly used as private vehicles and unsuitable to be so used or are provided wholly or mainly for hire to or for the carriage of members of the public in the ordinary course of a trade.

- (4) An investment allowance shall be made instead of an initial allowance under Chapter III of the said Part X in respect of expenditure to which that Chapter applies on the construction of works, and any provision of the Income Tax Acts applicable to initial allowances under that Chapter shall apply also to investment allowances under this subsection, except that—
 - (a) the amount of an investment allowance shall be one-fifth of the expenditure in respect of which it is made; and
 - (b) investment allowances shall not be taken into account under sections three hundred and seven and three hundred and eight of the Income Tax Act, 1952, in ascertaining the residue of the expenditure:

Provided that an initial allowance may be made, at the option of the person entitled, and not an investment allowance.

- (5) An investment allowance equal to one-tenth of the expenditure shall be made in respect of expenditure on buildings or works in the case of which an allowance may be made under section three hundred and fourteen of the Income Tax Act, 1952 (which relates to farm and forestry buildings, and works), and any provision of the Income Tax Acts applicable to allowances under that section shall apply also to investment allowances under this subsection, except that—
 - (a) so much of subsection (1) of that section as excludes any expenditure by reference to section one hundred and one of the said Act shall not apply; and
 - (b) an investment allowance in respect of any expenditure shall be made only for the first year of assessment for which the allowance under section three hundred and fourteen falls to be made (or would fall to be made but for that exclusion).

- (6) An investment allowance equal to one-fifth of the expenditure shall be made in respect of scientific research expenditure on the construction of buildings or works or the provision of new machinery or plant, being expenditure in respect of which an allowance falls to be made under section three hundred and thirty-six of the Income Tax Act, 1952, and any provision of the Income Tax Acts applicable to allowances under that section, so far as it is applicable in relation to allowances for new assets, shall apply also to investment allowances under this subsection, except that—
 - (a) an investment allowance in respect of any expenditure shall be made only for the first year of assessment for which the allowance under section three hundred and thirty-six falls to be made; and
 - (b) an investment allowance shall not be taken into account for any purpose under section three hundred and thirty-seven of that Act (which relates to the making of an additional allowance or of a charge on the termination of user etc. of assets provided for scientific research purposes) nor shall references to a scientific research allowance in Chapters I and II of Part X of that Act apply.
- (7) A claim for an investment allowance shall have annexed to it a certificate stating that the expenditure was incurred on new assets and giving such particulars of the purposes for which they are to be used as show that an investment allowance falls to be made; and the certificate shall be signed by the claimant and shall be deemed to form part of the claim.
- (8) The Second Schedule to this Act shall have effect to provide for the withholding or withdrawal of investment allowances or the withholding of initial allowances in certain cases, and matters incidental thereto, and to amend sections two hundred and ninety-two and two hundred and ninety-six of the Income Tax Act, 1952, in connection with cases where no initial allowance is made in respect of machinery or plant, whether or not by virtue of this section.
- (9) Subject to that Schedule, where it is provided by this section that an investment allowance shall be made instead of an initial allowance, no initial allowance shall be made notwithstanding that an investment allowance is for any reason not made, except where the person entitled has and exercises an option in favour of an initial allowance.
- (10) In this section, "new" in relation to machinery and plant means unused and not secondhand.
- (11) Notwithstanding anything in the foregoing provisions of this section, expenditure to which it does not otherwise apply shall not be treated for the purposes of it as incurred after the sixth day of April, nineteen hundred and fifty-four, by virtue of any of the following provisions of the Income Tax Act, 1952, that is to say, subsection (6) of section two hundred and sixty-five, subsection (2) of section two hundred and seventy-seven (as it operates on subsection (4) of section two hundred and sixty-five), subsection (2) of section two hundred and seventy-nine and subsection (1) of section three hundred and nine (which relate partly to cases where expenditure is incurred by a person for the purposes of a trade before he begins carrying it on, and partly to cases where mills, factories etc. allowances cease to be allowable).
- (12) Where this section provides for an investment allowance to be made for the purposes of income tax in respect of any expenditure to a person carrying on a trade or business in respect of which he is chargeable to the profits tax, the amount of the allowance shall be deducted in computing the profits of the trade or business for the purposes of the profits tax for the accounting period in which the expenditure is incurred; and paragraph 1 of the Second Schedule to this Act shall apply to the withdrawal of an

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allowance for the purposes of the profits tax as it applies to its withdrawal for the purposes of income tax.

17 Company reconstructions etc. without change of ownership

- (1) A trade carried on by a company, whether alone or in partnership, shall not be treated for any of the purposes of the Income Tax Acts as permanently discontinued, nor a new trade as set up and commenced, by reason of a change in the year 1954-55 or any subsequent year of assessment in the persons engaged in carrying on the trade, if the company is the person or one of the persons so engaged immediately before the change and on or at any time within two years after the change the trade or an interest amounting to not less than a three-fourths share in it belongs to the same persons as the trade or such an interest belonged to at some time within a year before the change.
- (2) The conditions for the foregoing subsection to apply to a change may be satisfied notwithstanding that some other change, prior or subsequent to the first-mentioned change, intervenes between the times taken for the comparison under that subsection, and if they are (or continue to be) satisfied by reference to a time after some subsequent change (but still within two years after the first-mentioned change) the trade shall not be treated for any of the purposes of the Income Tax Acts as permanently discontinued, nor a new trade as set up and commenced, by reason of that subsequent change.
- (3) If a trade is permanently discontinued, but on the discontinuance the activities of the trade or part of them are carried on by some person as his trade or as part of his trade,—
 - (a) the foregoing subsections shall apply in relation to any change in the persons engaged in carrying on the first-mentioned trade as if the two trades were the same trade, and
 - (b) the two trades shall be treated for all the purposes of the Income Tax Acts as if they were the same trade and as if, instead of the discontinuance, there had been a change in the persons engaged in carrying on that trade, where the effect of so treating them is that either of the foregoing subsections applies to prevent the change being treated as a discontinuance:

Provided that where the activities so carried on are part only of the activities of either of the trades in question they shall so far as necessary be treated for the purposes of this subsection as a separate trade from the other activities of that trade, and for that purpose there shall be made such apportionments as may be just of any profits or gains, losses, allowances or charges.

- (4) For the purposes of this section—
 - (a) a trade carried on by two or more persons shall be treated as belonging to them in the shares in which they are entitled to the profits of the trade;
 - (b) a trade or interest therein belonging to any person as trustee (otherwise than for charitable or public purposes) shall be treated as belonging to the persons for the time being entitled to the income under the trust;
 - (c) a trade or interest therein belonging to a company shall, where the result of so doing is that the conditions for subsection (1) or subsection (2) of this section to apply to a change are satisfied, be treated in any of the ways permitted by the next following subsection.
- (5) For the purposes of this section, a trade or interest therein which belongs to a company engaged in carrying it on may be regarded—

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- (a) as belonging to the persons owning the ordinary share capital of the company and as belonging to them in proportion to the amount of their holdings of that capital, or
 - (b) in the case of a company which is a subsidiary company, as belonging to a company which is its parent company, or as belonging to the persons owning the ordinary share capital of that parent company, and as belonging to them in proportion to the amount of their holdings of that capital,
- and any ordinary share capital owned by a company may, if any person or body of persons has the power to secure by means of the holding of shares or the possession of voting power in or in relation to any company, or by virtue of any power conferred by the articles of association or other document regulating any company, that the affairs of the company owning the share capital are conducted in accordance with his or their wishes, be regarded as owned by the person or body of persons having that power.
- (6) For the purposes of the last foregoing subsection—
 - (a) references to ownership shall be construed as references to beneficial ownership, and the expression "ordinary share capital" in relation to a company means all the issued share capital (by whatever name called) of the company, other than capital the holders whereof have a right to a dividend at a fixed rate or at a rate fluctuating in accordance with the standard rate of income tax, but have no other right to share in the profits of the company;
 - (b) a company shall be deemed to be a subsidiary of another company if and so long as not less than three-quarters of its ordinary share capital is owned by that other company, whether directly or through another company or other companies, or partly directly and partly through another company or other companies;
 - (c) the amount of ordinary share capital of one company owned by a second company through another company or other companies, or partly directly and partly through another company or other companies, shall be determined in accordance with the provisions of Part I of the Fourth Schedule to the Finance Act, 1938;
 - (d) where any company is a subsidiary of another company that other company shall be considered as its parent company unless both are subsidiaries of a third company.
 - (7) In determining, for the purposes of this section, whether or to what extent a trade belongs at different times to the same persons, persons who are relatives of one another and the persons from time to time entitled to the income under any trust shall respectively be treated as a single person, and for this purpose "relative" means husband, wife, ancestor, lineal descendant, brother or sister.
 - (8) For the purposes of this section "company" includes any body corporate.
 - (9) The Third Schedule to this Act shall have effect for the purpose of supplementing and giving effect to this section.

18 Right to carry back loss sustained in last year of business

- (1) Where a trade, profession or vocation is permanently discontinued, and any person then carrying it on, either solely or in partnership, has sustained therein a loss to which this section applies (hereinafter referred to as a "terminal loss"), then subject to the provisions of this section he may claim that the amount of the terminal loss shall, as far as may be, be deducted from or set off against the amount of profits or

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gains on which he has been charged to tax under Schedule D in respect of the trade, profession or vocation for the three years of assessment last preceding that in which the discontinuance occurs, and there shall be made all such reductions of assessments or repayments of tax as may be necessary to give effect to the claim:

Provided that relief shall not be given in respect of the same matter both under this section and under some other provision of the Income Tax Acts.

- (2) Any relief under this section shall be given as far as possible from the assessment for a later rather than for an earlier year.
- (3) Where a claim is made under this section in respect of a terminal loss sustained in a trade, and relief cannot be given, or cannot be wholly given, against the profits or gains of the trade charged to tax under Schedule D for any year because the amount of those profits or gains is insufficient, then any interest or dividends on investments arising in that year, being interest or dividends which would fall to be taken into account as trading receipts in computing the profits or gains of the trade for the purpose of assessment under Case I of Schedule D but for the fact that they have been subjected to tax under other provisions of the Income Tax Acts, shall be treated for the purposes of the application of this section as if they were profits or gains on which the person carrying on the trade was assessed under the said Case I in respect of that trade for that year of assessment, and relief shall be given accordingly by repayment or otherwise.
- (4) The profits or gains on which a person or partnership has been charged to tax for any year of assessment shall be treated, for the purposes of any relief under this section from the assessment for that year, as reduced by the amount of those profits or gains applied in making any payment, where tax was deducted from the payment and was not accounted for because the payment was made out of profits or gains brought into charge, and in the case of a body of persons by the amount of those profits or gains applied in payment of dividends; and where those profits or gains are so treated as reduced by an amount applied in making any payment other than a payment of dividends, then the like reduction shall be made in the amount of the terminal loss for which relief may be given under this section from the assessments for earlier years, unless the payment was one which, if not made out of profits or gains brought into charge, could have been assessed to tax under section one hundred and seventy of the Income Tax Act, 1952, and, if so assessed, could have been treated as a loss by virtue of section three hundred and forty-five of that Act.
- (5) The question whether a person has sustained any, and if so what, terminal loss in a trade, profession or vocation shall for the purposes of this section be determined by taking the amounts, if any, of the following (in so far as they have not been otherwise taken into account so as to reduce or relieve any charge to tax), that is to say—
 - (a) the loss sustained by him in the trade, profession or vocation in the year of assessment in which it is permanently discontinued;
 - (b) the relevant capital allowances for that year of assessment;
 - (c) the loss sustained by him in the trade, profession or vocation in the part of the preceding year of assessment beginning twelve months before the date of the discontinuance;
 - (d) the same fraction of the relevant capital allowances for that preceding year of assessment as the part beginning as aforesaid is of a year.
- (6) In the last foregoing subsection " the relevant capital allowances " means, in relation to any year of assessment, any allowances falling to be made in charging the profits or gains of the trade, profession or vocation for that year under Parts X and XI of the

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Income Tax Act, 1952, excluding amounts carried forward from an earlier year, and for the purposes of paragraphs (a) and (c) of that subsection the amount of a loss shall, subject to the provisions of this section, be computed in like manner as profits or gains under the provisions of the Income Tax Acts applicable to Cases I and II of Schedule D.

- (7) Where a person claiming relief under this section on a discontinuance has, since the beginning of the third year of assessment preceding that in which the discontinuance occurs, carried on the trade, profession or vocation in partnership,—
- (a) " the amount of profits or gains on which he has been charged to tax " shall be taken to mean, in respect of any year or part of a year for which the partnership was assessed in respect of the trade, profession or vocation, such portion of the amount of the profits or gains on which the partnership has been, or is treated by virtue of subsection (4) of this section as having been, charged to tax in respect of it for that year or part of a year as would be required by the Income Tax Acts to be included in a return of his total income for that year; and
 - (b) any reduction in the amount of his terminal loss which falls to be made under the said subsection (4) by reason of profits or gains having been applied by the partnership in any such year or part of a year in making any payment shall be limited to the same proportion of the profits or gains brought into charge which were so applied; and
 - (c) if he was carrying on the trade, profession or vocation in partnership immediately before the discontinuance, the amounts to be included in his terminal loss by virtue of paragraph (b) or (d) of subsection (5) of this section shall be such part only of the amounts therein mentioned (in so far as they have not been otherwise taken into account so as to reduce or relieve any charge to tax) as would fall to his share on a division made according to the shares in which the partners were then entitled to the profits of the trade, profession or vocation.
- (8) For all the purposes of this section a trade, profession or vocation shall be treated as permanently discontinued, and a new trade, profession or vocation as set up and commenced, when it is so treated for the purposes of section nineteen of the Finance Act, 1953; but—
- (a) a person who continues to be engaged in carrying it on immediately after such a discontinuance shall not be entitled to relief in respect of any terminal loss on that discontinuance; and
 - (b) on any discontinuance, a person not continuing to be so engaged may be given relief in respect of a terminal loss against profits or gains on which he was charged in respect of the same trade, profession or vocation for a period before a previous discontinuance, if he has been continuously engaged in carrying it on between the two discontinuances, and, in his case, if the previous discontinuance occurred within twelve months before the other.—
 - (i) it shall be disregarded for the purposes of paragraphs (a) and (c) of subsection (5) of this section, except that those paragraphs shall be taken to include any amount on which relief could have been allowed to him as for a loss sustained before the previous discontinuance by virtue of paragraph (c) of subsection (2) of the said section nineteen, so far as it is referable to a period within those twelve months; and
 - (ii) paragraph (d) of the said subsection (5) shall be taken to include the whole amount of the allowances in question, instead of the fraction there mentioned.

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- (9) A claim for relief under this section may require that, in so far as they have not been otherwise taken into account so as to reduce or relieve any charge to tax, allowances under Part X of the Income Tax Act, 1952, in respect of the trade, profession or vocation, being allowances which fall to be made to the claimant by way of discharge or repayment of tax and to be so made for the year of assessment in which the discontinuance occurs or the preceding year of assessment, shall be added to the terminal loss sustained by him (or, if he has not sustained a terminal loss computed in accordance with the foregoing subsections, shall be treated as a terminal loss so sustained), and the allowances to be taken into account for this purpose may include allowances arising before a previous discontinuance:

Provided that—

- (a) there shall be taken into account such fraction only of the allowances for the said preceding year of assessment as the part of that year beginning twelve months before the discontinuance giving rise to the claim is of a year; and
 - (b) the allowances for any year shall not be treated as including any amounts carried forward from an earlier year.
- (10) The Fourth Schedule to this Act shall have effect to adapt and apply to the purposes of this section the provisions of the Income Tax Acts referred to in the Schedule.
- (11) Where a person occupying woodlands has elected to be charged to tax in respect thereof under Schedule D, this section shall apply to a terminal loss sustained by him in the occupation thereof as it applies to a terminal loss sustained in a trade.
- (12) This section shall apply where a trade, profession or vocation is permanently discontinued in the year 1954-55 or any subsequent year of assessment, and where relief falls to be given for the year 1951-52 shall apply with the necessary adaptations of references to the Income Tax Act, 1952.

19 Carry forward of management expenses by life assurance and other companies

The Income Tax Act, 1952, shall have effect as if in section four hundred and twenty-five (which enables life assurance and other companies to claim repayment of tax on an amount equal to the sums disbursed by the company as expenses of management) there were inserted after subsection (1) the following subsection:—

- “(1A) If, in the case of the year 1954-55 or any subsequent year of assessment, effect cannot be given, or cannot be fully given, to the foregoing subsection because the company has not been charged to tax for that year by deduction or otherwise, or because the sums disbursed for that year exceed the amount on which the company has been charged to tax for the year, an amount equal to the sums so disbursed, less any amount on which the company has been so charged, may be carried forward and treated for the purposes of this section as if it had been disbursed for any subsequent year of assessment:

Provided that relief in respect of an amount so carried forward shall be given for the first year of assessment next following, in so far as relief can be so given in accordance with the provisions of this section in respect of that amount as well as in respect of other sums disbursed or treated as disbursed for that year, and so far as it cannot be so given, then for the next year of assessment, and so on.”

20 Capital allowances (right to set against general income)

- (1) Subject to the provisions of this section, any claim made under section three hundred and forty-one of the Income Tax Act, 1952, for relief in respect of a loss sustained by the claimant in any trade may require the amount of the loss to be determined as if an amount equal to the capital allowances falling to be made in charging the profits or gains of the trade for the relevant year of assessment, in so far as effect cannot be so given to those allowances because of an insufficiency of profits or gains, were to be deducted in computing the profits or gains or losses of the trade in that year, and a claim may be so made notwithstanding that apart from those allowances the claimant has not sustained a loss in the trade in that year:

Provided that in the case of a claim made by virtue of subsection (3) of section fifteen of the Finance Act, 1953 (which enables a loss to be carried forward for one year for the purposes of the said section three hundred and forty-one), the deduction shall be of an amount equal to the said capital allowances in so far as, by reason of an insufficiency of profits or gains, effect cannot be given to them in charging the profits or gains of the trade for the relevant year of assessment or for the following year.

- (2) Where on any claim made by virtue of this section relief is not given under the said section three hundred and forty-one for the full amount of the loss determined as aforesaid, the relief shall be referred as far as may be to the loss sustained by the claimant in the trade rather than to the capital allowances in respect of the trade.
- (3) For the purposes of this section, the capital allowances falling to be made in charging the profits or gains of the trade for the relevant year of assessment shall be treated as not including any part of the allowances for an earlier year, notwithstanding that it is carried forward to the relevant year under subsection (2) of section three hundred and twenty-three of the Income Tax Act, 1952; but effect shall be deemed to be given in charging the profits or gains of the trade to allowances carried forward from an earlier year before it is given to allowances arising in a later year.
- (4) Subject to the next following subsection, where for any year of assessment relief is given under the said section three hundred and forty-one by reference to any capital allowances, then for all purposes of the Income Tax Acts effect shall be deemed to have been given to those allowances up to the amount in respect of which relief is given, as if a deduction in respect thereof had been allowed in charging the profits or gains of the trade for that year, and any relief previously given for a subsequent year on the basis that effect had not been given to the allowances as aforesaid shall be adjusted, where necessary, by an additional assessment.
- (5) Where in any year of assessment a trade is permanently discontinued, or is treated for the purposes of section nineteen of the Finance Act, 1953, as permanently discontinued, and immediately before the discontinuance the trade was being carried on in partnership, then, notwithstanding the last foregoing subsection, for the purposes of any claim for relief made by virtue of paragraph (c) of subsection (2) of the said section nineteen or by virtue of section eighteen of this Act, and relating to that discontinuance, effect shall not be deemed to have been given either—
- (a) to any part of the capital allowances falling to be made in charging the profits or gains of the trade for that year by reason of relief given under the said section three hundred and forty-one by reference to those allowances; or
 - (b) to any part of the capital allowances falling to be made in charging the profits or gains of the trade for the preceding year by reason of relief so given by reference to them, in so far as that relief must be referred to the part of the

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allowances apportionable to the part of the year within twelve months of the discontinuance on an apportionment made by reference to the comparative lengths of the two parts of the year;

but, where the same partner claims relief both under the said section three hundred and forty-one and under one or other of the said sections nineteen and eighteen in respect of the same allowances, the total amount for which relief is to be given to him by reference thereto shall not exceed the greater of the amounts for which, apart from any deficiency of income, relief might have been given under either section separately, and the total amount for which relief is to be given to all the partners under those sections in respect of any allowances shall not in any event exceed the amount of the allowances to which effect has not been given apart from those sections.

- (6) Where a person claiming relief under the said section three hundred and forty-one has, since the end of the year for which the claim is made, carried on the trade in question in partnership, effect shall not be given to this section in relation to that claim, except with the written consent of, or of the personal representatives of, every other person who has been engaged in carrying on the trade between the end of that year and the making of the claim:

Provided that where the claim is for a loss sustained before an event treated as the permanent discontinuance of the trade, this subsection shall not require the consent of any person as having been so engaged since that discontinuance or as the personal representative of such a person.

- (7) In the foregoing subsections, " capital allowances " means allowances under Parts X and XI of the Income Tax Act, 1952, and " relevant year of assessment " means, in relation to any claim under the said section three hundred and forty-one, the year of assessment in which a loss is claimed to have been sustained.
- (8) An election under the proviso to subsection (1) of section three hundred and twenty-four of the Income Tax Act, 1952 (which enables an allowance under Part X of that Act of a kind given by way of discharge or repayment of tax and available primarily against a specified class of income to be set off against other income of the year in which the allowance arises), may be made for the year 1954-55 or any subsequent year of assessment with respect to an allowance for the last preceding year, so far as not previously allowed, as if the allowance were or formed part of the allowance for the year for which the election is made; and in applying that subsection as amended by this provision to any allowances, relief shall be deemed to be given in respect of an allowance carried forward from an earlier year before it is given in respect of an allowance arising in a later year.
- (9) This section applies, with any necessary adaptations in relation to a profession, employment or vocation and in relation to the occupation of woodlands where the profits or gains thereof are assessable under Schedule D, as it applies in relation to a trade.

21 Treatment of demolition costs for purposes of capital allowances etc.

- (1) Where a building or structure is demolished, and the demolition gives rise, or might give rise, to a balancing allowance or charge under Chapter I of Part X to or on the person incurring the cost of demolition for a year of assessment not earlier than the year 1954-55, the net cost to him of the demolition shall be added for the purposes of that Chapter to the residue immediately before the demolition of the expenditure incurred on the construction of the property.

- (2) Where machinery or plant is demolished, and the demolition either gives rise, or might give rise, to a balancing allowance or charge under Chapter II of Part X for any such year to or on the person incurring the cost of demolition, or (by virtue of paragraph 2 of the Sixth Schedule to the Finance Act, 1952) affects or might affect such an allowance or charge on the permanent discontinuance of a trade, the net cost to him of the demolition shall be added for the purposes of that Chapter to the amount of the capital expenditure incurred on the provision of that machinery or plant still unallowed as at the time of the demolition or of the discontinuance, as the case may be.
- (3) The net cost to a person of the demolition of an asset representing expenditure of his to which Chapter III of Part X applies (if the cost is incurred in his basis period for any such year of assessment) shall be added for the purposes of that Chapter to the residue immediately before the demolition of the expenditure represented by the asset.
- (4) Where subsection (3) of section three hundred and thirty-seven of the Income Tax Act, 1952, has effect on the demolition of an asset representing scientific research expenditure, the cost of the demolition to the person carrying on the trade shall for the purposes of subsection (2) of section three hundred and thirty-seven of that Act (as applied by the said subsection (3)) be added to the scientific research expenditure represented by the asset.
- (5) The cost or net cost to a person of the demolition of any property shall not, if any of the foregoing subsections applies to it, be treated for the purposes of Part X or XI as expenditure incurred in respect of any other property by which that property is replaced.
- (6) Notwithstanding the last foregoing subsection, the cost of demolishing any machinery or plant which is replaced by other machinery or plant shall be treated, for the purposes of subsection (2) of section two hundred and ninety-six of the Income Tax Act, 1952 (which relates to the allowances on the replacement of obsolete machinery or plant, but applies only to machinery or plant provided before the appointed day), both as an amount expended in replacing the machinery or plant and as part of the cost of the machinery or plant replaced.
- (7) In this section, any reference to Part X or to Part XI is a reference to that Part of the Income Tax Act, 1952, and any reference to the net cost of the demolition of any property is a reference to the excess, if any, of the cost of the demolition over any moneys received for the remains of the property.
- (8) This section, so far as it relates to any Chapter of Part X or to Part XI, shall be construed as if contained in that Chapter or in Part XI, as the case may be.

22 Provision for capital allowances in respect of certain land

- (1) In computing the profits and gains or losses for any period of a trade which consists of or includes the carrying on of a cemetery there shall be allowed as a deduction—
 - (a) any capital expenditure incurred by the person engaged in carrying on the trade in providing any land in the cemetery sold during that period for the purpose of interments; and
 - (b) the appropriate fraction of the residue at the end of that period of the capital expenditure defined in subsection (2) of this section.

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- (2) The capital expenditure mentioned in paragraph (b) of the foregoing subsection is capital expenditure incurred for the purposes of the trade in question by the person engaged in carrying it on, being—
- (a) expenditure on any building or structure other than a dwelling-house, being a building or structure in the cemetery likely to have little or no value when the cemetery is full; and
 - (b) expenditure incurred in providing land taken up by any such building or structure and any other land in the cemetery not suitable or adaptable for use for interments and likely to have little or no value when the cemetery is full:

Provided that it does not include expenditure incurred on buildings or structures which have been destroyed before the beginning of the first period to which subsection (1) of this section applies in the case of the trade, and only includes that fraction of other expenditure incurred before that time which is equal to the number of grave-spaces which at that time were or could have been made available in the cemetery for sale divided by that number plus the number already sold.

- (3) For the purposes of this section—
- (a) the residue of any expenditure at the end of a period is the amount incurred before that time which remains after deducting—
 - (i) any amount allowed in respect of that expenditure under paragraph (b) of subsection (1) of this section in computing the profits and gains or losses of the trade for any previous period, and
 - (ii) if after the beginning of the first period to which subsection (1) of this section applies in the case of the trade and before the end of the period mentioned at the beginning of this subsection any asset representing that expenditure is sold or destroyed, the net proceeds of sale, or, as the case may be, any insurance money or other compensation of any description received by the person carrying on the trade in respect of the destruction and any money received by him for the remains of the asset; and
 - (b) the appropriate fraction of the residue of any expenditure at the end of any period is that represented by the number of grave-spaces in the cemetery sold in the period divided by that number added to the number of grave-spaces which at the end of the period are or could be made available in the cemetery for sale.
- (4) Where in the year 1954-55 or any subsequent year of assessment there is a change in the persons engaged in carrying on a trade which consists of or includes the carrying on of a cemetery, any allowance to be made under this section to the persons carrying on the trade after the change shall, whether or not it is to be assumed for other purposes that the trade was discontinued and a new trade set up and commenced, be computed as if they had at all times been engaged in carrying on the trade, and as if everything done to or by any of their predecessors in carrying on the trade had been done to or by them, and without regard to the price paid on any sale on the occasion of any such change.
- (5) No expenditure shall be taken into account both under paragraph (a) and paragraph (b) of subsection (1) of this section, whether for the same or different periods.
- (6) This section shall apply in relation to a trade which consists of or includes the carrying on of a crematorium and in connection therewith the maintenance of memorial garden plots, as it applies in relation to a trade which consists of or includes the carrying on of a cemetery, but subject to the modifications that—

- (a) references to the cemetery or land in the cemetery shall be taken as references to the land which is devoted wholly to memorial garden plots; and
 - (b) references to grave-spaces shall be taken as references to memorial garden plots; and
 - (c) references to the sale or use of land for interments shall be taken as references to its sale or use for memorial garden plots.
- (7) In this section references to the sale of land include references to the sale of a right of interment in land and to the appropriation of part of a memorial garden in return for a dedication fee or similar payment, and references to capital expenditure incurred in providing land shall be taken as references to the cost of purchase and to any capital expenditure incurred in levelling or draining it or otherwise rendering it suitable for the purposes of a cemetery or memorial garden.
- (8) Section three hundred and thirty-two of the Income Tax Act, 1952 (which relates to expenditure which is reimbursed to a person carrying on a trade), shall apply for the purposes of this section as it applies for the purposes of Part X of that Act.

23 Capital allowances etc. (amendment as to certain sales)

As respects allowances and charges under Parts X and XI of the Income Tax Act, 1952, for the year 1954-55 and subsequent years of assessment, the following provisions shall have effect with respect to section three hundred and twenty-seven of and the Fourteenth Schedule to that Act (which make special provision as to the effect of sales between companies under common control and other cases):—

- (a) an election may not be made under paragraph 4 of the Schedule if—
 - (i) any of the parties to the sale is not resident in the United Kingdom at the time of sale; and
 - (ii) the circumstances are not at that time such that an allowance or charge under Part X or XI of that Act falls or might fall to be made to or on that party in consequence of the sale;but except for that the Schedule shall have effect in relation to a sale notwithstanding that it is not fully applicable by reason of the non-residence of a party to the sale or otherwise;
- (b) the operation of paragraphs 3 and 4 of the Schedule shall not be restricted to cases where the property is sold at a price other than that which it would have fetched if sold in the open market (and accordingly those paragraphs shall have effect as if in paragraph (b) of sub-paragraph (1) of paragraph 3 and in paragraph (a) of sub-paragraph (1) of paragraph 4 for the words " the reference " there were substituted the words " each of the references "):

Provided that paragraph (a) of this section shall not apply in the case of a sale made before the sixth day of April, nineteen hundred and fifty-four, where the property was sold at a price other than that which it would have fetched if sold in the open market.

24 Consular officers and employees

- (1) Where a consular officer or employee in the United Kingdom of any foreign state to which this section applies—
- (a) is not a citizen of the United Kingdom and colonies; and
 - (b) is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as such a consular officer or employee; and

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- (c) either is a permanent employee of that state or was not ordinarily resident in the United Kingdom immediately before he became a consular officer or employee in the United Kingdom of that state;

then any income of his falling within Case IV or V of Schedule D (which relate to income from overseas property) shall be exempt from income tax, and he shall be treated as not resident in the United Kingdom for the purposes of sections one hundred and twenty and one hundred and ninety of the Income Tax Act, 1952 (which exempt certain dividends etc. of non-residents).

- (2) Without prejudice to section four hundred and sixty-two of the Income Tax Act, 1952 (which exempts from tax the emoluments of foreign consular officers and certain foreign consular employees), the income arising from a person's employment in the United Kingdom as a consular employee of any foreign state to which this section applies shall be exempt from income tax, except in the case of a person who is not a national of that state but is a citizen of the United Kingdom and colonies.
- (3) For the purposes of this section, "consular employee " includes any person employed, for the purposes of the official business of a consular officer, at any consulate or consular establishment or at any other premises used for those purposes.
- (4) This section shall apply to any foreign state to which Her Majesty by Order in Council directs that it shall apply for the purpose of giving effect to any consular convention or other arrangement with that state making similar provision in the case of Her Majesty's consular officers or employees in that state:

Provided that any such Order in Council may limit the operation of this section in relation to any state in such manner as appears to Her Majesty to be necessary or expedient having regard to the arrangement with that state.

- (5) Any Order in Council under this section may be made so as to have effect from a date earlier than the making of the Order or the passing of this Act (but not earlier than the coming into force of the arrangement with regard to which it is made), may be varied or revoked by a subsequent Order in Council and may contain such transitional provisions as appear to Her Majesty to be necessary or expedient.
- (6) Any statutory instrument under this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

25 Salaries of employees of International Wheat Council

- (1) So long as the seat of the International Wheat Council established by the International Wheat Agreement signed at Washington on the twenty-third day of March, nineteen hundred and forty-nine, is in the United Kingdom, an employee of the said Council who is not a citizen of the United Kingdom and colonies shall enjoy exemption from income tax in respect of any emoluments received by him as an officer or servant of the said Council.
- (2) This section shall be deemed to have applied to emoluments for any period since the thirty-first day of July, nineteen hundred and fifty-three (that is to say the date on which the Government of the United Kingdom ceased to be a member of the said Council).
- (3) This section shall be without prejudice to the powers conferred by the International Organisations (Immunities and Privileges) Act, 1950 (which relates to organisations of which the Government of the United Kingdom is a member).

26 Form of Schedule A assessments etc.

In the Income Tax Act, 1952, there shall be omitted—

- (a) subsections (2) and (3) of section thirty-four (which relate to the form of assessments under Schedules A and B and to the abstracts of particulars contained in returns made for the purposes of Schedule A);
- (b) in subsection (2) of section sixty-seven (which relates to the arrangements for securing the collection of tax after assessments have been made) the words "the clerk to the Commissioners shall transmit the books of assessment to the surveyor and ", and the proviso.

27 Relief from first assessments on trades, etc., in Isles of Scilly

Where a person is charged to income tax in the Isles of Scilly for the year 1954-55 under Case I or II of Schedule D in respect of a trade, profession or vocation not carried on by him elsewhere in the United Kingdom, and on a claim made for the purposes of this section within twelve months from the end of that year it is proved that the actual profits or gains of the trade, profession or vocation for that year are less than those by reference to which tax falls to be charged in respect of it for that year, then—

- (a) that person shall be entitled to such relief from income tax, other than surtax, as will reduce the amount of income tax, other than surtax, payable to the amount which would have been payable if the tax had fallen to be charged by reference to the actual profits or gains for that year; and
- (b) if that person is an individual or a partnership of or including individuals, any individual concerned shall be entitled to such relief from the surtax, if any, payable by him for that year as will reduce the amount of surtax so payable to the amount which would have been payable if the tax had fallen to be charged as aforesaid.

PART IV

ESTATE DUTY

28 Reduced rate of duty on certain business assets

- (1) Where a business or an interest in a business passes on a death, any estate duty chargeable on the death in respect of industrial hereditaments used in and occupied for the purposes of the business or in respect of machinery or plant so used shall (except as hereinafter provided) be charged in accordance with a scale of rates of duty representing the usual scale for the time being in force with a reduction of forty-five per cent. in each of the rates.
- (2) Where any shares in or debentures of a company in respect of which estate duty is chargeable on a death fall to be valued by reference to the value of the company's assets in accordance with section fifty-five of the Finance Act, 1940,—
 - (a) the duty shall be charged in accordance with subsection (1) of this section on the relevant proportion of the net value of the shares or debentures; and
 - (b) if the company is engaged in husbandry or forestry, the duty shall be charged at the reduced rates for the time being in force for the purposes of section twenty-three of the Finance Act, 1925, on such proportion of that net value as is attributable to the agricultural value (within the meaning of the said

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section twenty-three) of agricultural property occupied by the company for the purposes of that husbandry or forestry or, where the occupation is partly for those and partly for other purposes, the part of that agricultural value which ought justly to be apportioned to the occupation for those purposes.

- (3) The reference in paragraph (a) of subsection (2) of this section to the relevant proportion of the net value of shares or debentures refers to such part of that value as is attributable to the value of any of the following, namely:—
- (a) industrial hereditaments used in and occupied for the purposes of the company's business and machinery and plant so used;
 - (b) shares in or debentures of a subsidiary of the company in so far as their value is attributable—
 - (i) to the value of industrial hereditaments used in and occupied for the purposes of the business of that or any other subsidiary of the company, or of machinery or plant so used; or
 - (ii) to the value of any interest a subsidiary of the company has as lessor in property let to the company by the subsidiary and consisting either of industrial hereditaments used in and occupied for the purposes of the company's business or of machinery or plant so used;
 - (c) any interest the company has as lessor in any property let by the company to a subsidiary of it and consisting either of industrial hereditaments used in and occupied for the purposes of that subsidiary's business or of machinery or plant so used.
- (4) Where subsection (2) of this section applies to shares in or debentures of a company passing on a death, any interest of the deceased as lessor in industrial hereditaments used in and occupied for the purposes of the company's business or in machinery or plant so used shall, if chargeable with duty on his death, be charged in accordance with subsection (1) of this section; but save as aforesaid the said subsection (1) shall apply only to the interest of the person carrying on the business in question.
- (5) In the case of a company's business treated as passing on a death by virtue of section forty-six of the Finance Act, 1940, duty shall be charged in accordance with subsection (1) of this section in respect of the company's assets in so far as they fall within paragraphs (b) and (c) of subsection (3) of this section (as well as assets falling within subsection (1)).
- (6) The relief from estate duty conferred by this section in respect of, or by reference to the value of, machinery or plant used in any business shall, in the case of machinery or plant not used exclusively in that business, be such part only of the relief conferred apart from this subsection as appears to the Commissioners of Inland Revenue to be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent of any other use (whether for business purposes or not).
- (7) Land or premises used in a business shall be treated for the purposes of this section as an industrial hereditament if it falls to be treated as an industrial hereditament (or industrial lands and heritages) for purposes of valuation for rating or, in the case of land or premises outside Great Britain, would fall to be so treated if situated in England:

Provided that, in the case of land or premises occupied and used partly for industrial purposes and partly for other purposes, the value shall be apportioned between those purposes and the land or premises shall be treated according to that apportionment as partly being and partly not being an industrial hereditament.

- (8) The value to be apportioned under the proviso to the last foregoing subsection is the net annual value for rating (or, in the case of land or premises outside Great Britain, a corresponding value), and subsection (2) of section four of the Rating and Valuation (Apportionment) Act, 1928, shall apply for the purposes of that proviso, but with the substitution for the reference to the net annual value not exceeding fifty pounds of a reference to the principal value not exceeding one thousand pounds and with the necessary adaptation in relation to land or premises outside Great Britain of other references to net annual value.
- (9) In this section, " business " does not include a business carried on in the exercise of a profession or vocation, or carried on otherwise than for gain.
- (10) Nothing in this section shall apply—
- (a) to a business for the sale of which a binding contract has been entered into, other than a sale to a company formed for the purpose of carrying it on made in consideration wholly or mainly of shares in that company; or
 - (b) to the business of a company with respect to which a winding-up order has been made, or which has passed a resolution for voluntary winding-up (unless only with a view to a reconstruction or amalgamation), or which is otherwise in process of liquidation (unless only with that view);
- nor to assets used in any such business, or shares in or debentures of any such company.

29 Amendments restricting Finance Act, 1940, s. 55, where deceased did not have voting control of company

- (1) In section fifty-five of the Finance Act, 1940 (under which shares in or debentures of a company are in certain cases to be valued for estate duty by reference to the value of the company's assets), the following provisions shall be omitted, that is to say—
- (a) in subsection (1), paragraphs (b) and (c), with the word " or " at the end of paragraph (a); and
 - (b) in subsection (3), paragraph (b), with the word " or " at the end of paragraph (a) and the words " or capacity ";
- but in the cases dealt with by subsections (2) to (4) of this section, the said section fifty-five shall apply as if the deceased had, within five years of his death, had control of the company otherwise than in a fiduciary capacity, but shall apply only to the valuation of shares in or debentures of the company as respects which the conditions of subsection (5) of this section are satisfied.
- (2) The said section fifty-five shall apply as aforesaid if, during a continuous period of two years falling wholly within the five years ending with his death, the deceased had powers equivalent to control of the company.
- (3) The said section fifty-five shall apply as aforesaid, if during any such period as aforesaid the dividends declared by the company and the interest accruing due on debentures of the company are, as to amounts forming in the aggregate more than one-half of the total amount of the dividends and interest, to be treated by virtue of any of the provisions of sections forty-seven and forty-eight of the Finance Act, 1940, as benefits accruing to the deceased from the company, or would have fallen to be so treated if the deceased had made a transfer of property to the company.

For this purpose the expression " debenture " shall have the same meaning as in subsection (4) of this section.

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- (4) The said section fifty-five shall apply as aforesaid, if at any time during the five years ending with the death of the deceased (not being a time when some other person had control or powers equivalent to control of the company) the deceased had a beneficial interest in possession in shares in or debentures of the company, or in both, of an aggregate nominal amount representing one-half or more of the aggregate nominal amount of the shares in and debentures of the company then outstanding; but for this purpose—
- (a) at any time when both the deceased and another person had such an interest in the same share or debenture, the deceased's interest in it shall be treated as extending only to the same fraction of it as that interest would have been deemed for purposes of estate duty to extend to if the share or debenture had passed on his death at that time; and
 - (b) the expression " debenture " shall not include an obligation of the company in respect of a debt incurred by it for money borrowed by way of temporary loan, if the loan was not one of a series of temporary loans by the same person and either was repaid within two years of being made or was made less than two years before the deceased's death.
- (5) The said section fifty-five shall apply by virtue of the foregoing subsections only to the valuation of shares in or debentures of the company as respects which one or other of the following conditions is satisfied:—
- (a) that immediately after the deceased's death a person having control or powers equivalent to control of the company, either alone or in conjunction with his relatives, has a beneficial interest in possession in the shares or debentures;
 - (b) that immediately before and after the death the shares or debentures are held by the trustees of some trust who then have control of the company by virtue of shares in or debentures of the company held by them as such trustees:

Provided that, in the case of shares or debentures falling to be valued on the death by virtue of a gift inter vivos made by the deceased, or by virtue of a disposition or determination (in relation to which section forty-three of the Finance Act, 1940, has effect) of an interest limited to cease on the death, the above conditions shall not apply, and the condition shall be that immediately after the death or at any previous time since the gift or since the disposition or determination, as the case may be, the donee or person becoming entitled by virtue of or upon the disposition or determination has or had control or powers equivalent to control of the company, either alone or in conjunction with his relatives.

- (6) Notwithstanding anything in this section, the reference in subsection (4) of section fifty-eight of the Finance Act, 1940, to a person having control of a company within the meaning of subsection (3) of section fifty-five of that Act shall continue to include a reference to a person having powers equivalent to control.

30 Other amendments of, or affecting Finance Act, 1940, s. 55

- (1) Where any shares or debentures falling to be valued in accordance with section fifty-five of the Finance Act, 1940, are sold within three years after the death by the persons accountable for the duty payable on the death or by the persons to whom they pass on the death, and the Commissioners of Inland Revenue are satisfied—
- (a) that no person concerned either as vendor or as having an interest in the proceeds of sale was a relative of any person concerned either as purchaser or as having an interest in the purchase; and

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- (b) that the sale was made at arm's length for a price freely negotiated at the time of sale; and
 - (c) that the price obtained for the shares or debentures on the sale, with any adjustment needed to take account of any difference in circumstances at the date of the sale and at the date of the death, was less than the value as ascertained under the said section fifty-five of the shares or debentures sold;then for the purposes of estate duty on the death that price, as so adjusted, shall be substituted for the value so ascertained as the value of the shares or debentures sold.
- (2) The said section fifty-five shall not apply to the valuation on a person's death of any shares or debentures comprised in a gift inter vivos made by the deceased, if it is shown to the satisfaction of the Commissioners of Inland Revenue—
 - (a) that the shares or debentures were given absolutely to a person who was or had been in the employment of the company, or to the widow or orphan of such a person, and the donee was not a relative of the deceased; and
 - (b) that bona fide possession of the shares or debentures was assumed by the donee immediately upon the gift and thenceforward retained to the entire exclusion of the deceased and of any benefit to him by contract or otherwise; and
 - (c) that the donee did not have control or powers equivalent to control of the company either alone or in conjunction with his relatives immediately after the death or at any previous time since the making of the gift.
- (3) For the purposes of subsection (1) of section fifty of the Finance Act, 1940 (by virtue of which an allowance for a company's liabilities is to be made in valuing its assets for the purposes of section forty-six or section fifty-five of that Act), any liability of the company arising, or which may arise, after the death for taxation on income or profits shall be taken into account as if it were an actual but contingent liability at the date of the death, in so far as the liability or its amount is referable to income or profits accruing before the death, whether then realised or not; and in their estimation of any such liability for taxation charged on income or profits arising after the death the Commissioners of Inland Revenue shall take into account the extent (if any) to which the last-mentioned income or profits are likely to be insufficient to meet the liability.
- (4) Where any shares or debentures which fall to be valued in accordance with the said section fifty-five have also fallen to be so valued on a previous death within five years, then for the purposes of section fifteen of the Finance Act, 1914 (which provides relief from estate duty on lands and businesses in respect of quick succession), those shares and debentures shall, in relation to those deaths, be treated in the same way as an interest in land or in a business not carried on by a company, if on both deaths their value is wholly or partly attributable to the value of land of the company or any subsidiary of it or to the value of assets used by the company or any subsidiary of it in a business not consisting mainly in the holding of or dealing in investments other than land:

Provided that the amount on which the reduction under the said section fifteen is to be calculated shall be limited (where necessary) to the duty on the part so attributable of the value, on which duty is payable, of the shares or debentures, and references to that part of the value shall, in the proviso to the said section fifteen, be substituted for the references to the whole value (whether in relation to the first or the second death).
- (5) Where a company alters its share capital by sub-dividing any shares into shares of smaller amount, or by consolidating and dividing any shares into shares of larger

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amount, subsections (1) and (4) of this section shall apply to shares derived by those means from shares of the same class which have fallen to be valued in accordance with the said section fifty-five on a death occurring before the alteration of share capital, as if those shares and the equivalent amount of the shares from which they were so derived were the same shares; and if a company has issued to holders of any shares other shares as fully paid bonus shares, those subsections shall apply both to the shares in respect of which the issue was made and to the shares so issued as if they were derived from the former by subdivision.

31 Interpretation of and provisions supplementary to ss. 28 to 30

- (1) For the purposes of this Part of this Act, except in so far as the context otherwise requires,—
- (a) " company " includes any body corporate, wheresoever incorporated;
 - (b) " debenture " has the meaning assigned to it by section fifty-nine of the Finance Act, 1940;
 - (c) " subsidiary " has the meaning assigned to it by section one hundred and fifty-four of the Companies Act, 1948;
 - (d) " relative " means husband, wife, ancestor, lineal descendant, brother or sister;
 - (e) a person shall be deemed to have powers equivalent to control of a company if he either has the capacity, or could by an exercise of a power exercisable by him or with his consent obtain the capacity, to exercise or to control the exercise of any of the following powers, that is to say, the powers of a board of directors or of a governing director of the company, power to nominate a majority of directors or a governing director thereof, power to veto the appointment of a director thereof, or powers of a like nature.
- (2) The two last foregoing sections, and this section so far as it relates thereto, shall be construed as one with section fifty-five of the Finance Act, 1940, except that subsection (5) of that section (which provides for disregarding control had by any person in a fiduciary capacity) shall not affect paragraph (b) of subsection (5) of section twenty-nine of this Act.
- (3) In determining, for the purposes of subsection (5) of the said section twenty-nine, or of subsection (2) of section thirty of this Act, whether a person at any time has or had control of a company, either alone or in conjunction with his relatives, or a beneficial interest in possession in any shares in or debentures of a company,—
- (a) where that person or a relative of his is or was at any time entitled under a trust, either alone or in conjunction with that person's relatives, to not less than nine-tenths of the income arising from any such shares or debentures, that person or the relative in question, as the case may be, shall be treated as being or having been able at that time to control the exercise by the trustees of the trust or other persons in whom those shares or debentures are or were vested of any powers attached to those shares or debentures;
 - (b) any shares in or debentures of the company, or interests therein, which form part of a person's estate at his death shall be treated as vesting immediately on his death in the legatees or persons entitled on intestacy, without regard to the powers exercisable for the administration of the estate;
 - (c) there shall, in so far as the Commissioners of Inland Revenue so direct, be disregarded—
 - (i) any limited interest subsisting at the relevant time in any shares in or debentures of the company; and

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- (ii) any voting rights exercisable by virtue of any preference shares in the company (being voting rights which the Commissioners are satisfied do not materially affect the effective control of the company's affairs).
- (4) References in subsection (2) of section twenty-eight and subsection (4) of section thirty of this Act to shares or debentures which fall to be valued in accordance with section fifty-five of the Finance Act, 1940, shall include shares or debentures of which the value falls ultimately to be ascertained under subsection (1) of section thirty of this Act.
- (5) In determining for the purposes of section twenty-eight or subsection (4) of section thirty of this Act what part of the value of any shares in or debentures of a company is attributable to the value of particular assets.—
- (a) the value of the shares or debentures shall be apportioned in proportion to the net value of the company's assets after allowing for liabilities other than liabilities in respect of shares in or debentures of the company; and
- (b) the value apportioned under this subsection to the value of any shares in or debentures of another company (being a subsidiary either of the first-mentioned company or of a company of which that company is a subsidiary) shall, where material, be similarly apportioned between the other company's assets;
- and subsection (1) of section fifty of the Finance Act, 1940, shall apply in relation to any allowance for liabilities to be made for the purposes of this subsection as it applies in relation to an allowance for the purposes of section fifty-five of that Act.
- (6) In arriving at the net value of any assets in respect of which, or by reference to the value of which, duty is to be charged at a reduced rate by virtue of the foregoing provisions of this Part of this Act, any allowance to be made for liabilities incurred for the purpose of the business which (or an interest in which) passes on the death, or of the business of the company whose assets they are, as the case may be, shall be made, as far as may be, from the value of assets used in the business other than such assets as aforesaid, except that any allowance for secured liabilities shall be made from the value of assets which are, rather than the value of assets which are not, included in the security.
- (7) The foregoing sections of this Part of this Act shall have effect in relation to any death occurring after the commencement of this Act.

32 Extension of certain exemptions

- (1) The scale of rates of estate duty set out in the Seventh Schedule to the Finance Act, 1949, shall have effect, as respects deaths occurring after the commencement of this Act, with the substitution for the entries relating to estates of a principal value not exceeding five thousand pounds of the following entries:—

<i>“Principal value of estate</i>	<i>Rate per cent. of duty</i>
Not exceeding £3,000	Nil
Exceeding £3,000 and not exceeding £4,000	1
Exceeding £4,000 and not exceeding £5,000	2”

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- (2) For the purposes of the exemption from estate duty chargeable on property passing on the death of a surviving spouse, estate duty shall be deemed to have been paid on any property passing on the death of the other spouse, being property on which it was not payable, but would have been if the duty were payable on estates of however small a principal value; and in relation to that death the references in this subsection to estate duty shall include estate duty chargeable under the law in force in Northern Ireland.
- (3) Subsection (2) of this section shall apply where the second death occurs after the commencement of this Act, whether or not the first death occurred after that commencement.

33 Aggregation

- (1) For subsection (3) of section sixteen of the Finance Act, 1894, there shall be substituted the following subsection:—

“(3) Where the property passing on the deceased's death includes any such settled property as is hereinafter mentioned, then—

- (a) if the other property passing on the death, exclusive of that settled property and exclusive also of any property in respect of which estate duty neither is payable on the death nor would be if the duty were payable on estates of however small a principal value, is of a net value not exceeding ten thousand pounds, it shall not be aggregated with that settled property, but shall be an estate by itself; and
- (b) if that other property is of a net value exceeding ten thousand pounds, the duty payable in respect of it shall not exceed the amount of the excess together with the duty which would have been so payable if the net value of the other property had been reduced rateably by the amount of the excess (but this shall not affect any reduction falling to be made under section thirteen of the Finance Act, 1914, in the duty payable on that settled property).

The settled property above referred to is any settled property other than property comprised in a settlement made by the deceased or made, directly or indirectly, at his expense or out of funds provided by him, and other than property not so comprised of which he has been competent to dispose and has disposed by the exercise by his will or otherwise of a power conferred by the settlement, or which devolves on his personal representatives as assets for payment of his debts.”

- (2) Subject to the said subsection (3), where the property which passes on a death, but in which the deceased never had an interest, includes any policies of assurance on his life, or moneys received under such a policy, or interests in such a policy or moneys, then the rate of estate duty to be paid on any such policy, money or interest so included (hereinafter referred to as " a life insurance ") shall be determined as follows:—
- (a) in respect of the value of any life insurance or interest in a life insurance to which immediately after the death any one person is absolutely and indefeasibly entitled for his own benefit otherwise than by virtue of a purchase for consideration in money or money's worth (whether of that life insurance or interest or of the policy or otherwise), the rate shall be that appropriate to the value or aggregate value of that life insurance or interest and of any other life insurance or interest in a life insurance to which he is so entitled;

- (b) subject to the foregoing paragraph, the rate shall be that appropriate to the aggregate value of all the life insurances or, if there is only one, to the value of that life insurance:

Provided that for the purposes of this subsection—

- (i) there shall be left out of account any life insurance in respect of which estate duty neither is payable on the death nor would be if the duty were payable on estates of however small a principal value; and
 - (ii) where any life insurance or interest in a life insurance is immediately after the death subject to a mortgage or charge, the mortgage or charge shall be disregarded and the life insurance or interest shall be valued accordingly; and
 - (iii) in relation to life insurances and interests therein which then form part of the unadministered estate of a deceased person this subsection shall have effect as if that person had been then living and entitled to those life insurances and interests.
- (3) For the purposes of paragraph (a) of the last foregoing subsection the value of any interest in a policy of assurance or moneys received under such a policy shall be arrived at by apportioning the total value of the policy or moneys according to the respective values of the interest in question and of the interest a person would have if, except for the interest in question, he were absolutely and indefeasibly entitled to the policy or moneys.
- (4) This section shall have effect in relation to any death occurring after the commencement of this Act.

PART V

MISCELLANEOUS

34 Amendments as to Sinking Funds, and as to manner of accounting for issues out of Consolidated Fund

- (1) No sum shall be issued under section twenty-three of the Finance Act, 1928, by way of permanent annual charge for the National Debt in the financial year ending on the thirty-first day of March, nineteen hundred and fifty-five, or any subsequent financial year.
- (2) Any amount applied out of revenue during any such year in redeeming or paying off any description of debt shall be deemed to be expenditure within the meaning of sections four and five of the Sinking Fund Act, 1875.
- (3) Any sum charged by any Act, whenever passed, on the Consolidated Fund shall be charged also on the growing produce of the Fund and shall be payable accordingly without being included in any quarterly account of the income and charge of the Fund under section twelve of the Exchequer and Audit Departments Act, 1866, and no account shall be prepared under that section for any quarter ending after the passing of this Act.
- (4) The Fifth Schedule to this Act shall have effect for the purpose of making amendments consequential on the abolition by subsection (1) of this section of the permanent annual charge for the National Debt.

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35 Short title, etc.

- (1) This Act may be cited as the Finance Act, 1954.
- (2) Part I of this Act shall be construed as one with the Customs and Excise Act, 1952.
- (3) Part II of this Act shall be construed as one with Part V of the Finance (No. 2) Act, 1940.
- (4) Part III of this Act—
 - (a) so far as it relates to income tax, shall be construed as one with the Income Tax Acts; and
 - (b) so far as it relates to the profits tax, shall be construed as one with Part III of the Finance Act, 1937, and the other enactments relating to the profits tax.
- (5) Part IV of this Act shall be construed as one with Part I of the Finance Act, 1894.
- (6) Nothing contained in this Act shall have effect for the purposes of the excess profits levy.
- (7) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment, including this Act.
- (8) 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 shall not extend to Northern Ireland.
- (9) The enactments specified in the Sixth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.