



Finance Act 1960

1960 CHAPTER 44

PART V

MISCELLANEOUS

67 Increase of rate of profits tax

As from the beginning of April, nineteen hundred and sixty, the rate at which the profits tax is to be charged by virtue of subsection (1) of section twenty-five of the Finance Act, 1958, shall be increased from ten per cent. to twelve and a half per cent.

68 Appeals against profits tax directions

If, on an appeal to the Special Commissioners under subsection (7) of section thirty-two of the Finance Act, 1951 (directions to nullify transactions designed to avoid liability to the profits tax), the appellant or the Commissioners of Inland Revenue are dissatisfied with the determination of the Special Commissioners, they may require the appeal to be re-heard by such a tribunal as is specified in subsection (7) of section twenty-eight of this Act; and subsection (8) of that section shall apply for the purposes of this section as it applies for the purposes of the said subsection (7).

69 Assimilation of authorised unit trust schemes to investment companies: (income tax)

- (1) In respect of income arising to the trustees of an authorised unit trust scheme, the enactments relating to income tax (including the regulations made thereunder) shall have effect as if the trustees were a company, resident in the United Kingdom, whose business consists mainly in the making of investments and the principal part of whose income is derived therefrom, and as if the rights of the unit holders were shares of the company, and so much of the income arising as aforesaid as is available for payment to unit holders or for investment were dividends on such shares paid to them in proportion to their rights, the date of payment, in the case of income not paid to unit holders, being taken to be—

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- (a) the date or latest date provided by the terms of the scheme for any distribution in respect of the distribution period in question;
 - (b) if no date is so provided, the last day of the distribution period.
- (2) Without prejudice to the generality of the foregoing subsection—
- (a) sums periodically appropriated out of income arising as aforesaid for managers' remuneration shall be treated for the purposes of section four hundred and twenty-five of the Income Tax Act, 1952, as sums disbursed as expenses of management,
 - (b) the proportion of income attributable to any unit holder, being income not paid to unit holders but available for investment, shall be treated as an amount paid to the unit holder after such deduction of tax as is authorised by subsection (1) of section one hundred and eighty-four of the Income Tax Act, 1952;
 - (c) section one hundred and ninety-nine of that Act shall apply with any necessary modifications.

70 Assimilation of authorised unit trust schemes to investment companies: (profits tax)

- (1) For the purposes of the profits tax the holding of investments subject to the trusts of an authorised unit trust scheme shall in all cases be treated as a business carried on by the trustees; and—
- (a) income shall not be excluded from profits chargeable to the tax by reason only that the trustees are not beneficially entitled thereto;
 - (b) the holding of the investments subject to the trusts of any one scheme shall be treated as a separate business, and any notice given under section twenty-two of the Finance Act, 1937 (grouping of profits and losses of principal and subsidiary companies) shall not apply in relation to any such business ;
 - (c) the trustees shall be treated in relation to any such business as a body corporate ordinarily resident in the United Kingdom, irrespective of their actual residence.
- (2) So much of the income arising to the trustees of an authorised unit trust scheme as is received by unit holders shall be treated for profits tax purposes as if it were so received by way of dividend.

71 Supplementary provisions relating to ss. 69 and 70

- (1) In the two foregoing sections " authorised unit trust scheme " means, as respects any year of assessment (for income tax purposes) or chargeable accounting period (for profits tax purposes), a unit trust scheme in the case of which an order of the Board of Trade under section seventeen of the Prevention of Fraud (Investments) Act, 1958, or of the Ministry of Commerce for Northern Ireland under section sixteen of the Prevention of Fraud (Investments) Act (Northern Ireland), 1940, is in force during the whole or some part of that year or accounting period, and " unit holder " means a person entitled to a share of the investments subject to the trusts of a unit trust scheme.
- (2) In ascertaining the amount available for distribution to unit holders in respect of any distribution period the trustees of an authorised unit trust may make such adjustments as may be reasonably required to allow for liabilities to and reliefs from tax where the amount of the liability or relief is not yet ascertained.

- (3) The two foregoing sections shall have effect, in relation to any unit trust scheme, from the beginning of the first distribution period of the scheme beginning after the fifth day of April, nineteen hundred and sixty.
- (4) In section sixty-nine of this Act and this section " distribution period" means a period over which income from the investments subject to the trusts is aggregated for the purpose of ascertaining the amount available for distribution to unit holders.

72 Capital allowances for certain business or estate management expenditure

- (1) Subject to the provisions of this section, as respects the year 1960-61 and subsequent years of assessment Chapter II of Part X of the Income Tax Act, 1952, and such other provisions of the Income Tax Acts as relate to allowances (including investment allowances) under that Chapter and to charges thereunder shall apply with any necessary adaptations in relation to any such machinery or plant as is mentioned in subsection (2) of this section as they apply in relation to machinery or plant provided for use or used for the purposes of a trade; and in relation to any allowances and balancing charges which fall to be made by virtue of this section the Income Tax Acts shall apply (except as respects the time and manner of claiming or giving effect to the allowances or charges) as if they were to be made in charging the profits or gains of a trade:

Provided that no investment allowance shall be made by virtue of subsection (2) of section two hundred and seventy-nine of the Income Tax Act, 1952 (which relates to expenditure incurred for the purposes of a trade by a person about to carry it on), in respect of expenditure incurred before the year 1960-61.

- (2) The machinery or plant to which the said Chapter II is to apply by virtue of the foregoing subsection is—
 - (a) machinery or plant provided for use or used for the purposes of the management of—
 - (i) the business of any such company as is mentioned in section four hundred and twenty-five of the Income Tax Act, 1952 (which relates to certain life assurance companies and investment companies) , or
 - (ii) the business of any body of persons to which that section is applied by section four hundred and thirty-eight of the Act (which relates to savings banks and certain industrial and provident societies); and
 - (b) machinery or plant provided for use or used by the owner of land or houses chargeable under Schedule A for the maintenance, repairs or management of the land or houses.
- (3) Allowances and balancing charges which by virtue of this section fall to be made to or on a person for any year of assessment shall be made, on his management expenses claim in respect of the business referred to in paragraph (a) of the last foregoing subsection, or his maintenance claim in respect of the land or houses referred to in paragraph (b) thereof, as the case may be, by adding the amount of any such allowances to the relevant expenditure and by deducting the amount on which any such charge is to be made from that expenditure (or from the sum of that expenditure and any addition made to it under this subsection):

Provided that—

- (a) any charge shall be made under Case VI of Schedule D if or in so far as a deduction cannot be made for it under this subsection (whether for the want

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- of a management expenses claim or maintenance claim or for the want or insufficiency of the relevant expenditure) ; and
- (b) the net amount which under this subsection is added to or deducted from the relevant expenditure on a person's maintenance claim in respect of any land or houses shall, on any assessment in respect of the same property made by virtue of section one hundred and seventy-six of the Income Tax Act, 1952 (which relates to excess rents under certain short leases), be also added to or deducted from the corresponding amount referred to in paragraph (g) of subsection (1) of that section.
- (4) In relation to allowances and charges falling to be made for any year of assessment in accordance with this section,—
- (a) the basis period for the purposes of the said Chapter II is that year of assessment; and
- (b) " the relevant expenditure" in the last foregoing subsection—
- (i) in the case of allowances and charges to be made on a management expenses claim, means the sums disbursed as expenses of management of the business for that year ; and
- (ii) in the case of allowances and charges to be made on a maintenance claim, means the cost to the claimant of maintenance, repairs, insurance and management in respect of the land or houses for that year as determined under section one hundred and one of the Income Tax Act, 1952.
- (5) Where the allowances falling by virtue of this section to be made to a person on a maintenance claim for any year of assessment, other than investment allowances, exceed the increase due to those allowances in the following amounts, that is to say,—
- (a) the amount by which that person's total income for the year in question is reduced by the operation of the said section one hundred and one or paragraph (g) of subsection (1) of the said section one hundred and seventy-six; and
- (b) the amount which is to be treated under section three hundred and thirteen of the Income Tax Act, 1952 (which relates to cases where the assessment on agricultural land is too low for full relief to be given under section one hundred and one), as an allowance for that year falling to be made to that person by way of discharge or repayment of tax ;
- the excess shall be left out of account for the purpose of determining whether any, and if so what, balancing allowance or balancing charge falls to be made to or on him for any subsequent year of assessment, and for that purpose shall be deducted from the allowances (if more than one) rateably in proportion to their amounts or in such other manner as he may elect.
- Nothing in this subsection shall affect the operation of section two hundred and ninety-five of the Income Tax Act, 1952 (under Which annual allowances are deemed to have been made in certain cases for years in which they are not made), nor shall anything in that section affect the operation of this subsection.
- (6) No allowance, other than an investment allowance, and no balancing charge shall be made by virtue of this section for any year of assessment in respect of expenditure incurred by any person on machinery or plant, except in pursuance of an election made by him for that year of assessment; but an election for any year of assessment shall have effect as an election for that and all subsequent years of assessment.

- (7) An election under the last foregoing subsection shall be made in a management expenses claim or a maintenance claim, as the case may be, and may be made either for all machinery or plant provided for use or used for the purposes of the management of the relevant business, or for the maintenance, repairs or management of the relevant land or houses, as the case may be, or for any class of machinery or plant so provided or used; but an election for machinery or plant of any class shall not be made for any year of assessment after effect has been given without such an election to a management expenses or maintenance claim relating to that or a subsequent year of assessment in respect of the business or of the land or houses in question.
- (8) Corresponding allowances or charges in the case of the same machinery or plant shall not be made under the said Chapter II (whether for the same year of assessment or for different years) both on a management expenses or maintenance claim and in some other way; and, on any management expenses claim, maintenance claim or assessment under the said section one hundred and seventy-six, expenditure to which an election under this section applies shall not be taken into account otherwise than under the said Chapter II (except, on a management expenses claim, for the purpose of carrying forward a sum from a previous year of assessment in accordance with subsection (1A) of section four hundred and twenty-five of the Income Tax Act, 1952).
- (9) For the purposes of a claim by a company for the year 1960-61 or any subsequent year of assessment under subsection (5) of section two hundred and sixty-two of the Income Tax Act, 1952 (which provides that for the purposes of the charge of surtax under that section on an investment company's income other than estate or trading income there may be deducted any excess of certain expenditure on maintenance, repairs, insurance and management over the gross estate or trading income of the company), the cost of maintenance, repairs, insurance and management incurred by the company in the year, and the amount of its gross estate or trading income for the year, shall be computed in all respects as if this section had not been passed; and for the proviso to the said subsection (5) there shall, in relation to any such claim, be substituted—
- “Provided that the expenditure taken into account for the purpose of making any such reduction as aforesaid in a company's income shall, in computing the company's estate or trading income for any subsequent year, be treated as reduced rateably by the amount of the said reduction in the company's income”.
- (10) Where under the Second Schedule to the Finance Act, 1954, an investment allowance made by virtue of this section is withdrawn, or an initial allowance is substituted therefor, any tax which becomes chargeable by reason of the withdrawal or substitution, may, if not otherwise recovered, be assessed under Case VI of Schedule D and recovered accordingly, and any such assessment may be made at any time.
- (11) In this section—
- " management expenses claim " means a claim under section four hundred and twenty-five of the Income Tax Act, 1952;
- " maintenance claim " means a claim under section one hundred and one of that Act; and references to the purposes of the management of a business are to be taken as referring to those purposes expenditure on which would, apart from this section, be treated as expenses of management on a management expenses claim in respect of the business.
- (12) The Income Tax Acts shall have effect, and this section shall be construed, as if the foregoing provisions of this section were contained in the said Chapter II.

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- (13) The references in this section to the Income Tax Acts shall include subsection (12) of section sixteen of the Finance Act, 1954 (which provides for investment allowances for the purposes of the profits tax); but save as aforesaid this section shall not affect the profits tax.

73 Visiting forces and staffs of allied headquarters (income tax and estate duty exemptions)

- (1) The emoluments paid by the Government of any designated country to a member of a visiting force of that country, not being a citizen of the United Kingdom and colonies, shall be exempt from income tax and from estate duty in connection with his death.
- (2) Where any such member of a visiting force as is referred to in subsection (1) of this section dies while serving as a member of the force in the United Kingdom, any tangible movable property the presence of which in the United Kingdom at the time of his death is due solely to his presence in the United Kingdom while so serving shall be exempt from estate duty in connection with his death.
- (3) A period during which any such member of a visiting force as is referred to in subsection (1) of this section is in the United Kingdom by reason solely of his being such a member shall not be treated, for purposes either of income tax or of estate duty in connection with his death, as a period of residence in the United Kingdom, or as creating a change of his residence or domicile:

Provided that this subsection shall not affect the operation in the case of any person for any year of assessment of section two hundred and twenty-seven of the Income Tax Act, 1952 (which confines the personal reliefs under Part VIII of that Act to residents in the United Kingdom, with a limited exception for certain cases).

- (4) In the foregoing provisions of this section, references to a visiting force shall apply to a civilian component of a visiting force as they apply to the force itself, and those provisions shall be construed as one with Part I of the Visiting Forces Act, 1952, but so that for the purposes of this section references to a designated country shall be substituted in that Act for references to a country to which a provision of that Act applies.
- (5) For the purpose of conferring on persons attached to any designated allied headquarters the like benefits as are conferred by subsections (1) to (3) of this section on members of a visiting force or civilian component, any members of the armed forces of a designated country shall, while attached to any such headquarters, be deemed to constitute a visiting force of that country, and there shall be a corresponding extension of the class of persons who may be treated as members of a civilian component of such a visiting force.
- (6) In the case of persons of any category for the time being agreed between Her Majesty's Government in the United Kingdom and the other members of the North Atlantic Council—
- (a) employment by a designated allied headquarters shall be treated for the purposes of subsections (2) and (3) of this section as if it were service as a member of a visiting force of a designated country; and
 - (b) the emoluments paid by a designated allied headquarters to persons employed by such a headquarters shall be exempt from income tax, but this exemption shall cease to apply to citizens of the United Kingdom and colonies if it

becomes unnecessary that it should so apply for the purpose of giving effect to any agreement between parties to the North Atlantic Treaty.

- (7) For the purposes of this section—
- " allied headquarters " means any international military headquarters established under the North Atlantic Treaty;
 - " designated " means designated for the purpose in question by or under any Order in Council made for giving effect to any international agreement.
- (8) Any Order in Council under this section may be varied or revoked by a subsequent Order in Council.
- (9) Notwithstanding anything in the Government of Ireland Act, 1920, the Parliament of Northern Ireland shall, as respects estate duty payable under the laws of Northern Ireland, have power to make laws for purposes similar to the purposes of this section.

74 Visiting forces and allied headquarters (stamp duty exemptions)

- (1) Subsections (2) to (4) of this section shall have effect with a view to conferring exemptions from stamp duty (corresponding to exemptions applicable in the case of Her Majesty's forces) in relation to any visiting force of a designated country, and in those subsections " a force " means any such visiting force as aforesaid.
- (2) There shall be exempted from all stamp duties any contract, conveyance or other document made with a view to building or enlarging barracks or camps for a force, or to facilitating the training in the United Kingdom of a force, or to promoting the health or efficiency of a force.
- (3) There shall be exempted from the duty under either heading " Bill of exchange " in the First Schedule to the Stamp Act, 1891, any bill for any pay or allowance of a force or for any other expenditure connected therewith, being a bill drawn upon and payable out of a public account of the country to which the force belongs.
- (4) There shall be exempted from the duty under the heading " Receipt " in the First Schedule to the Stamp Act, 1891—
- (a) any receipt given for or upon the payment of money to or for the use of the authorities of a force;
 - (b) any receipt given by any person in the service of the country to which a force belongs for money paid by way of imprest or advance for the service of the force, or in adjustment of an account of money paid for the service of the force, where he derives no personal benefit therefrom.
- (5) Subsections (2) to (4) of this section shall have effect in relation to any designated allied headquarters as if—
- (a) the headquarters were a, visiting force of a designated country;
 - (b) the members of that force consisted of such of the persons serving at or attached to the headquarters as are members of the armed forces of a designated country;
 - (c) the references to the country to which a force belongs included both any designated allied headquarters and, in relation to any such person as aforesaid, the country of whose armed forces he is a member.
- (6) For the purposes of this section—

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- (a) " allied headquarters " means any international military headquarters established or to be established under the North Atlantic Treaty;
 - (b) " designated" means designated for the purpose in question by or under any Order in Council;
 - (c) " visiting force " means any body, contingent or detachment of a country's forces which is for the time being or is to be present in the United Kingdom on the invitation of Her Majesty's Government in the United Kingdom.
- (7) Any Order in Council under this section may be varied or revoked by a subsequent Order in Council.
- (8) Notwithstanding anything in the Government of Ireland Act, 1920, the Parliament of Northern Ireland shall, as respects stamp duties payable under the laws of Northern Ireland, have power to make laws for purposes similar to the purposes of this section.
- (9) This section shall be construed as one with the Stamp Act, 1891.

75 Relief from purchase tax on articles intended for galleries, museums, etc.

Subject to such conditions as they may impose for the protection of the revenue, the Commissioners, upon an application in writing made to them in that behalf, may if they think fit remit purchase tax chargeable in respect of any article if they are satisfied that the purchase, importation or other act by virtue of which the tax is chargeable was made or done for the purpose of enabling the article to be used as an exhibit or specimen in a gallery, museum or similar institution, being an institution approved by the Treasury for the purposes of this section, and that the article is not intended for subsequent sale.

76 Relief from purchase tax on importation of certain goods

- (1) If an importer into the United Kingdom of any goods to which this section applies makes application to be relieved of purchase tax payable on the importation of the goods, the Treasury, if in all the circumstances of the case, and having regard to the fact that purchase tax is payable on the like goods on chargeable transactions in the United Kingdom, they think fit so to do, may direct that purchase tax shall not be payable on the importation of the goods or, if it has been paid thereon, shall be repaid.
- (2) Any application under the foregoing subsection must be in writing and must, except in a case where the Commissioners otherwise allow, be made before the goods have been released from customs control.
- (3) In giving a direction under this section the Treasury may impose conditions (including conditions prohibiting or restricting the disposal of or dealing with the goods), and if any condition subject to which such a direction is given is not observed the importer shall become liable to pay the tax of which he was relieved by the direction; and the Commissioners may, if they see fit, require the importer to give security by bond or otherwise for the observance of the conditions and the payment of any tax becoming due by reason of any breach of the conditions or in accordance with the terms of any consent given under the conditions to a disposal of or dealing with the goods.
- (4) This section applies—
- (a) to any goods as respects which it appears to the Treasury that relief from purchase tax on the importation thereof is necessary or expedient with a view

to conforming with an international agreement relating to matters other than commercial relations;

- (b) to any such articles as are mentioned in paragraph 2 of the Fourth Schedule to the Import Duties Act, 1958 (which relates to articles imported for examination or testing with a view to the manufacture in the United Kingdom of similar articles or goods made from or containing similar articles) or paragraph 3 of that Schedule (which relates to articles intended to be used for the advancement of science, learning or art or the promotion of sport, and not to be sold or used commercially);
- (c) to any goods as to which the Treasury are satisfied that it is intended to re-export them or goods incorporating them or manufactured or produced from them, that there are special reasons why, with a view to promoting the interests of the export trade or similar interests, purchase tax should not be charged on their importation and that it is in the national interest that it should not be.

77 Premium Savings Bonds

- (1) The following provisions of this section shall have effect with respect to Premium Savings Bonds referred to in the prospectus dated the first day of November, nineteen hundred and fifty-six (hereinafter referred to as bonds of series A) and the second issue of Premium Savings Bonds (hereinafter referred to as bonds of series B).
- (2) If on or after the publication of a prospectus relating to the issue of bonds of series B the Treasury by notice published in the London, Edinburgh and Belfast Gazettes appoint a date for the purposes of this section, being a date not less than one month after the first publication of the notice, then as from that date any bond of series A in the case of which the sum repayable in respect of the bond has not been repaid before that date shall be deemed—
 - (a) to be a bond of series B ; and
 - (b) to have been purchased by, or, as the case may be, on behalf of, the person who was the holder of the bond of series A;and for the purposes of the arrangements for constituting the prize fund from which prizes are allotted to holders of bonds of series B and the allocation of the prizes that bond shall be deemed at any time to have been held as a bond of series B for the period elapsing between its purchase as a bond of series A and the said time.
- (3) The notice published by the Treasury in pursuance of the foregoing subsection shall contain such explanation as appears to the Treasury requisite of the effect of this section.
- (4) For the purposes of subsection (2) of this section the sum repayable in respect of a Premium Savings Bond shall be deemed to be repaid on the date on which a warrant for that sum, or for a sum which includes that sum, is posted to a person entitled to receive the repayment.

78 Exchequer advances to nationalised industries and undertakings

- (1) The power conferred by section forty-two of the Finance Act, 1956, to make advances to certain bodies of sums which they would have power to borrow by the issue of stock shall be exercisable up till the end of August, nineteen hundred and sixty-three, subject to the limits for the time being prescribed by law on the amounts outstanding in respect of sums borrowed by those bodies and subject to the following limitations:—

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- (a) the aggregate of the advances made under that section up to the end of August, nineteen hundred and sixty-one shall not exceed two thousand and fifty million pounds;
 - (b) no advances shall be made under that section during either of the subsequent two years unless provision has been made by order of the Treasury fixing a maximum amount for the aggregate of the advances to be made under the said section forty-two up to the end of that year.
- (2) An order under this section shall not have effect unless approved by a resolution of the Commons House of Parliament.
- (3) Any power conferred by this section to make an order shall be exercisable by statutory instrument, and shall include power to vary or revoke an order.
- (4) Subsection (3) of the said section forty-two (which fixes the maximum amounts of advances under the section and the period within which they may be made) shall cease to have effect.