



# Finance Act 1961

## 1961 CHAPTER 36

### PART I

#### CUSTOMS AND EXCISE

#### **1 Television advertisement duty**

- (1) On advertisements inserted for payment in television programmes broadcast from stations in Great Britain after the end of April, nineteen hundred and sixty-one, there shall be charged a duty of excise, to be known as " the television advertisement duty ".
- (2) The television advertisement duty payable in respect of any insertion of an advertisement in such a programme shall be an amount equal to one tenth of the payment made or to be made for the insertion to the person providing the programme, and shall be charged on and paid by him, but (subject to any agreement to the contrary) the amount borne by him in respect of the duty with,any adjustment under section nine of this Act shall be recoverable by him from any person liable to him for the payment so made or to be made.
- (3) In the case of an advertisement inserted in a television programme under arrangements made between the person providing the programme and a person acting as advertising agent, the reference in the foregoing subsection to the payment made or to be made for the insertion to the person providing the programme shall be taken to include any amount allowed by him by way of commission or discount by reason of the arrangements being so made; and any amount recoverable under the foregoing subsection by the person providing the programme from the other shall (subject to any agreement to the contrary) be recoverable by the other from any person liable to him in respect of that payment.
- (4) The First Schedule to this Act shall have effect in relation to the television advertisement duty.
- (5) For the purposes of this section " payment" includes any valuable consideration.

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## 2 Rebate on heavy oils

- (1) For heavy oils delivered for home use after the relevant time, the rate at which rebate of customs or excise duty is allowed under section one hundred and ninety-nine of the Act of 1952 shall be reduced by twopence a gallon, and accordingly the rates shall be—
- (a) in the case of fuel oils, gas oils and kerosene charged with the customs duty, and in the case of all oils charged with the excise duty, a rate twopence a gallon less than the rate at which the duty in question is for the time being chargeable ; and
  - (b) in any other case, a rate threepence a gallon less than the rate at which the customs duty is for the time being chargeable.
- (2) On heavy oils on which before the relevant time rebate has been allowed and not been repaid, there shall be repaid twopence a gallon of the rebate allowed, if at or after the relevant time the oils are stored on a site where there is for hydrocarbon oils storage, whether in one ownership or occupation or not, of an aggregate capacity of two hundred thousand gallons or over (or of an aggregate capacity not shown to the satisfaction of the Commissioners, if they so require, to be less than two hundred thousand gallons); and if any person liable to make a repayment under this subsection fails to do so, he shall be liable to a penalty of two hundred pounds or three times the amount unpaid, whichever is the greater.
- (3) Subject to subsection (4) of this section rebate shall be repayable on any oils under the foregoing subsection on their first removal after the relevant time from storage on such a site as aforesaid, and shall be repaid by the person in whose possession they are immediately before the removal, and may be recovered from him as a debt due to the Crown, but the amount paid shall be recoverable by him (where he is not the owner) from the person to whose order he held them immediately before the removal:
- Provided that where the removal is to bonded storage, or where before the removal (but not before the relevant time) the oils are in bonded storage, rebate shall be repayable and recoverable as if the repayment were a payment of the duty on oils removed to that bonded storage without payment of duty.
- (4) Where the event on which a repayment of rebate would otherwise fall to be made by virtue of the foregoing subsection has happened before the passing of this Act, the rebate shall be repayable on the passing of this Act, but the amount paid shall for the purposes of drawback be deemed to have been paid on the happening of that event.
- (5) Any person who is or has since the relevant time been in occupation of any storage for hydrocarbon oils on such a site as is referred to in subsection (2) of this section (not being bonded storage) shall—
- (a) notify the Commissioners of that fact, and give them such information, and make such returns, about the storage and about any other matters relevant for the purposes of that subsection as they may from time to time require;
  - (b) keep such books, records and accounts as the Commissioners may direct in relation to the storage and to any such matters as aforesaid, and (except in so far as the Commissioners dispense with this requirement) preserve for six months or any longer period required by the Commissioners all books, records, accounts or documents relating thereto;
  - (c) permit any officer to inspect the storage and the oils therein, and the premises in which it is situated, and to inspect and take copies of or extracts from any books, records, accounts or other documents in his possession or power which

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relate or appear to relate to the storage, or to any oils that are or have been therein, or to any other matters relevant for the purposes of subsection (2) of this section;

- (d) if so required by the Commissioners or by any officer, produce any such books, records, accounts or documents at a specified time and place for inspection under the foregoing paragraph.

A person who fails to comply with a requirement imposed on him by or under this subsection shall be liable to a penalty of two hundred pounds.

- (6) Any reduction or repayment of rebate under this section shall be treated as an increase of duty for the purposes of section ten of the Finance Act, 1901 (which provides for adjustments between buyer and seller under contracts affected by increases or decreases in customs or excise duties).
- (7) For the purposes of subsections (2) to (6) of this section, sites in common ownership or occupation (companies of which one controls the other, or which are under common control, being for this purpose regarded as one person) shall be treated as together constituting a single site, if hydrocarbon oils can be delivered from one site to the other by pipe or if the sites are managed as a single unit.
- (8) Subsection (2) of (this section shall not apply to any oils if the Commissioners are satisfied by such evidence as they see fit to require that the following conditions are fulfilled, that is to say—
  - (a) that at the time of the removal of (the oils from the site referred to in that subsection, the site was in the sole occupation of a person using it wholly or mainly for the storage of hydrocarbon oils for himself as a user of such oils (companies of which one controls the other, or which are under common control, being regarded as one person for the purposes of this and the two following paragraphs, if they together occupied the site); and
  - (b) that the oils in question have been or are to be applied by him (to his own purposes as such a user; and
  - (c) that not more than one-quarter of the heavy oils delivered to him in the (twelve months preceding the relevant time has been or will be applied otherwise than as aforesaid:

Provided that where the oils in question have not been applied as aforesaid before the time when the repayment of rebate would fall to be made, rebate shall be repayable in respect of them unless the person liable for the repayment undertakes, if so required by the Commissioners, to satisfy the Commissioners of their being so applied or, in default, to pay the amount for which he would have been liable in respect of those oils apart from this subsection, and gives such security in that behalf as the Commissioners require.

- (9) In this section " the relevant time " means six o'clock in the evening of the seventeenth day of April, nineteen hundred and sixty-one.

### **3 Relief from duty on heavy oils used by horticultural producers**

- (1) If, on an application made for the purposes of this section by a horticultural producer in such manner as the Commissioners of Customs and Excise may direct, it is shown to the satisfaction of the Commissioners that within the period for which the application is made any quantity of heavy oils has been used by the applicant as mentioned in (the following subsection, then subject to the provisions of this Act the applicant shall

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be entitled to obtain from the Commissioners repayment of the amount of any duty which has been paid in respect of the quantity so used (including any sum paid under subsection (2) of the foregoing section), unless that amount is less than fifty shillings.

- (2) A horticultural producer shall be entitled to repayment under the foregoing subsection in respect of oil used by him—
- (a) in the heating, for the growth of horticultural produce primarily with a view to the production of horticultural produce for sale, of any building or structure, or of the earth or other growing medium in it; or
  - (b) in the sterilisation of the earth or other growing medium to be used for the growth of horticultural produce as aforesaid in any building or structure.
- (3) Where any quantity of oil is used partly for any such purpose as aforesaid and partly for another purpose, such part of that quantity shall be treated as used for each purpose as may be determined by the Commissioners.
- (4) An application under this section shall be made for a period of six months ending with June or December and within the three months following that period, unless the Commissioners otherwise allow:

Provided that for the year nineteen hundred and sixty-one applications may be made for the period beginning with the seventeenth day of April and ending with December.

- (5) The Commissioners may require an applicant for a repayment under this section to state such facts concerning the hydrocarbon oils delivered to or used by him or concerning the production of horticultural produce by him as they may think necessary to deal with the application, and to furnish them in such form as they may require with proof of any statements so made, and may require him to permit an officer to inspect any premises or plant used by him for the production of horticultural produce or in or for which any such oil was used; and if such proof is not furnished to their satisfaction, or if the required facts are not stated, or if he fails to permit any such inspection, the facts shall be deemed for the purposes of this section to be such as the Commissioners may determine.
- (6) In this section—
- " horticultural produce " has the meaning assigned to that expression by subsection (1) of section eight of the Horticulture Act, 1960 ; and
  - " horticultural producer " means a person growing horticultural produce primarily for sale.

#### **4 Amendment of definition of pool betting**

- (1) For the purposes of the pool betting duty, the making of payments for the chance of winning any money or money's worth shall be treated as bets if the payments are made on terms under which the payors have a power of selection which may (directly or indirectly) determine the winner, notwithstanding that the power is not exercised.
- (2) This section shall have effect as respects payments, whenever made, where the winner is determined by reference to any event occurring after the twenty-eighth day of April, nineteen hundred and sixty-one.
- (3) This section has effect subject to the exclusions of certain lotteries contained in subsection (6) of section six of the Finance (No. 2) Act, 1947, and subsection (2) of section five of the Small Lotteries and Gaming Act, 1956.

## **5 Pool betting duty: provisions as to Isle of Man**

- (1) Section five of the Finance Act, 1952 (provisions for protection of pool betting duty) shall not apply to bets made by way of pool betting (other than bets made by means of a totalisator) where the promoter of the betting is in the Isle of Man and the bets are such as to be chargeable with a duty imposed by or under any Act of Tynwald and corresponding (both as to rate of duty and otherwise) with the pool betting duty.
- (2) In the foregoing subsection the expressions " bets made by way of pool betting ", " promoter " and " totalisator " have the same meanings as in section six of the Finance (No. 2) Act, 1947.
- (3) Section two of the Isle of Man Act, 1958 (Isle of Man share of certain duties) shall apply in relation to pool betting duty and to any such corresponding duty as aforesaid which is collected by the Commissioners as if those duties were included among the duties mentioned in subsection (4) of that section, but as if in relation to the duties to which that section is applied by this section the reference in paragraph (a) of subsection (2) of that section to goods consumed or used in the Isle of Man were a reference to bets made by persons in the Island.

## **6 Increase of rates of vehicles excise duty**

- (1) The rates of duty set out in Parts I to V of the Second Schedule to this Act shall be substituted, for licences (other than trade licences) in respect of vehicles of the descriptions specified in the said Parts I to V, for the rates of duty for such licences respectively prescribed by Part I of the First Schedule to the Vehicles (Excise) Act, 1949, the Second Schedule to that Act and section eleven of the Finance Act, 1959, the Third Schedule to the said Act of 1949, the Fourth Schedule to that Act, and the Fifth Schedule thereto.
- (2) In section ten of the said Act of 1949 (trade licences)—
  - (a) in subsection (3) (general trade licences) for the words " twenty-five pounds " there shall be substituted the words " thirty pounds " and for the words " five pounds " there shall be substituted the words " six pounds ";
  - (b) in subsection (4) (limited trade licences) for the words " five pounds " there shall be substituted the words " six pounds " and for the words " one pound " there shall be substituted the words " one pound five shillings ".
- (3) This section applies to licences taken out after the seventeenth day of April, nineteen hundred and sixty-one.
- (4) This section and the Second Schedule to this Act shall be construed as one with the Vehicles (Excise) Act, 1949.

## **7 Time limit for recovering under-payments and over-payments of vehicles excise duty**

In paragraph (b) of subsection (1) of section fourteen of the Vehicles (Excise) Act, 1949, and in subsection (2) of that section (time limit for proceedings for recovering duty not paid or duty overpaid), for the words from " year next following " to " taken out " there shall be substituted the words " twelve months beginning with the end of the period in respect of which the licence was taken out ".

## **8 Agricultural tractors: amendment as to carriage of produce, etc., at agricultural rate of duty**

- (1) For the purposes of section thirteen of the Finance Act, 1959 (which relieves agricultural tractors and other engines from being charged to duty as goods vehicles when carrying agricultural loads on appliances of certain types fitted to the vehicle, but does not apply to three-wheeled vehicles) a vehicle having two wheels at the front shall, if the distance between them (measured between the centres of their respective areas of contact with the road) is less than eighteen inches, be treated as a three-wheeled vehicle.
- (2) This section shall not apply to the use of vehicles before the first day of October, nineteen hundred and sixty-one.

## **9 Surcharges or rebates of amounts due for revenue duties**

- (1) If it appears to the Treasury that it is expedient, with a view to regulating the balance between demand and resources in the United Kingdom, that the following subsection should have effect, the Treasury may by order direct that it shall have effect as respects the period during which the order is in force:

Provided that an order under this subsection shall not be made or continue in force after the thirty-first day of August, nineteen hundred and sixty-two or such later date as Parliament may hereafter determine.

- (2) Where during a period as respects which this subsection has effect—
  - (a) any duty to which this section applies becomes due, or
  - (b) a right arises to a drawback, rebate or allowance,
 the liability to duty or right to drawback, rebate or allowance shall be adjusted by the addition or deduction, as may be prescribed, of such percentage, not exceeding ten per cent., as may be prescribed of the amount payable or allowable; but in the case of a drawback, rebate or allowance that amount shall be calculated as if any adjustment under this subsection of liability to the duty by reference to which it is calculated had not been made.
- (3) This section applies to—
  - (a) every duty of customs chargeable under any enactment other than the Import Duties Act, 1958, and the Customs Duties (Dumping and Subsidies) Act, 1957 ;
  - (b) every duty of excise, including bookmakers' licence duty under section fifteen of the Finance Act, 1948, but excluding any other excise duty payable on a licence; and
  - (c) purchase tax.
- (4) In this section—
  - (a) " duty " includes tax,
  - (b) " prescribed " means prescribed by an order under this section,
  - (c) references to a drawback or rebate are references to a drawback or rebate of duty to which this section applies (whenever the duty became due), and references to an allowance are references to an allowance in respect of goods which have become chargeable with any such duty (whenever the duty became due).

- (5) Any repayment of duty to which this section applies or of drawback or allowance shall be calculated by reference to the amount actually paid or allowed (after effect was given to any adjustment falling to be made under this section), but save as aforesaid subsection (2) of this section does not require the adjustment of any such repayment.
- (6) The provisions of the Third Schedule to this Act shall have effect with respect to orders under this section, and the provisions of the Fourth Schedule to this Act shall have effect, for the purposes of this section, in relation to the special cases therein mentioned; and the foregoing subsections shall have effect subject to those provisions.
- (7) The enactments relating to the collection or recovery or otherwise to the management of any duty to which this section applies shall apply to the amount of any adjustment under the foregoing provisions of this section as if it were duty, drawback, rebate or allowance, as the case may be.
- (8) For the purposes of subsections (1) and (2) of section ten of the Finance Act, 1901 (adjustment of contract prices and variation of duties) and those subsections as applied to purchase tax by section twenty-four of the Finance Act, 1948, the beginning or ending of a period as respects which subsection (2) of this section has effect, or the variation of a percentage prescribed for the purposes of this section, shall be treated as an increase or decrease (as the case may require) of any duty to which this section applies; and references in subsections (1) and (2) of the said section ten to an amount paid on account of an increase of duty, to having had the benefit of a decrease of duty, and to the amount of the decrease of duty shall be construed accordingly.
- (9) Section twenty-two of the Government of Ireland Act, 1920 (reserved taxes) shall apply to the imposing, charging, levying, collection or allowance of any such addition or deduction as is provided for by this section as the said section twenty-two applies to the duties and taxes therein mentioned; but it is hereby declared that this section does not apply to any duty of excise with respect to which the Parliament of Northern Ireland has power to make laws.
- (10) For the purposes of section two of the Isle of Man Act, 1958 (Isle of Man share of equal duties) the amount of equal duties collected in (the Isle of Man and the United Kingdom, or in the Isle of Man, shall be calculated by reference to the amount so collected in respect of such duties after giving effect to any addition or deduction provided for under this section or any corresponding provisions of the law of the Isle of Man.

## **10 Temporary continuation of Commonwealth preference for goods from Southern Cameroons**

- (1) On the Southern Cameroons ceasing to be administered by Her Majesty's Government under the trusteeship system of the United Nations, section (two of the Import Duties Act, 1958 (Commonwealth preference) shall have effect as if the Southern Cameroons were a country named in subsection (4) of that section (independent countries entitled to Commonwealth preference):

Provided that the Southern Cameroons shall not by virtue of this section be treated as continuing to be so named after the end of September, nineteen hundred and sixty-two.

- (2) In this section " the Southern Cameroons " means the area comprised at the passing of this Act in the territory then known as the Southern Cameroons.

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## **11 Police prosecutions for offences relating to transferred duties**

- (1) Notwithstanding anything in section two hundred and eighty-one of the Act of 1952, as applied under section three hundred and thirteen of that Act, a local authority in England or Wales may authorise the bringing by any constable of proceedings, or any particular proceedings, for an offence under the excise Acts relating to any duty of excise the levying of which has been transferred to the authority under section six of the Finance Act, 1908 (licences for dealing in game, killing game, and guns) or section fifteen of the Finance Act, 1949 (hawker's, money-lender's, pawnbroker's and refreshment house licences).
- (2) A document purporting to be a copy of a resolution authorising the bringing of proceedings in accordance with this section and to be signed by an officer of the local authority shall be evidence, until the contrary is shown, that the bringing of the proceedings was duly authorised.

## **PART II**

### **INCOME TAX**

## **12 Charge of income tax for 1961-62**

Income tax for the year 1961-62 shall be charged at the standard rate of seven shillings and ninepence in the pound, and in the case of an individual whose total income exceeds two thousand pounds shall be charged in respect of the excess at rates in the pound which respectively exceed the standard rate by the amounts by which the higher rates for the year 1960-61 exceeded the standard rate for that year.

## **13 Surtax rates for 1960-61**

Income tax for the year 1960-61 shall be charged, in the case of an individual whose total income exceeded two thousand pounds, at the same higher rates in respect of the excess as were charged for the year 1959-60.

## **14 Surtax: reliefs for earned income**

- (1) For the purpose of charging surtax for the year 1961-62 or any subsequent year of assessment.—
  - (a) there shall be deducted from the total income of an individual the amount tax on which at the standard rate- for that year is equal to the deduction which he is entitled to be allowed for that year under subsection (1) of section two hundred and eleven of the Act of 1952 (earned income relief);
  - (b) where a deduction falls to be made under the foregoing paragraph and the earned income of the individual in question, reduced by the amount of that deduction, exceeds two thousand pounds, there shall be deducted from his total income whichever is the less of the following amounts, that is to say the amount of the excess and two thousand pounds.
- (2) The proviso to subsection (1) of section fourteen of the Finance Act, 1957 (application to surtax of proportionate reduction for personal reliefs for non-residents) shall apply to the deductions provided for by the foregoing subsection as it applies to the deductions from total income provided for by the said section fourteen.



(3) Where for any year of assessment a husband and wife are separately assessed to tax by virtue of an application under section three hundred and fifty-five or three hundred and fifty-six of the Act of 1952:—

- (a) whether or not they are separately assessed to surtax, the relief resulting from subsection (1) of this section shall be the same as if there were no separate assessment ;
- (b) if they are separately assessed to surtax, the relief resulting from that subsection shall be allocated between them by apportioning the aggregate deduction from total income in proportion to their respective earned incomes;
- (c) in so far as any deduction falling to be made by virtue of the said subsection (1) from the income of a husband or wife who are separately assessed to surtax cannot be applied for the benefit of the one for whose benefit it would be applicable under the foregoing paragraph, it shall be applied for the benefit of the other ;

and in sub-paragraph (ii) of paragraph (b) of subsection (2) of section fourteen of the Finance Act, 1957 (general provision for apportioning the deduction for personal reliefs between husband and wife separately assessed to surtax) the reference to the respective incomes of husband and wife shall be construed as a reference to their respective incomes as reduced in accordance with the foregoing provisions of this subsection.

## **15 Dependent relatives**

The amounts of two hundred and ten pounds and one hundred and thirty-five pounds (relating to the total income of the dependent relative) specified, for the purposes of section two hundred and sixteen of the Act of 1952, in subsection (1) of section eighteen of the Finance Act, 1960, and subsection (3) of section fourteen of the Finance Act, 1958, respectively shall each be increased by twenty pounds.

## **16 Income tax relief for National Insurance contributions**

(1) Section nineteen of the Finance Act, 1960 (relief for National Insurance contributions) shall have effect as if—

- (a) each of the amounts specified in the second column of paragraphs 1, 3 and 5 (persons over eighteen) of Part I of the Third Schedule to that Act were increased by three pounds, and
- (b) each of the amounts specified in paragraphs 2, 4 and 6 of the said Part I (persons under eighteen) were increased by two pounds,

but nothing in this section affects the amounts of five pounds substituted by paragraph 2 of Part II of that Schedule (married women exempt from ordinary contributions).

(2) This section shall not be deemed to have required any change in the amounts deducted or repaid under section one hundred and fifty-seven (pay as you earn) of the Act of 1952 before the sixth day of July, nineteen hundred and sixty-one.

## **17 Double taxation relief agreements: exemptions from foreign taxation to promote development**

(1) For the purposes of section three hundred and forty-seven of and the Sixteenth Schedule to the Act of 1952 (relief by agreement from double taxation), and of the definition of " double taxation relief " in section three hundred and fifty of that Act,

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any amount of foreign tax which would have been payable but for a relief to which this section applies given under the foreign law, being a relief with respect to which provision is made in the arrangements in question for double taxation relief, shall be treated as having been payable; and references in the said sections and Schedule to double taxation, to tax payable or chargeable, or to tax not chargeable directly or by deduction shall be construed accordingly:

Provided that this section shall not operate so as to increase, under paragraph 7 or 8 of the said Sixteenth Schedule, any amount of income or of income received in the United Kingdom.

- (2) This section applies to any relief given with a view to promoting industrial, commercial, scientific, educational or other development in a territory outside the United Kingdom.
- (3) In this section " foreign tax " means tax under the law of a territory outside the United Kingdom, and "the foreign law " means law of that territory.
- (4) For the purposes of any arrangements to which effect is given under the said section three hundred and forty-seven which apply to any period before the passing of this Act, this section shall have effect as respects that period.

## **18 Double taxation relief: provisions as to commencement of trade or source of income**

- (1) Subject to the provisions of this section, credit for foreign tax paid in respect of any income arising in the years of commencement shall be allowed, in pursuance of Part XIII of the Act of 1952, against United Kingdom income tax chargeable for any year of assessment in respect of that income if it would have been so allowed but for the fact that credit for that foreign tax had been allowed against the United Kingdom income tax chargeable in respect of that income for a previous year of assessment.
- (2) The amount of credit to be allowed in respect of any income by virtue of this section for any year of assessment shall not exceed the difference between the total credit allowable against income tax in respect of that income in pursuance of the said Part XIII (whether as originally enacted or as extended by this section) for all years of assessment for which credit is so allowable and the amount of credit which was in fact so allowed in respect of that income for any earlier year or earlier years of assessment.
- (3) The total credit allowable as aforesaid in respect of any income for all those years of assessment shall be taken to be the amount of the unapplied balance of the foreign tax charged on that income (that is to say, so much of that tax as was not applied in reducing the profits tax on that income) adjusted, where the number of the United Kingdom periods of assessment exceeds the number of the foreign periods of assessment, in the proportion which the former number bears to the latter, a period for which part only of the income is charged to tax being counted not as one period but as a fraction equal to the proportion which that part of the income bears to the whole of the income.
- (4) Where the same income is charged to different foreign taxes for different foreign periods of assessment, the calculations required by the foregoing subsection for the purposes of arriving at and adjusting the unapplied balance of the foreign tax charged on that income shall be made separately in relation to each foreign tax (the amount of any one foreign tax applied in reducing the profits tax being taken to be an amount bearing the same proportion to the total foreign tax so applied as that one foreign tax bears to the total foreign tax) and the unapplied balance of the foreign tax or, as the

case may be, that balance as adjusted shall be taken to be the aggregate of the amounts of the respective balances calculated in relation to each foreign tax in accordance with that subsection.

- (5) Where credit against income tax for any year of assessment is allowed by virtue of subsection (1) of this section in respect of any income (hereinafter referred to as the original income) and subsequently, by reason of the operation of the enactments relating to cessation, income arising in a non-basis period from the same source as the original income is not assessed to income tax, then, if the amount of credit allowed against income tax in respect of the original income in pursuance of Part XIII of the Act of 1952 (whether as originally enacted or as extended by this section) for all years of assessment for which credit is so allowable exceeds the aggregate of the following amounts, that is to say—
- (a) the amount of the credit against income tax which would have been allowed apart from the said subsection (1) for all those years in respect of the original income ; and
  - (b) the unapplied balance of the foreign tax for which credit would have been allowable against the profits tax and income tax in pursuance of Part XIII of the Act of 1952 in respect of income arising in the non-basis period from the same source as the original income, that is to say, so much of that foreign tax as was not applied in reducing the profits tax,

the person chargeable in respect of income, if any, from the same source in the year of assessment following the non-basis period shall be treated as having received in that year a payment chargeable under Case VI of Schedule D of an amount such that income tax thereon at the standard rate is equal to the excess:

Provided that any payment which any person is treated by virtue of this subsection as having received shall not on that account constitute income of his for any of the purposes of the Income Tax Acts other than this subsection and, in particular, no part thereof shall constitute profits or gains brought into charge to tax for the purposes of section one hundred and sixty-nine of the Act of 1952.

- (6) Any claim for relief by way of credit under subsection (1) of this section against income tax for any year of assessment shall be made within six years of the end of that year or, where there is more than one year of assessment in respect of which such relief may be given, within six years of the end of the later of them.
- (7) In this section—

" foreign tax " means tax under the law of a territory outside the United Kingdom ;

" non-basis period " means a period the income arising in which is, by reason only of the operation of the enactments relating to cessations, not chargeable to United Kingdom income tax for any year of assessment;

" United Kingdom period of assessment " and " foreign period of assessment ", in relation to any income, mean respectively a year or other period for which under the relevant law the income falls to be charged to the relevant tax;

" years of commencement ", in relation to income from any source, means the first three years of assessment for which income from that source falls to be assessed to income tax and also, in the case of profits or gains chargeable to tax under Case I or II of Schedule D, the whole of any period falling partly within those years such that the profits or gains arising in the period fall to be assessed to income tax for a year of assessment later than those years ;

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references to the enactments relating to cessations are references to section one hundred and thirty of the Act of 1952 (discontinuance of trade, profession or vocation), section eighteen of the Finance Act, 1952 (cessation of income taxable under Case III, IV or V of Schedule D or of a particular source of such income) and section nineteen of the Finance Act, 1953 (change in ownership of trade, profession or vocation);

references to income arising in any year include, in relation to income the income tax on which is to be computed by reference to the amount of income received in the United Kingdom, references to income received in that year.

## **19 Relief allowable in respect of foreign local taxes**

For the purposes of section three hundred and forty-eight of and the Seventeenth Schedule to the Act of 1952 (unilateral relief from double taxation) tax under the law of a territory outside the United Kingdom shall not be treated as not corresponding to income tax or the profits tax by reason only that it is payable under the law of a province, state or other part of a country or is levied by or on behalf of a municipality or other local body; and so much of subsection (4) of that section as makes provision to the contrary shall cease to have effect.

## **20 Extension of s. 448 of Act of 1952**

- (1) For the purposes of paragraph (a) of subsection (1) of section four hundred and forty-eight of the Act of 1952 (exemption for charities from tax under Schedule A) any premises an interest in which belongs to a charity or any ecclesiastical corporation and in which (in right of that interest)—
- (a) the persons from time to time holding any full-time office as clergyman or minister of any religious denomination, or
  - (b) any particular person holding such an office,
- have or has a residence from which to perform the duties of the office, or in which (in right of the said interest) accommodation is being held available to provide such a residence for such a person, shall be treated as owned and occupied by a charity, whether apart from this section they would be so treated for those purposes or not; but—
- (i) for the purposes of sections one hundred and seventy-five and one hundred and seventy-six of the Act of 1952 (excess rents) premises exempted from assessment for the purposes of Schedule A by virtue of this subsection shall be treated as if actually assessed for those purposes as a unit of assessment, but at a nil amount; and
  - (ii) in the case of premises exempted as aforesaid, the relief which may be claimed by virtue of subsection (3) of the said section one hundred and seventy-five shall be in respect only of so much of the cost of maintenance, repairs, insurance and management as is properly attributable to the part of the premises comprised in the lease to which that section applies.
- (2) Where a clergyman or minister of any religious denomination has such a residence as aforesaid in any premises, and has it in right of such an interest as aforesaid, then, for the purposes of tax with which he may be chargeable under Schedule E, there shall be disregarded—
- (a) the making good to him, in consequence of his being the holder of his office, of statutory amounts payable in connection with the premises or statutory

- deductions falling to be made in connection therewith, except in so far as an amount or deduction is properly attributable to a part of the premises in respect of which he receives rent;
- (b) the payment on his behalf, except as aforesaid, of such a statutory amount;
  - (c) the value to him of any expenses incurred in connection with the provision in the premises of living accommodation for him, being expenses incurred in consequence of his being the holder of his office.
- (3) In respect of expenses borne by a clergyman or minister of any religious denomination in the maintenance, repairs, insurance or management of any premises in which, in right of such an interest as is mentioned in subsection (1) of this section, he has such a residence as is therein mentioned, such deduction (if any) from profits, fees or emoluments of his profession or vocation shall be allowed in assessing the tax chargeable upon him under any Schedule as, together with any deduction allowable in respect of such expenses under paragraph (a) of subsection (1) of section four hundred and seventy-nine of the Act of 1952, is equal to one-quarter of the amount of the expenses.
- (4) In this section " statutory amount " and " statutory deduction " mean an amount paid and a deduction made in pursuance of any provision contained in or having the force of an Act.

## **21 Exemption from tax of certain income of pension, etc., funds for overseas employees**

- (1) In respect of dividends and other income derived from investments, deposits or other property of a superannuation fund to which this section applies such relief from income tax shall be given as is necessary to secure that they are exempt to the like extent (if any) as if they were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (2) This section applies to any superannuation fund which—
- (a) is bona fide established under irrevocable trusts in connection with some trade or undertaking carried on wholly or partly outside the United Kingdom;
  - (b) has for its sole purpose the provision of superannuation benefits in respect of persons' employment in the trade or undertaking wholly outside the United Kingdom; and
  - (c) is recognised by the employer and employed persons in the trade or undertaking ;
- and for the purposes of this subsection duties performed in the United Kingdom the performance of which is merely incidental to the performance of other duties outside the United Kingdom shall be treated as performed outside the United Kingdom.
- (3) Relief under subsection (1) of this section shall be given by the Commissioners of Inland Revenue by way of repayment on a claim being made to them for the purpose, and subsections (3) and (4) (appeals) of section one hundred and ninety of the Act of 1952 (exemption for dividends of non-residents) shall apply for the purposes of subsection (1) of this section, but with the substitution for the reference to a question as to residence of a reference to the question whether a fund is one to which this section applies.
- (4) Where an annuity is paid from a superannuation fund to which this section applies to a person who is not resident in the United Kingdom, income tax shall not be deducted

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from any payment of the annuity or accounted for under section one hundred and seventy of the Act of 1952 by the trustees or other persons having the control of the fund.

## **22 Exemption from tax of compensation for National-Socialist persecution**

- (1) Annuities payable under the law of the Federal German Republic relating to the compensation of victims of National-Socialist persecution, being annuities which under any such law relating to the taxation of such compensation are specifically exempted from tax of a character similar to that of income tax, shall not be regarded as income for any income-tax purposes.
- (2) This section shall be deemed always to have had effect, and any necessary repayment of tax shall be made if a claim in that behalf is made to the surveyor, in such form as the Commissioners of Inland Revenue may direct, not later than the end of the year 1966-67.
- (3) The following provisions shall have effect as respects claims for repayment under the foregoing subsection:—
  - (a) a person's executors or administrators may make any claim which he might have made if he had not died, and after a person's death any repayment due (whoever made the claim) shall be made to his executors or administrators;
  - (b) where the surveyor objects to any such claim it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of the Act of 1952 relating to the statement of a case for the opinion of the High Court on a point of law shall apply;
  - (c) any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (b) of this subsection shall have effect accordingly;
  - (d) subject to the foregoing provisions of this section, the provisions of the Sixth Schedule to the Act of 1952 shall apply to any such claim.
- (4) Subsection (1) of this section shall apply to annuities payable under the law of any part of the Federal German Republic as it applies to annuities payable under the law of that Republic.

## **23 Capital allowances for cars costing over two thousand pounds**

- (1) In relation to capital expenditure incurred on the provision of a vehicle to which this section applies, Chapter II of Part X of the Act of 1952 (capital allowances for machinery and plant) and the other provisions of the Income Tax Acts relating to the said Chapter II shall have effect subject to the modifications set out in the following provisions of this section; and section seventy-two of the Finance Act, 1960 (capital allowances in connection with management expenses claims and maintenance claims) shall have effect accordingly.
- (2) The expenditure ranking for initial or annual allowances, or to be taken into account for the purposes of the said Chapter II in computing the amount of expenditure still unallowed at any time, shall be limited to two thousand pounds, and any reference in that Chapter to cost shall be treated as excluding cost above that amount.

- (3) Where the expenditure exceeds two thousand pounds, any balancing allowance or balancing charge shall be computed, in a case where there are sale, insurance, salvage or compensation moneys, as if the amount of those moneys (or where in consequence of any provision of the Income Tax Acts other than this subsection some other amount is to be treated as the amount of those moneys that other amount) were reduced in the proportion which two thousand pounds bears to the actual amount of the said expenditure.
- (4) If where the expenditure exceeds two thousand pounds.—
- (a) the person providing the vehicle (hereinafter referred to as " the prior owner ") sells the vehicle on a sale to which the Fourteenth Schedule to the Act of 1952 (sales where parties not at arm's length, etc.) applies, or
  - (b) the prior owner sells the vehicle or gives it away so that paragraph 5 of the Sixth Schedule to the Finance Act, 1952 (allowances and balancing charges for purchaser or donee in certain circumstances), or that paragraph as applied by paragraph 6 of that Schedule, has effect in relation to the purchaser or donee, or
  - (c) in consequence of a succession to the trade, profession or vocation of the prior owner subsection (1) of section three hundred and twenty-eight of the Act of 1952 (certain successions to be treated as sales at open-market price) has effect,

then in relation to the purchaser, donee or successor the price which the vehicle would have fetched if sold in the open market or the expenditure incurred by the prior owner in the provision of the vehicle shall be treated for the purposes of the said Fourteenth or Sixth Schedule or the said section three hundred and twenty-eight as reduced in the proportion which two thousand pounds bears to the actual amount of the said expenditure; and in the application of the foregoing subsection to the purchaser, donee or successor references to the expenditure incurred on the provision of the vehicle shall be construed as references to the expenditure so incurred by the prior owner:

Provided that where this subsection has had effect on any occasion in relation to the vehicle, and no sale or gift of the vehicle has since occurred to which neither of the said Fourteenth and Sixth Schedules applies, then in relation to all persons concerned the like consequences under this subsection shall ensue as respects a sale, gift or succession falling within paragraphs (a) to (c) of this subsection which occurs on any subsequent occasion as if the person who in relation to that sale, gift or succession is the prior owner had incurred expenditure on the provision of the vehicle of an amount equal to the expenditure so incurred by the person who was the prior owner on the first-mentioned occasion.

- (5) In the application of subsection (1) of section two hundred and ninety-six of the Act of 1952 (optional treatment of capital allowances on replacement) to a case where the vehicle is the new plant referred to in that subsection, the expenditure shall be disregarded in so far as it exceeds two thousand pounds, but this provision is without prejudice to the application of the foregoing subsections to the vehicle.
- (6) Where the expenditure exceeds two thousand pounds, but under subsection (1) of section three hundred and thirty-two of the Act of 1952 (subsidies and contributions) any part of it is to be treated as not having been incurred by a person.—
- (a) the amount which (subject to the foregoing provisions of this section) is to be treated for the purposes of Part X of the Act of 1952 as having been incurred by that person, and

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- (b) if subsection (3) of the said section three hundred and thirty-two (capital allowances to contributors) has effect, the amount of the contribution on which allowances are to be made under that subsection, shall each be reduced in the proportion which two thousand pounds bears to the said capital expenditure incurred on the provision of the vehicle.

#### **24 Limit on renewals allowance for cars**

In determining what amount (if any) is allowable—

- (a) to be deducted in computing profits or gains chargeable to tax under Schedule D, or
- (b) to be deducted from emoluments chargeable to tax under Schedule E, or
- (c) to be taken into account for the purposes of a management expenses claim or a maintenance claim (within the meaning of section seventy-two of the Finance Act, 1960),

in respect of capital expenditure, being expenditure exceeding two thousand pounds, incurred on the provision of a vehicle to which this section applies, the excess over two thousand pounds shall be disregarded for all purposes; but if on the replacement of the vehicle any amount becomes allowable as aforesaid in respect of capital expenditure on any other vehicle, any deduction falling to be made, in determining the last-mentioned amount, for the value or proceeds of sale of the replaced vehicle or otherwise in respect thereof shall be reduced in the proportion which two thousand pounds bears to the cost of the replaced vehicle.

#### **25 Limit on deductions, etc., for hiring cars**

Where apart from this section the amount of any expenditure on the hiring of a vehicle (otherwise than by way of hire-purchase) to which this section applies would be allowed to be deducted or taken into account as mentioned in the foregoing section, and the retail price of the vehicle at the time when it was made exceeded two thousand pounds, the said amount shall be reduced in the proportion which two thousand pounds bears to the said price.

#### **26 Cars: provisions as to hire-purchase, etc.**

- (1) In the case of a vehicle to which this section applies, being a vehicle of which the retail price at the time of the contract in question exceeds two thousand pounds, the following provisions shall have effect.
- (2) Sub-paragraph (1) of paragraph 1 of the Third Schedule to the Finance Act, 1957 (provision of machinery or plant where the provider ceases to be entitled to the benefit of the contract without becoming the owner of the machinery or plant) shall apply in a case not falling within sub-paragraph (1) (b) or sub-paragraph (2) (b) of that paragraph if it would apply if the case fell within either of those sub-paragraphs; and the said sub-paragraph (1) shall have effect as if at the end there were added " or in determining what amount (if any) is allowable as mentioned in section twenty-four of the Finance Act, 1961 "
- (3) Where the said sub-paragraph (1) has effect (whether by virtue of the foregoing subsection or otherwise) all payments made under the contract shall be (treated for income tax purposes (including in particular the purposes of section twenty-five of



this Act) as expenditure incurred on the hiring of the vehicle otherwise than by way of hire-purchase.

- (4) Where the person providing the vehicle takes it under a hire-purchase contract, then in apportioning the payments under the contract between capital expenditure incurred on the provision of the vehicle and other expenditure so much of those payments shall be treated as such capital expenditure as is equal to the price which would be chargeable, at the time the contract is entered into, to the person providing the vehicle if he were acquiring it on a sale outright.

## **27 Supplementary provisions relating to four foregoing sections**

- (1) Subject to the next following subsection the vehicles to which the four foregoing sections apply are mechanically propelled road vehicles constructed or adapted for the carriage of passengers, other than vehicles of a type not commonly used as a private vehicle and unsuitable to be so used.
- (2) Sections twenty-three to twenty-five of this Act and subsections (2) and (3) of the foregoing section do not apply where a vehicle is provided, or as the case may be hired, wholly or mainly for the purpose of hire to, or the carriage of, members of the public in the ordinary course of trade.
- (3) None of the provisions of sections twenty-three and twenty-four of this Act or of subsections (2) and (3) of the foregoing section shall apply in relation to a vehicle provided by a person who is a manufacturer of such vehicles as are mentioned in subsection (1) of this section, or of parts or accessories for such vehicles, if he shows that it was provided solely for the purpose of testing the vehicle or parts or accessories for such vehicles:

Provided that if during the period of five years beginning with the time when the vehicle was provided he puts it, to any substantial extent, to a use which does not serve that purpose and that purpose only, this subsection shall be deemed not to have had effect in relation to the vehicle.

- (4) Paragraph 4 of the Third Schedule to the Finance Act, 1957 (additional assessments and adjustments of assessments) shall have effect as if references therein to that Schedule included references to subsections (2) and (3) of the foregoing section and the foregoing subsection.
- (5) References in sections twenty-three to twenty-five of this Act to expenditure incurred on the provision or hiring of a vehicle do not include references to expenditure incurred before the seventeenth day of April, nineteen hundred and sixty-one or to expenditure incurred under a contract entered into before that day where either—
  - (a) the expenditure is incurred within twelve months after that day, or
  - (b) the contract is one of hire-purchase or for purchase by instalments,and subsections (2) and (3) of the foregoing section shall not apply where the contract was entered into before that day.
- (6) Where a vehicle to which the four foregoing sections apply is replaced by another such vehicle, and section twenty-four of this Act has effect, the capital expenditure on the provision of the replacement vehicle shall be taken for the purposes of Chapter II of Part X of the Act of 1952 to be the amount of the deduction (if any) falling to be made, in determining what amount is allowable as mentioned in the said section

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twenty-four, by reason of the cost of the replacement vehicle exceeding the cost of the replaced vehicle.

- (7) This and the four foregoing sections shall be construed as one with Chapter II of Part X of the Act of 1952, except that in section twenty-four of this Act "capital expenditure" shall be construed without regard to subsection (1) of section three hundred and thirty of that Act.

## **28 Provisions as to assessment under Schedule E**

- (1) Where an assessment to income tax is made as respects emoluments which—
- (a) have been taken into account in the making of deductions or repayments of tax under section one hundred and fifty-seven (pay as you earn) of the Act of 1952, and
  - (b) were received not less than twelve months before the beginning of the year of assessment in which the assessment is made,

then if the assessment is made after the expiration of the period of twelve months immediately following the year of assessment for which it is made, it shall be made in accordance with the practice generally prevailing at the expiration of that period:

Provided that this subsection shall not prevent the taking into account, for the purposes of any such assessment, of a change of practice occurring before the sixth day of April, nineteen hundred and sixty-one.

- (2) Notwithstanding anything in subsection (1) of section forty-seven of the Act of 1952 (which allows assessments for any year to be made or amended not later than six years after the end of that year, subject to a proviso which allows them to be made or amended at any time where there has been fraud or wilful default) but without prejudice to that proviso, where emoluments to which this subsection applies are received in a year of assessment subsequent to that for which they are assessable, assessments to income tax as respects those emoluments may be made and may, if not final, be amended at any time within six years after the year of assessment in which they were received; but subsection (2) of that section (which limits the time allowed by the said subsection (1), in the case of income of a deceased person before his death, to the end of the third year following the year of assessment in which he died) shall apply in relation to the time allowed by this subsection as it applies in relation to the time allowed by the said subsection (1).
- (3) The emoluments to which the foregoing subsection applies are emoluments chargeable to tax under Schedule E, including any sums which by virtue of Chapter II of Part VI of the Act of 1952 (expenses allowances, benefits and facilities for directors and others) fall to be treated as perquisites of a person's office or employment and any payments chargeable to tax by virtue of section thirty-seven of the Finance Act, 1960 (payments on retirement or loss of office or employment), being emoluments, sums or payments received in the year 1955-56 or any subsequent year of assessment other than those taken into account in an assessment to income tax for the year of assessment in which they are received; and for the purposes of that subsection and this subsection—
- (a) any such sums which are not actually paid to that person shall be treated as having been received at the time when the relevant expenses were incurred or are treated for the purposes of the said Chapter II as having been incurred;
  - (b) any such payment shall notwithstanding anything in subsection (4) of the said section thirty-seven (notional date of payment) be treated as having been received at the time it was actually received.

- (4) It shall not be obligatory to make an assessment under Schedule E in the cases specified in paragraphs (b) and (c) of subsection (2) of section one hundred and fifty-eight of the Act of 1952 (which require such an assessment to be made where the emoluments paid in the year are not the same as the emoluments for the year or where the emoluments assessable are relevant for surtax purposes), and accordingly those paragraphs shall cease to have effect.
- (5) Any reference in this section to an assessment includes a reference to an additional assessment.

## **29 Returns by industrial and provident societies of recipients of loan and share interest**

Subsection (4) of section four hundred and forty-three of the Act of 1952 (which requires registered industrial and provident societies, on or before the first day of May in each year, to make returns of the names and addresses of persons to whom loan interest (being loan interest to which subsection (1) of the section applies) amounting to five pounds or more has been paid in the previous year of assessment, the society losing its right to relief under the section if the return is not duly made) shall have effect, in relation to the returns required to be made on or before the first day of May in the year nineteen hundred and sixty-two and subsequent years, as if in paragraph (a) for the words " loan interest (being " there were substituted the words " interest (being share interest or " and for the words " five pounds or more " there were substituted the words " more than fifteen pounds " , and as if the word " loan " were omitted in each subsequent place where it occurs.

## **PART III**

### **GENERAL AND SUPPLEMENTARY**

## **30 Surcharges on employers**

- (1) If during the period beginning with the passing of this Act and ending with the thirty-first day of March, nineteen hundred and sixty-two it appears to the Treasury that it is expedient so to do with a view to regulating the balance between demand and resources in the United Kingdom, the Treasury may by order direct that the following subsection shall have effect as respects the period beginning with the coming into operation of the order and ending with the fifth day of August, nineteen hundred and sixty-two or such earlier date as may be prescribed.
- (2) In respect of each contribution week beginning during a period as respects which this section has effect, an employer shall be liable, in respect of each person in respect of whom the employer is liable to pay a contribution for that week to pay a surcharge of such amount, not exceeding four shillings, as may be prescribed:  

Provided that different rates of surcharge may be prescribed for different descriptions of persons, and if it is so prescribed surcharges shall not be payable in respect of a prescribed description of persons.
- (3) Surcharges under this section shall be collected together with the National Insurance and Health Service contributions, and shall be paid by the Minister of Pensions and National Insurance into the Exchequer at such times as the Treasury may direct.

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- (4) The expenses of the Minister of Pensions and National Insurance and of any other Government Department incurred for the purposes of this section shall be defrayed out of moneys provided by Parliament:

Provided that—

- (a) so much of the sums payable into the Exchequer under subsection (3) of this section as the Treasury may determine to be equal to the aggregate of the said expenses and any such amounts as are mentioned in paragraphs (a) and (b) of subsection (2) of section thirty-eight of the National Insurance Act, 1946 (liabilities for pensions and other payments, and use of Crown premises), in so far as those amounts are determined by the Treasury to be attributable to the collection and application of surcharges, may be treated as if they were receipts falling within section two of the Public Accounts and Charges Act, 1891, and may be directed to be appropriated in aid accordingly ;
- (b) this subsection shall not apply to expenses incurred by the Postmaster General, but this section shall be included among the enactments specified in subsection (2) of section nineteen of the Post Office Act, 1961 (payments by Minister of Pensions and National Insurance for work done by the Postmaster General in the execution of specified Acts).
- (5) The provisions of the Fifth Schedule to this Act shall have effect for the purposes of this section.
- (6) This section and the said Fifth Schedule shall apply in the case of persons employed by or under the Crown in like manner as if the employer were a private person.
- (7) In this section and the Fifth Schedule to (this Act—
- " contribution ", except where the context otherwise requires, means a contribution (other than a graduated contribution under the National Insurance Act, 1959) payable under the National Insurance Acts;
- " description of persons " relates to persons of any description relevant for determining the amount or aggregate amount of contributions;
- " National Insurance and Health Service contributions " means the contributions payable under the National Insurance Acts and the National Health Service Contributions Act, 1957;
- " the National Insurance Acts " means the National Insurance Act, 1946, and any enactment (whether passed before or after the passing of this Act) amending that Act, other than an enactment contained in the National Health Service Contributions Act, 1957 ;
- " prescribed " means prescribed by an order under this section,
- and other expressions used in this section and the said Fifth Schedule have the same meanings as in the National Insurance Act, 1946.
- (8) The provisions in that behalf of the Third Schedule to this Act shall have effect with respect to orders under this section.

### **31 Increase of rate of profits tax**

As from the beginning of April, nineteen hundred and sixty-one, 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 twelve and a half per cent. to fifteen per cent.

### **32 Excess profits tax, excess profits levy and special contribution: terminal date for making assessments**

- (1) Subject to the provisions of this section, no assessment to excess profits tax, the excess profits levy or the special contribution shall be made after the passing of this Act.
- (2) The foregoing subsection shall not apply in so far as the assessment is required for the purpose of making good to the Crown any loss of tax, levy or contribution shown to be attributable to fraud or wilful default committed in connection therewith or in relation to income tax.
- (3) Subsection (1) of this section shall not apply to—
  - (a) any assessment to excess profits tax in so far as it relates to tax leviable by virtue of section thirty-nine of the Finance Act, 1950 (enemy debts, etc., written off during the war);
  - (b) any additional assessment to the excess profits levy falling to be made by virtue of subsection (2) of section twenty-one of the Finance Act, 1953 (unremittable overseas income).
- (4) The Fifth Schedule to the Finance (No. 2) Act, 1945 (relief for error or mistake) so far as it relates to excess profits tax and (by virtue of section sixty-three of the Finance Act, 1952) to the excess profits levy shall have effect as if in paragraph 1 (time for application for relief) for the words " before such date as Parliament may hereafter determine " there were substituted the words " not later than six years after the making of the assessment " and in paragraph 4 (time for appealing) for the words " twenty-one days " there were substituted the words " thirty days ".
- (5) In the case of an assessment to excess profits tax, the excess profits levy or the special contribution made after the end of the year nineteen hundred and sixty and before the passing of this Act, the period within which an appeal may be made shall not expire earlier than thirty days after the passing of this Act, and if on the hearing of such an appeal the appellant elects that this subsection shall have effect the assessment shall be discharged unless it is shown, or to the extent to which it is not shown, that the assessment was required as mentioned in subsection (2) of this section, or relates to such tax as is mentioned in paragraph (a) of subsection (3) thereof, or falls within paragraph (b) of that subsection.
- (6) References in this section to an assessment include references to an additional assessment.

### **33 Stamp duty on bills of exchange and promissory notes**

- (1) In the First Schedule to the Stamp Act, 1891, after the heading " Bank Note " there shall be inserted the following—

	“£	s	d.
BILL OF EXCHANGE or PROMISSORY NOTE of any kind whatsoever (except a bank note)—drawn, or expressed to be	0	0	2”

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payable, or actually paid, or endorsed, or in any manner negotiated in the United Kingdom			
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and the headings beginning " Bill of Exchange payable on demand " and " Bill of Exchange of any other kind " shall be omitted.

- (2) The duty on a bill of exchange or a promissory note under the foregoing subsection may be denoted by an adhesive stamp which, where the bill or note is drawn or made in the United Kingdom, is to be cancelled by the person by whom the bill or note is signed before he delivers it out of his hands, custody or power.
- (3) Subsection (2) of section thirty-eight of the said Act (which authorises the person to whom an unstamped bill of exchange payable on demand or at sight or on presentation is presented for payment to stamp the bill) shall apply also to bills of exchange of every other description, and as if for the reference to one penny there were substituted a reference to the amount of the duty under subsection (1) of this section.
- (4) In subsection (1) of section thirty-nine of the Finance Act, 1956 (under which a banker may compound for stamp duty under the heading beginning " Bill of Exchange payable on demand "), and in any agreement made under that section before the passing of this Act, references to that heading shall be read as if they were references to the heading in subsection (1) of this section.
- (5) Duty under subsection (1) of this section may be denoted by unappropriated stamps.
- (6) The foregoing provisions of this section shall apply to—
  - (a) bills and notes drawn or made on or after the first day of August, nineteen hundred and sixty-one, and
  - (b) bills and notes drawn or made outside the United Kingdom before that date but first becoming chargeable in accordance with section thirty-five of the Stamp Act, 1891 (which relates to foreign bills and notes), on or after that date,
 and, so as to enable the Commissioners of Inland Revenue on the said date to terminate the supply of stamps appropriated to denote duty on bills of exchange and promissory notes, ad valorem duty at the rates in force before the passing of this Act on a bill of exchange or promissory note which, by virtue of the said section thirty-five or section forty-two of the Finance Act, 1933 (under which bills may be stamped after the proper time), is stamped on or after the said date may be denoted by unappropriated stamps which, notwithstanding anything in the Stamp Act, 1891, shall be impressed stamps.
- (7) Any bill of exchange or promissory note drawn or made before, the first day of August, nineteen hundred and sixty-one, and stamped with an impressed stamp of sufficient amount but improper denomination shall be regarded as duly stamped.
- (8) This section shall be construed as one with the Stamp Act, 1891.

### **34 Stamp duty on transfers of stock in the course of transactions involving the borrowing of stock by dealers**

- (1) This section shall have effect where a dealer (in this section referred to as " the borrower ") has in the ordinary course of his business as a dealer contracted to sell stock

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and, in order to enable him to fulfil the contract, some other person (in this section referred to as " the lender "), being a person who is not a dealer.—

- (a) transfers stock to the borrower or his nominee, or
- (b) procures the transfer of stock from another person who is not a dealer or a dealer's nominee to the borrower or his nominee,

in consideration of an undertaking by the borrower to the lender subsequently to transfer, or procure the transfer of, stock of the same description and amount to the lender, or to the lender's

In this section the transfer to the borrower or his nominee is referred to as an initial transfer, and any transfer effected or procured by the borrower in discharge of his undertaking is referred to as a final transfer.

- (2) The maximum stamp duty chargeable on an initial transfer which is not a transfer on sale shall be ten shillings notwithstanding that it is chargeable under sub-head (2) of the heading " CONVEYANCE or TRANSFER whether on sale or otherwise " in the First Schedule to the Stamp Act, 1891 (which relates to colonial stock).
- (3) The maximum stamp duty chargeable on any final transfer which is a transfer to the person who was the transferor under the initial transfer shall be ten shillings and if any such final transfer is a transfer from the borrower or his nominee it shall for the purposes of subsection (2) of section forty-two of the Finance Act, 1920 (under which a transfer on sale of stock to a dealer may be freed from full ad valorem duty if the dealer transfers the stock to a bona fide purchaser within two months), be regarded as a transfer to a bona fide purchaser whether or not it would be so regarded apart from this subsection.
- (4) This section shall have effect as from the beginning of August, nineteen hundred and sixty-one.
- (5) In this section the expressions " dealer " and " stock " have the same meanings as in the said section forty-two, and this section shall be construed as one with the Stamp Act, 1891.

### **35 National savings stamps and gift tokens**

- (1) In this section "national savings stamp" and " national savings gift token" mean respectively a stamp or token sold by the Postmaster General which may be used in the purchase of national savings certificates or premium savings bonds, or in different ways one of which is the purchase of national savings certificates, premium savings bonds, defence bonds or some other description of government stock as defined in the National Debt Act, 1958.
- (2) Any sums received by the Postmaster General from the sale of national savings stamps or national savings gift tokens shall be paid by him out of the Post Office Fund into the Exchequer; and the Treasury shall issue to the Postmaster General out of the Consolidated Fund sums equal to any sums required to be paid out of the Post Office Fund in respect of the exchange or encashment of national savings stamps or national savings gift tokens.
- (3) The foregoing subsection shall not apply in relation to sums paid into or out of the Post Office Fund before the commencement of this Act, but the Postmaster General shall ascertain the amount in that Fund at the commencement of this Act which represents the excess of receipts over payments out in respect of all national savings stamps and

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*Status: This is the original version (as it was originally enacted).*

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national savings gift tokens sold by him at any time before the commencement of this Act and shall pay out of the Post Office Fund into the Exchequer a sum equal to the amount of the excess so ascertained.

- (4) The Treasury shall from time to time, as they think fit, issue out of the Consolidated Fund, and apply in the redemption or paying off of any description of debt, sums equal to the money paid into the Exchequer under the foregoing subsections.
- (5) If at any time it appears to the Treasury that, in the case of any national savings stamps or national savings gift tokens, no further sums will become payable out of the Post Office Fund in respect of those stamps or tokens, the Treasury may issue to the National Debt Commissioners out of the Consolidated Fund sums equal to the face value of those stamps or tokens; and the National Debt Commissioners shall deal with those sums as if they were paid to the Commissioners in respect of unclaimed redemption moneys under section five of the Miscellaneous Financial Provisions Act, 1955.
- (6) For the purpose of providing sums to be issued out of the Consolidated Fund under the foregoing provisions of this section, or providing for the replacement of sums so issued, the Treasury may at any time, if they think fit, raise money in any manner in which they are authorised to raise money under the National Loans Act, 1939, and any securities created and issued to raise money under this subsection shall be deemed for all purposes to have been created and issued under that Act.
- (7) The Treasury shall from time to time pay to the Postmaster General out of the Consolidated Fund sums, of such amounts as may be agreed between them, for the work done by the Postmaster General in providing, selling, encashing and otherwise dealing with national savings stamps and national savings gift tokens.

### **36 Redemption of Ottoman Guaranteed Loan of 1855**

- (1) If, on the day appointed by the Treasury for the redemption of the Ottoman Guaranteed Loan of 1855, the total value of the assets in the 1855 Ottoman Guaranteed Loan Investment Account standing in the name of the National Debt Commissioners at the Bank of England is less than the total nominal amount of the said Loan outstanding on that day, there shall be issued out of the Consolidated Fund a sum equal to the deficiency; and the assets of the said Account and the sum so issued shall be applied in the redemption of the said Loan:

Provided that the sum issued out of the Consolidated Fund under this subsection shall not exceed two hundred thousand pounds.

- (2) Subsections (2) to (10) of section five of the Miscellaneous Financial Provisions Act, 1955 (which provide for the treatment of unclaimed moneys due on Government stock) shall apply to the said Loan as they apply to Government stock.
- (3) The expenses of the Treasury in connection with the redemption of the said Loan shall be paid out of the Consolidated Fund.
- (4) The Treasury shall prepare an account of the sums issued out of the Consolidated Fund under subsections (1) and (3) of this section and of the sums applied in the redemption of the said Loan and send it to the Comptroller and Auditor General not later than six months after the day appointed by the Treasury for the redemption of the said Loan; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.



- (5) The Turkish Loan Act, 1855 (which authorised Her Majesty to guarantee interest on the said Loan), shall cease to have effect on such date as the Treasury may by order in a statutory instrument appoint, being the day next following the day appointed by the Treasury for the redemption of the Loan ; and if before that date any sums have been issued out of the Consolidated Fund under that Act and have not been included in an account laid before Parliament under that Act, those sums shall be included in the account mentioned in subsection (4) of this section.

### **37 Short title, interpretation, construction, extent and repeal**

- (1) This Act shall be cited as the Finance Act, 1961.
- (2) "The Act of 1952" in Part I of this Act means the Customs and Excise Act, 1952, and in Part II of this Act means the Income Tax Act, 1952.
- (3) Part I of this Act shall be construed as one with the Customs and Excise Act, 1952, and Part II with the Income Tax Acts.
- (4) 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.
- (5) 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.
- (6) The enactments specified in the Sixth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, but—
- (a) the repeals in Part II of that Schedule shall not apply to any bill or note which was drawn or made before the beginning of August, nineteen hundred and sixty-one, and which, if drawn or made outside the United Kingdom, first became chargeable in accordance with section thirty-five of the Stamp Act, 1891, before that time, and
  - (b) the repeal in Part III of that Schedule shall not have effect until the date appointed by the Treasury under subsection (5) of the foregoing section.