



Finance Act 1920

1920 CHAPTER 18

PART IV

EXCESS PROFITS DUTY

45 Amendment as respects pre-war standard in accounting periods ending after 31st December 1919

In the application of Part III. of the principal Act to excess profits duty for any accounting period ending after the thirty-first day of December, nineteen hundred and nineteen, the following provisions shall have effect:—

- (1) For the pre-war standard of profit there shall, on the application of the taxpayer, be substituted a standard (in this section referred to as " the substituted standard ") of an amount equal in the case of a trade or business which had no pre-war trade year to the statutory percentage on the average amount of capital employed "in the first accounting period, and in the case of any other trade or business to the percentage standard with the addition in either case of a sum of five hundred pounds in respect of each working proprietor in the trade or business :

Provided that—

- (a) the amount of the substituted standard shall not, as respects any trade or business, exceed the sum of seven hundred and fifty pounds in respect of each working proprietor in the trade or business; and
- (b) in computing the profits of a trade or business in any accounting period as respects which the substituted standard is in force, no deduction shall be allowed in respect of the remuneration of any working proprietor; and
- (c) where the accounting period is less than a year the substituted standard shall be proportionately reduced; and
- (d) where a substituted standard has been adopted in the case of any trade or business for any accounting period the provisions of paragraph (4) of section twenty-six of the Finance Act, 1917, as amended by this Part of this Act, shall not have effect as regards that trade or business in respect of that accounting period.

Status: This is the original version (as it was originally enacted).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

- (e) Nothing in this paragraph shall affect the operation of any agreements made between the Food Controller and the owners of controlled flour mills which provide for determining the amount of any payment to be made or received under such agreements by reference to the prewar standard of profits, and any such agreements shall have effect as if this Act had not passed.

In this paragraph—

The expression " trade or business " means any trade or business carried on either by an individual or by persons in partnership or by a private company within the meaning of the Companies (Consolidation) Act, 1908;

The expression " proprietor " means, as the case may be, the individual carrying on the business, any partner in the partnership, or any director of the company owning not less than twenty per cent. of the share capital or stock of the company;

The expression " working proprietor " means a proprietor who has, during not less than one half the accounting period, worked full time in the actual management or conduct of the trade or business, but no person shall be deemed to be a working proprietor in the same accounting period in respect of more than one trade or business;

Where any person who served during the war as a member of any of the naval or military forces of the Crown or of the Air Force or in service of a naval or military character in connection with the war, for which payment was made out of moneys provided by Parliament, or in any work abroad of the British Red Cross Society or the Order of St. John of Jerusalem or any other body with similar objects, and was before entering on such service working full time in the actual management or conduct of a trade or business, has died and the trade or business is being carried on for the benefit of his widow, the same standard shall be allowed for the trade or business as would have been allowed under the foregoing provisions of this section if the deceased person had been a working proprietor during the accounting period.

- (2) Any trade or business carried on or owned by a company or other body corporate whose directors have a controlling interest shall, for the purpose of the provisions of the principal Act relating to the statutory percentage as amended by any other enactment, be treated as if it were a trade or business carried on or owned by a body other than a body corporate :

In this paragraph the expression " director " includes any person engaged in the management of the trade or business whose remuneration is provided out of the funds of the trade or business.

- (3) In paragraph (4) of Part II. of the Fourth Schedule to the principal Act the words " during the first accounting period " shall be substituted for the words " during the accounting period. "