



Finance Act 1920

1920 CHAPTER 18

PART V

CORPORATION PROFITS TAX

52 Charge of corporation profits tax

- (1) Subject as provided in this Act, there shall be charged, levied, and paid on all profits being profits to which this Part of this Act applies and, which arise in an accounting period ending after the thirty-first day of December nineteen hundred and nineteen, a duty (in this Act referred to as " corporation profits tax ") of an amount equal to five per cent. of those profits :

Provided that—

- (a) where the profits are profits arising in an accounting period of twelve months, no tax shall be charged on the first five hundred pounds thereof, and where the profits are profits arising in some shorter accounting period, no tax shall be charged on such amount of the profits as bears to five hundred pounds the same proportion as the shorter accounting period bears to twelve months; and
- (b) the amount of tax payable in respect of the profits of a British company for any accounting period shall in no case exceed the amount represented by ten per cent. of the balance of the profits of that period estimated in accordance with the provisions of this Part of this Act, after deducting from the amount of those profits any interest or dividends actually paid out of those profits at a fixed rate on any debentures, debenture stock, preference shares (so far as the dividend paid thereon is at a fixed rate), or permanent loan issued before the commencement of this Act, or on any debentures, debenture stock, or permanent loan issued after that date for the purpose of replacing an equal amount of any debentures, debenture stock, or permanent loan issued before that date.
- (2) The profits to which this Part of this Act applies are, subject as hereinafter provided, the following, that is to say :—

Status: This is the original version (as it was originally enacted).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

- (a) the profits of a British company carrying on any trade or business, or any undertaking of a similar character, including the holding of investments :
- (b) the profits of a foreign company carrying on in the United Kingdom any trade or business, or any undertaking of a similar character, so far as those profits arise in the United Kingdom:

Provided that this Part of this Act shall not, during the period between the first day of January, nineteen hundred and twenty, and the thirty-first day of December, nineteen hundred and twenty-two, apply to the profits of—

- (i) a company which carries on wholly in the United Kingdom any gas, water, electricity, tramway, hydraulic power, dock, canal, or railway undertaking, and which by, or by virtue of, any Act is precluded either from charging any higher price, or from distributing any higher rate of dividend than that authorised by, or by virtue of, the Act; or
- (ii) any company being a building society.

(3) In this Part of this Act—

The expression " company " means any body corporate so constituted that the liability of its members is limited, but does not include a company formed before the commencement of this Act whose assets consist wholly of stock or other securities issued by any public authority and formerly held by the persons by whom the company was formed :

The expression " British company " means any company incorporated by or under the laws of the United Kingdom:

The expression " foreign company " means any company which is not a British company :

The expression " permanent loan " means a loan of a permanent character which is secured by mortgage or debentures or otherwise on the assets or income of a company and which, if subject to repayment, is subject to repayment at not less than three months' notice.