



Finance Act 1921

1921 CHAPTER 32

PART II

INCOME TAX

24 Income tax and super-tax for 1921-22

- (1) Income tax for the year 1921-22 shall be charged at the rate of six shillings, and the rates of super-tax for that year shall, for the purposes of section four of the Income Tax Act, 1918, as amended by the Finance Act, 1920, be the same as those for the year 1920-21.
- (2) All such enactments relating to income tax and super-tax respectively as were in force with respect to the duties of income tax and super-tax granted for the year 1920-21, shall have full force and effect with respect to the duties of income tax and super-tax respectively granted by this Act.
- (3) The annual value of any property which has been adopted for the purpose either of income tax under Schedules A. and B., or of inhabited house duty, for the year 1920-21, shall be taken as the annual value of that property for the same purpose for the year 1921-22:

Provided that this subsection—

- (a) so far as respects the duty on inhabited houses in Scotland, shall be construed as referring to a year of assessment ending on the twenty-fourth day of May instead of to a year of assessment ending on the fifth day of April; and
- (b) shall not apply to lands, tenements, and hereditaments in the administrative county of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is, by that Act, made conclusive for the purposes of income tax and inhabited house duty.

25 Declaration as to ss.43 and 44 of 8 & 9 Geo.5 c.40

- (1) For the purpose of removing doubts, it is hereby declared that sections forty-three and forty-four of the Income Tax Act, 1918 (which grant certain reliefs for any year of

Status: This is the original version (as it was originally enacted).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

assessment as respects which they are respectively continued in force by any Act), were not continued in force for the year 1920-21, and the said sections are hereby repealed.

- (2) If, in any case, any person has been assessed or charged to tax (including super-tax) or has been allowed relief from tax on the basis that the said sections were continued in force for the year 1920-21, all such adjustments, amendments of assessments, and payments of tax shall be made as are necessary for securing that that person shall be charged to and pay tax (including supertax) on the basis that the said sections were not continued in force for the said year.

26 Rule 3 (1) of Miscellaneous Rules applicable to Schedule D not to apply if person charged carries on trade throughout year of assessment

- (1) Paragraph (1) of Rule 3 of the Miscellaneous Rules applicable to Schedule D. shall not apply in any case where the person charged to tax has continued to carry on throughout the year of assessment the trade, profession, employment or vocation in respect of which the assessment was made.
- (2) This section shall be deemed to have been in force as respects income tax (including super-tax) charged for the year 1920-21, and all such adjustments, amendments of assessments, and payments of tax (including super-tax) shall be made as are necessary for giving effect to the provisions of this subsection.

27 Power of holder of certain Government securities to require income tax to be deducted before payment of interest

- (1) The holder of any inscribed bonds or other securities, the interest on which is by virtue of directions given under section forty-nine of the Income Tax Act, 1918, or under any enactments repealed by that Act, payable without deduction of income tax, may make an application to the Bank under this section requesting that income tax shall be deducted from the interest on those bonds or securities before payment thereof, and, where any such application is made, income tax in respect of the interest on those bonds or securities shall, so long as they remain inscribed in the name of the person making the application and subject to the withdrawal of the application as hereinafter authorised, be deducted and charged in the same manner as if they were not bonds or securities to which the said section applied, and section twenty-five of the Finance Act, 1919, shall have effect as if, during the period in which the interest was paid without deduction of income tax, those bonds and securities were original securities, and as if thereafter they were substituted securities within the meaning of that section.
- (2) An application under this section shall be in such form as the Bank, with the approval of the Treasury, may prescribe, and any application made less than two months before the date on which any interest is payable shall only have effect as regards any payment of interest subsequent to the payment falling due on that date.
- (3) An application made under, this section may at any time be withdrawn by notice to the Bank in such form as the Bank with the approval of the Treasury may prescribe, but an application so withdrawn shall, notwithstanding the withdrawal, continue to have effect as regards any interest payable less than two months after the date on which the notice is received at the Bank.
- (4) Where any bonds or securities to which this section applies are held upon trust, the holders of the bonds or securities may make an application under this section in

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

respect thereof without the consent of any other person, notwithstanding anything in the instrument creating the trust.

(5) In this section—

The expression " the Bank " means the Bank of England or the Bank of Ireland as the case requires:

The expression " inscribed " means inscribed in the books of the Bank and includes " registered."

28 Provision as to determination of claims for relief in respect of Dominion income tax

- (1) Notice of any claim for relief under section twenty-seven of the Finance Act, 1920 (which gives relief from United Kingdom income tax in respect of Dominion income tax), together with particulars of the claim, shall be given in writing to the surveyor of taxes or, in the case of a claim made by a person who is not resident in the United Kingdom, to the Commissioners of Inland Revenue, and, where an objection is made to the claim by the surveyor or commissioners, as the case may be, the special commissioners shall hear and determine the claim in like manner as in the case of an appeal to them against an assessment under Schedule D., and the provisions of the Income Tax Acts relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.
- (2) The special commissioners in determining a claim under the said section twenty-seven shall have power to determine the rate at which relief is to be given and the amount of the relief to be given, and all questions whatsoever incidental to the determination of the matters as aforesaid.
- (3) The provisions of this section shall apply to any claims under section forty-three of the Finance Act, 1916, or section fifty-five of the Income Tax Act, 1918, which have not been finally determined at the commencement of this Act, as those provisions apply to claims under the said section twenty-seven.

29 Evidence of payment of wages in certain proceedings for recovery of income tax

In any proceedings for the recovery of income tax under subsection (2) of section one hundred and sixty-nine of the Income Tax Act, 1918, (which provides for the summary recovery of income tax assessed and charged quarterly) a written statement as to the wages paid for any period to the person against whom the proceedings are brought, purporting to be signed by his employer for that period or by any responsible person in the employment of the employer, shall be prima facie evidence that the wages therein stated to have been paid to the person charged have in fact been so paid.

30 Exemption from income tax in respect of lands owned and occupied by charities and of profits of trades carried on by beneficiaries of charities

- (1) Exemption shall be granted—
 - (a) from income tax under Schedule A. in respect of lands, tenements, hereditaments, and heritages owned and occupied by a charity, not being such lands, tenements, hereditaments or heritages as are mentioned in No. VI. of Schedule A. ;
 - (b) from income tax under Schedule B. in respect of lands occupied by a charity:

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

Provided that the exemption under this paragraph shall not apply in the case of lands which are occupied for the purpose of husbandry unless the work in connection with the husbandry is mainly carried on by beneficiaries of the charity and the profits, if any, arising therefrom are applied solely to the purposes of the charity;

- (c) from income tax under Schedule D. in respect of the profits of a trade carried on by any charity, if the work in connection with the trade is mainly carried on by beneficiaries of the charity and the profits are applied solely to the purposes of the charity.
- (2) The exemption granted by paragraphs (a) and (b) of subsection (1) of this section shall not extend to tax in respect of any rent payable or other annual payment to be made by a charity in respect of the lands, tenements, hereditaments, or heritages, or to any parts of those lands, tenements, hereditaments, or heritages, which are in the use and enjoyment of a person whose total annual income from all sources estimated in accordance with the provisions of the Income Tax Acts amounts to not less than one hundred and fifty pounds.
- (3) In this section the expression "charity" means any body of persons or trust established for charitable purposes only.

31 Amendment of Rule 3(c) of the rules applicable to Cases I and II of Schedule D

The proviso to paragraph (c) of Rule 3 of the rules applicable to Cases I. and II. of Schedule D. in the Income Tax Act, 1918, shall have effect as though the words "shall not, unless in any particular case the Commissioners are of opinion that, having regard to all the circumstances, some greater sum ought to be deducted, exceed two-thirds," were therein substituted for the words "shall not exceed two-thirds."

32 Exemption of superannuation funds from income tax

- (1) Subject to the provisions of this section and to any regulations made thereunder, exemption from income tax shall be allowed in respect of income derived from investments or deposits of a superannuation fund, and, subject as aforesaid, any sum paid by an employer or employed person by way of contribution towards a superannuation fund shall, in computing profits or gains for the purpose of an assessment to income tax under Case I. or Case II. of Schedule D. or under Schedule E., be allowed to be deducted as an expense incurred in the year in which the sum is paid :

Provided that—

- (a) no allowance shall be made under the foregoing provision in respect of any contribution by an employed person which is not an ordinary annual contribution, and, where a contribution by an employer is not an ordinary annual contribution, it shall, for the purpose of the foregoing provision, be treated as the Commissioners may direct, either as an expense incurred in the year in which the sum is paid or as an expense to be spread over such period of years as the Commissioners think proper; and
- (b) no allowance shall be made under this section in respect of any payments in respect of which relief can be given under section thirty-two of the Income Tax Act, 1918.

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

- (2) Income tax chargeable in respect of an annuity paid out of a superannuation fund to a person residing in the United Kingdom shall, if the Commissioners so direct, be assessed and charged on the annuitant under Case VI. of Schedule D. instead of being deducted and accounted for under Rule 21 of the General Rules, and tax shall be computed on the full amount of the annuity arising in the year of assessment.
- (3) For the purposes of this section, the expression " superannuation fund " means, unless the context otherwise requires, a fund which is approved for those purposes, by the Commissioners, and, subject as hereinafter provided, the Commissioners shall not approve any fund unless it is shown to their satisfaction that—
- (a) the fund is a fund bona fide established under irrevocable trusts in connection with some trade or undertaking carried on in the United Kingdom by a person residing therein ;
 - (b) the fund has for its sole purpose the provision of annuities for persons employed in the trade or undertaking either on retirement at a specified age or on becoming incapacitated at some earlier age;
 - (c) the employer in the trade or undertaking is a contributor to the fund ;
 - (d) the fund is recognised by the employer and employed persons in the trade or undertaking:

Provided that the Commissioners may, if they think fit, and subject to such conditions, if any, as they think proper to attach to the approval, approve a fund, or any part of a fund, as a superannuation fund for the purposes of this section—

- (i) notwithstanding that the rules of the fund provide for the return in certain contingencies of contributions paid to the fund; or
 - (ii) if the main purpose of the fund is the provision of such annuities as aforesaid, notwithstanding that such provision is not its sole purpose ; or
 - (iii) notwithstanding that the trade or undertaking in connection with which the fund is established is carried on only partly in the United Kingdom and by a person not residing therein.
- (4) The Commissioners may make regulations generally for the purpose of carrying this section into effect and, in particular, without prejudice to the generality of the foregoing provision, may by such regulations—
- (a) provide for the charging of and accounting for tax in respect of contributions (including interest) repaid to a contributor to a superannuation fund and on lump sums paid in commutation of or in lieu of annuities payable out of a superannuation fund as if any sums so repaid or paid were income of the year in which they are repaid or paid;
 - (b) require the trustees or other persons having the management of a superannuation fund, or an employer whose employees contribute to a superannuation fund, to deliver to the Commissioners such information and particulars as the Commissioners may reasonably require for the purposes of this section ;
 - (c) prescribe the manner in which claims for relief under this section are to be made and approved, and in which applications for the approval of a superannuation fund are to be made ;
 - (d) provide for the withdrawal of approval in the case of a fund which ceases to satisfy the requirements of this section ;
 - (e) provide for determining what contributions to a superannuation fund are to be treated as ordinary annual contributions for the purposes of this section.

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

- (5) Where at the commencement of this Act there is in force any arrangement between the Commissioners and the persons having the management of a superannuation fund by which provision is made for allowing any such deductions for the purpose of income tax as may be allowed for that purpose under this section, the arrangement shall, if the fund is approved as a superannuation fund for the purposes of this section for the year 1921-22, be deemed to have ceased to operate as from the sixth day of April, nineteen hundred and twenty-one, and, if the fund is not so approved, shall cease to operate as from the sixth day of April, nineteen hundred and twenty-two.
- (6) In this section the expression " the Commissioners " means the Commissioners of Inland Revenue.

33 Exemption from income tax for funds of special and supplementary schemes under 10 & 11 Geo.5 c.30

- (1) All income receivable from any source whatsoever for the purposes of a special scheme or a supplementary scheme established under the Unemployment Insurance Act, 1920, by the body charged with the administration of the scheme shall be exempt from income tax.
- (2) Any claim for exemption under this section shall be made and any such claim shall be allowed in the same manner as in the case of the exemption allowed under subsection (5) of section thirty-nine of the Income Tax Act, 1918.

34 Exemption of sewers from income tax

- (1) Income tax shall not be charged in respect of a sewer vested in a local authority in the United Kingdom:

Provided that the foregoing exemption shall not extend to any rent payable or other annual payment to be made by the local authority in respect of the sewer.

- (2) In this section—

The expression " sewer " means a sewer maintained by a local authority in pursuance of their statutory duties in relation to the public health;

The expression " local authority " means a public body having power under any enactment relating to the public health to construct and maintain sewers.