



Finance Act 1930

1930 CHAPTER 28

PART II

INCOME TAX

Miscellaneous

10 Amendment of s. 40 (2) of Finance Act, 1927

For the words " one-half " and the words " two hundred and twenty-five pounds " in subsection (2) of section forty of the Finance Act, 1927 (which provides for a further deduction of tax equal to one-half of the tax remaining chargeable after the deductions therein referred to have been made or to one-half the tax at the standard rate on two hundred and twenty-five pounds, whichever is the less), there shall be substituted respectively the words " five-ninths " and the words " two hundred and fifty pounds."

11 Amendment as to relief in respect of life insurance premiums

Section thirty-two of the Income Tax Act, 1918 (which relates to relief from tax in respect of life insurance premiums), shall, as amended by the Finance Act, 1920, have effect as if at the end of subsection (3) there were inserted the following new paragraph :—

- “(f) shall, as regards premiums or sums in respect of which the claimant would but for this restriction be entitled to an allowance at half the standard rate of tax, be given at a rate of tax greater than four-ninths of the standard rate—
- (i) where the taxable income of the claimant does not exceed two hundred and fifty pounds; or
 - (ii) where the taxable income of the claimant exceeds two hundred and fifty pounds, in respect of the amount, if any, by which the premiums or sums exceed the amount by which the taxable income exceeds two hundred and fifty pounds;

Status: This is the original version (as it was originally enacted).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

In this paragraph the expression "taxable income," in relation to any person, means the total income of that person, estimated in accordance with the provisions of the Income Tax Acts as they apply to income tax chargeable at the standard rate less any amount on which he is, by virtue of subsection (1) of section forty of the Finance Act, 1927, entitled to relief by way of a deduction of tax."

12 Deduction of tax

(1) If in any year of assessment a resolution having statutory effect under the Provisional Collection of Taxes Act, 1913, provides for the charging of income tax at a standard rate lower than that charged for the previous year, the following provisions shall have effect with respect to deductions in respect of income tax by_ any body corporate, under Rule 19 of the General Rules from payments of interest on any of its securities, or under Rule 20 of the General Rules from payments of preference dividends on any of its shares—

- (a) any deduction, which was made before the expiration of one month from the passing of the resolution and which would if the tax had been renewed at the rate imposed for the previous year have been a legal deduction, shall be deemed to be a deduction rendered legal by section two of the said Act, and the said section two shall, subject to the provisions of this section, apply accordingly;
- (b) any over-deduction to be made good under the said section two may be made good by a reduction of the amount of tax deducted from the next payment of like nature made on the security or share in question after the passing of the Act imposing the tax for the year:

Provided that the foregoing provision shall not authorise the retention of any part of the amount over-deducted for more than one year from the passing of the Act so imposing the tax;

- (c) any amount made good under the said section two shall—
 - (i) "in the case of an over-deduction which is made good under paragraph (b) of this subsection, enure to the benefit of the person entitled to the payment on the occasion of which the over-deduction is made good; and
 - (ii) in any other case, enure to the benefit of the person entitled to the security "or share in question at the date when the amount is made good,

irrespective, in either case, of whether or not he is the person who was entitled to the payment, or to the security or share, at the date when the original deduction was made.

(2) Subsection (2) of section two hundred and eleven of the Income Tax Act, 1918 (which makes provision as to the deduction in any year of income tax which has not been deducted before the passing of the Finance Act for the year), shall apply with respect to—

- (a) any preference dividend from which a deduction of tax may be made under Rule 20 of the General Rules; and
- (b) any payment for or in respect of copyright to which section twenty-five of the Finance Act, 1927, applies; and
- (c) any royalty, or other sum, paid in respect of the user of a patent,

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

as it applies with respect to rent, interest, annuity or any other annual payment.

- (3) Where on payment of a dividend (not being a preference dividend within the meaning of this section), income tax has, under Rule 20 of the General Rules, been deducted therefrom by reference to a standard rate of tax greater or less than the standard rate for the year in which the dividend became due, the net amount received shall, for all the purposes of the Income Tax Acts, be deemed to represent income of such an amount as would, after deduction of tax by reference to the standard rate last-mentioned, be equal to the net amount received, and for the said purposes there shall in respect of that income be deemed to have been paid by deduction tax of such an amount as is equal to the amount of tax on that income computed by reference to the standard rate last-mentioned.
- (4) In this section the expression "preference dividend " means—
- (a) a dividend payable on a preferred share at a fixed gross rate per cent.; or
 - (b) where a dividend is payable on a preferred share partly at a fixed gross rate per cent and partly at a variable rate, such part of that dividend as is payable at a fixed gross rate per cent.,
- and the expression " share " includes stock.

13 Interest on loans used for payment of premiums, & c, not to be allowed as deduction for supertax purposes

- (1) Subject to the provisions of this section, in computing for the purposes of sur-tax the total income for any year of an individual who has entered into a contract of assurance, no deduction shall be allowed in respect of any interest on any borrowed money which has been applied directly or indirectly to or towards the payment of any premium under that contract, or of any sum paid in lieu of any such premium.
- (2) Where the benefit of a contract of assurance entered into by any person has become vested in another person, being an individual, subsection (1) of this section shall apply in relation to that individual—
- (a) as if the contract had been a contract entered into by him; and
 - (b) in a case where the benefit of the contract became vested in him by virtue of an assignment and any payment was made by him in consideration of the assignment, as if that payment were the payment of a premium under the contract; and
 - (c) in a case where, either as being the person in whom the said benefit is vested, or by reason of any agreement under or in pursuance of which the said benefit became vested in him, he pays any interest on any borrowed money, as if that money had been applied to the payment of a premium under the contract.
- (3) This section shall not, where the interest is payable at a rate not exceeding ten per cent. per annum, apply to—
- (a) interest on borrowed money applied to or towards the payment of any premium under a contract of assurance entered into before the fifteenth day of April, nineteen hundred and thirty which assures a fixed capital sum payable either—
 - (i) on death only; or
 - (ii) on the expiration of a period of not less than ten years from the date of the commencement of the contract or on earlier death;

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

- (b) interest on money borrowed before the sixth day of April, nineteen hundred and twenty-nine, unless
 - (i) the money was borrowed from an assurance company; and
 - (ii) the repayment thereof was secured on a contract of assurance; and
 - (iii) the premium in question was a premium under that contract;
 - (c) interest on money borrowed mainly on the security of property other than a contract of assurance, if the premium in question either—
 - (i) is payable under a contract of assurance entered into in order to provide against the failure of a contingent interest in any property, and to serve as additional security for the loan and for no other purpose; or
 - (ii) is the first of a series of premiums payable under a contract of assurance entered into solely in order to provide for the repayment of the money borrowed and does not exceed ten per cent. of the sum assured under that contract;
 - (d) interest on borrowed money applied to or towards the payment of premiums under a contract of assurance which assures throughout the term of the contract a capital sum payable on death, if neither the amount of the first premium under the contract nor the amount subsequently payable by way of premiums thereunder in respect of any period of twelve months exceeds one-eighth of the capital sum payable on death;
 - (e) interest on borrowed money applied to or towards the payment of premiums (not being premiums such as those specified in the preceding paragraphs of this subsection) each of which is one of a series of equal premiums payable at equal intervals of not more than one year, except so far as such interest exceeds in the year of assessment one hundred pounds in all.
- (4) The provisions of section twenty-two of the Finance Act, 1922, with regard to the delivery of particulars as to deductions claimed to be allowed, shall be extended so as to enable the special commissioners to require such particulars with respect to deductions and otherwise as they may consider necessary for the purpose of carrying this section into effect.
- (5) In this section—
- (a) the expression " contract of assurance " means a contract of assurance or a contract similar in character to a contract of assurance, being in either case a contract under which a capital sum is expressed to be payable in the future in return for one or more antecedent payments, and the expression " premium " means any such antecedent payment;
 - (b) the expression " interest " includes any sum payable in respect of any borrowed money;
 - (c) any reference to borrowed money applied to or towards any payment shall be deemed to include a reference to borrowed money applied directly or indirectly to or towards the replacement of any money so applied;
 - (d) any reference to a capital sum payable on death under a contract of assurance shall be construed as a reference to the actual capital sum assured on death, exclusive of any addition which has arisen or may arise from any bonus, share of profits, return of premiums or otherwise, and in the case of a contract under which different capital sums are payable on death in different events, as a reference to the least of those sums.

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

14 Amendment of s. 34 of Finance Act, 1926

The following shall be substituted for subsection (1) of section thirty-four of the Finance Act, 1926:—

“(1) Where in the case of any trade, profession or vocation, or of the occupation of any land occupied solely or mainly for the purposes of husbandry, or of the occupation of any woodlands, an account has or accounts have been made up to a date or dates within the period of three years immediately preceding the year of assessment—

- (a) if an account was made up to a date within the year preceding the year of assessment and that account was the only account made up to a date in that year and was for a period of one year beginning either at the commencement of the trade, profession, vocation or occupation, or at the end of the period on the profits or gains of which the assessment for the last preceding year of assessment was to be computed, the profits or gains of the year ending on that date shall be taken to be the profits or gains of the year preceding the year of assessment;
- (b) in any case to which the provisions of paragraph (a) do not apply the Commissioners of Inland Revenue shall decide what period of twelve months ending on a date within the year preceding the year of assessment shall be deemed to be the year the profits or gains of which are to be taken to be the profits or gains of the year preceding the year of assessment.”

15 Provision as to computation of profits and gains for purpose of charge to tax in two years next after the year in which trade, & c, set up or commenced

(1) In this section the expression "charged" means charged to income tax in respect of the profits or gains of a trade, profession or vocation, and the expressions " the second year of assessment " and " the third year of assessment" in relation to the charge of income tax in respect of the profits or gains of any trade, profession or vocation mean respectively the year next after and the year next but one after the year of assessment in which that trade, profession or vocation was set up or commenced.

(2) The person charged or liable to be charged shall be entitled, on giving notice in writing to the surveyor within two years after the end of the second year of assessment to require that tax shall be charged for both the second year of assessment and the third year of assessment (but not for one or other only of those years) on the amount of the profits or gains of each such year respectively:

Provided that he may by notice in writing given to the surveyor within twelve months after the end of the third year of assessment revoke the notice and in such case tax shall be charged for both the second year of assessment and the third year of assessment as if the first notice had never been given.

(3) If at any time during the second or third year of assessment, any such change as is mentioned in paragraph (1) of Rule 11 of the Rules applicable to Cases I. and II. of Schedule D occurs in the persons engaged in the trade, profession, or vocation, a notice for the purposes of the last preceding subsection or of the proviso thereto, must, if given after the occurrence of the change,—

- (a) in the case of a notice given within twelve months after the end of the second year of assessment, be signed by each of the persons who were engaged in the trade, profession, or vocation, at any time between the commencement of

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

the second year of assessment and the giving of the notice, or, in the case of a deceased person, by his legal representatives; and

- (b) in the case of a notice given after the end of the third year of assessment, be signed by each of the persons who were engaged in the trade, profession, or vocation, at any time during the second or third year of assessment, or, in the case of a deceased person, by his legal representatives.
- (4) In the case of the death of a person who, if he had not died, would, under the provisions of this section have become chargeable to income tax for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators and shall be a debt due from and payable out of his estate.
 - (5) There shall be made such additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to the foregoing provisions of this section.
 - (6) This section shall apply in relation to trades, professions or vocations set up or commenced in the year 1928-29 or any subsequent year of assessment:

Provided that in the case of a trade, profession or vocation set up or commenced in the year 1928-29 the person charged may, instead of giving notice under subsection (2) of this section, give notice under proviso (a) to subsection (1) of section twenty-nine of the Finance Act, 1926, and shall, if he so gives notice, be entitled to be charged under the said proviso for the year 1929-30.

16 Amendment of Rule 11 of Rules applicable to Cases I and II of Schedule D

The proviso to paragraph (1) of Rule 11 of the Rules applicable to Cases I and II of Schedule D shall, in relation to cases where the change occurs after the fifth day of April, nineteen hundred and thirty, have effect as if for the words " three months after the change took place" there were substituted the words " twelve months after the change took place. "

17 Relief from double taxation on certain profits arising through an agency

- (1) Subject to the provisions of this section if His Majesty in Council is pleased to declare—
 - (a) that any profits or gains arising directly or indirectly to a person resident in any foreign state or in any part of His Majesty's dominions outside the United Kingdom through an agency in the United Kingdom or to a person resident in the United Kingdom through an agency in any foreign state or in any part of His Majesty's dominions outside the United Kingdom are chargeable both to United Kingdom income tax and to income tax payable under the law in force in that foreign state or that part of His Majesty's dominions; and
 - (b) that arrangements as specified in the declaration have been made with the Government concerned with a view to the granting of relief from such double taxation,

then, unless and until the declaration is revoked by His Majesty in Council, the arrangements specified therein shall, so far as they relate to the relief to be granted from United Kingdom income tax, have effect as if enacted in this Act, but only if and so long as the arrangements, so far as they relate to the relief to be granted from the income tax payable in the foreign state or in the part of His Majesty's dominions, have the effect of law in the foreign state or the part of His Majesty's dominions:

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 no arrangements made under this section shall exempt from United Kingdom income tax any profits or gains which either—

- (i) arise from the sale of goods from a stock in the United Kingdom; or
 - (ii) accrue to a person resident in the United Kingdom; or
 - (iii) accrue to a person not resident in the United Kingdom directly or indirectly through any branch or management in the United Kingdom or through any agency in the United Kingdom where the agent has and habitually exercises a general authority to negotiate and conclude contracts.
- (2) Any declaration made by His Majesty in Council under this section shall be laid before the Commons House of Parliament as soon as may be after it is made and, if an address is presented to His Majesty by that House within twenty-one days on which that House has sat next after the declaration is laid before it, praying that the declaration may be revoked, His Majesty in Council may revoke the declaration and the arrangements specified in the declaration shall thereupon cease to have effect, but without prejudice to the validity of anything previously done thereunder or to the making of a new declaration.
- (3) The obligation as to secrecy imposed by any enactment with regard to income tax shall not prevent the disclosure to any authorised officer of the foreign state or part of His Majesty's dominions mentioned in the declaration of such facts as may be necessary to enable relief to be duly given in accordance with the arrangements specified in the declaration.
- (4) In this section the expression " His Majesty's dominions " includes any territory which is under His Majesty's protection or in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by the Government of some part of His Majesty's dominions.

18 Computation of amount of copyright royalties taxed by deduction

- (1) Where any payment to which section twenty-five of the Finance Act, 1927, applies (which section provides for the taxation of copyright royalties by deduction in cases where the usual place of abode of the owner of the copyright is not within the United Kingdom) is made through an agent resident in the United Kingdom, and that agent is entitled as against the owner of the copyright to deduct any sum by way of commission in respect of services rendered, the amount of the payment shall for the purpose of Rule 21 of the general rules be taken to be the amount thereof as diminished by the sum which the agent is so entitled to deduct:

Provided that, where the person by or through whom any such payment is made does not know that any such commission is payable or does not know the amount thereof, any tax deducted by or assessed and charged on him shall be computed in the first instance on, and the account to be delivered of the payment shall be an account of, the total amount of the payment without regard being had to any diminution thereof, and in that case, on proof of the facts to the satisfaction of the special commissioners, there shall be made to the agent on behalf of the owner of the copyright such payment of tax as is proper in respect of the sum deducted by way of commission.

- (2) Subsection (1) of this section shall apply to payments made after the fifth day of April, nineteen hundred and thirty, and any tax deducted in relation to any such payment made before the passing of this Act in excess of the tax which it would have been proper to deduct if this section had been in force shall be made good, and, on proof

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

of the facts to the satisfaction of the special commissioners, any corresponding excess of tax which has been paid shall be repaid.

- (3) The time of the making of a payment to which section twenty-five of the Finance Act, 1927, applies shall, for all the purposes of the Income Tax Acts, be taken to be the time when it is made by the person by whom it is first made and not the time when it is made by or through any other person.

19 Amendment of s. 32 of 11 & 12 Geo. 5. c. 32

Section thirty-two of the Finance Act, 1921 (which grants exemption from income tax in respect of the income of certain superannuation funds), shall have effect as if for paragraph (b) in subsection (3) thereof there were substituted the following paragraph :

“(b) The fund has for its sole purpose the provision of annuities for all or any of the following persons in the events respectively specified, that is to say, for persons employed in the trade or undertaking, either on retirement at a specified age, or on becoming incapacitated at some earlier age, or for the widows, children, or dependants of persons who are or have been so employed, on the death of those persons.”

20 Exemption from income tax of income arising from office or employment of consul or official agent

- (1) Subject to the provisions of this section, income arising from any office or employment to which this section applies shall be exempt from income tax, and no account shall be taken of any such income in estimating the amount of income for any of the purposes of the Income Tax Acts.
- (2) The offices and employments to which this section applies are the following, that is to say:—
- (a) the office of a consul in the United Kingdom in the service of any foreign state;
 - (b) the employment of an official agent in the United Kingdom for any foreign state, not being an employment exercised by a British subject or exercised in connection with any trade, business or other undertaking carried on for the purposes of profit.
- (3) In this section the expression " consul" means a person recognised by His Majesty as being a consul-general, consul, vice-consul or consular agent, and the expression " official agent " means a person not being a consul, who is employed on the staff of any consulate, official department or agency of a foreign state, not being a department or agency which carries on any trade, business or other undertaking for the purposes of profit.

21 Relief in respect of unoccupied tenements in houses let in different tenements

If, on an application made to the Commissioners of Inland Revenue not later than twelve months after the end of any year of assessment it is shown to the satisfaction of the said Commissioners that any apartment or tenement in any house or building let in different apartments or tenements and occupied by two or more persons severally was unoccupied during that year or any part of that year, the said Commissioners shall cause such relief to be given from tax charged under Schedule A in respect of

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

that house or building as appears to them to be just and shall, where necessary, direct repayment to be made of any tax which has been overpaid.

22 Applications by spouses for separate assessment to income tax or surtax to have effect until revoked

- (1) Subject to the provisions of this section an application duly made, whether before or after the passing of this Act, by a husband or a wife—
 - (a) under Rule 17 of the general rules for separate assessment to income tax for the year 1930-31 or any subsequent year of assessment; or
 - (b) under subsection (9) of section forty-two of the Finance Act, 1927, for separate assessment to sur-tax for the year 1929-30 or any subsequent year of assessment;shall have effect not only as respects the year of assessment for which it is made but also for any subsequent year of assessment.
- (2) A person who has made any such application as is mentioned in the last preceding subsection for any year of assessment may give for any subsequent year of assessment a notice to withdraw that application, and where such a notice is given the application shall not have effect with respect to the year for which the notice is given or any subsequent year.
- (3) A notice of withdrawal under this section shall be in such form and shall be made in such manner as may be prescribed by the Commissioners of Inland Revenue, and shall not be valid unless it is given within the period allowed by law for making, for the year for which the notice is given, applications similar to that to which the notice relates.

23 Power of special commissioners to obtain copies of registers of securities

- (1) The special commissioners may cause to be served upon any body corporate a notice requiring them to deliver to those commissioners within a specified time, being not less than twenty-one days, a copy, certified by a duly authorised officer of such body, of the whole of, or any specified class of entries in, any register containing the names of the holders of any securities issued by them.
- (2) On delivery of the copy in accordance with the notice payment shall be made therefor at the rate of five shillings in respect of each one hundred entries.
- (3) A notice under this section may be served by post.
- (4) Where a notice served under this section is not complied with, the body in question shall, unless it is proved to the satisfaction of the court that it was not reasonably possible to comply with the notice, be liable to a penalty not exceeding fifty pounds and if after judgment has been given for that penalty the copy still remains undelivered, shall be liable to a further penalty of the like amount for every day during which the default continues.
- (5) In this section the expression " security " includes shares, stock, debentures and debenture stock and the expression " entry " means, in relation to any register, so much thereof as relates to the securities held by any one person.

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

24 Provision as to collection of tax where appeal pending against assessment

Notwithstanding that an appeal to the special commissioners is pending against an assessment to income tax under Schedule D, to super-tax or to sur-tax, such part of the tax assessed as appears to the special commissioners not to be in dispute shall be collected and paid in all respects as if it were tax charged by an assessment in respect of which no appeal was pending, and on the determination of the appeal any balance of tax chargeable in accordance with the determination shall be paid, or any tax overpaid shall be repaid, as the case may require.

25 Amendment of law relating to summary recovery of income tax

- (1) All or any of the sums due in respect of income tax from any one person and payable to any one collector (being sums which are by law recoverable summarily) may, whether or not they are due under one assessment, be included in the same complaint, summons, order, warrant or other document required by law to be laid before justices or to be issued by justices, and every such document as aforesaid shall, as respects each such sum, be construed as a separate document and its invalidity as respects any one such sum shall not affect its validity as respects any other such sum.
- (2) Where the income tax due under any assessment is payable by instalments and the sum for the time being due and payable in respect of any of those instalments is less than fifty pounds, that sum shall be recoverable summarily under section thirty of the Finance Act, 1924, notwithstanding that the total sum for the time being due and payable under the assessment is equal to or exceeds fifty pounds, and it is hereby declared that the reference in section twenty-two of the Finance Act, 1928, to the provisions of the Income Tax Acts includes a reference to this subsection.
- (3) If a collector, who has commenced summary proceedings for the recovery of any income tax, dies or otherwise ceases for any reason to hold office as such, the proceedings may be continued in his name by any of his successors.

In cases to which this subsection applies notice of the change shall as soon as may be given by the successor to the person against whom the proceedings are pending.

26 Limitation on amount of sur-tax payable in respect of total income of individual dying within year of assessment

- (1) The amount of sur-tax payable in respect of the total income of an individual for the year of assessment in which he dies shall not exceed the amount of sur-tax which would have been payable if income tax had been chargeable for that year at the same rates as for the year preceding that year, and all such adjustments and repayments of tax shall be made as may be required in order to give effect to the provisions of this section.
- (2) This section shall apply as respects sur-tax charged for the year 1929-30 or for any subsequent year.