



# Finance (No. 2) Act 1931

## 1931 CHAPTER 49

### PART I

#### CUSTOMS AND EXCISE

#### 1 Increased duties and drawbacks on certain descriptions of beer

- (1) As from the eleventh day of September, nineteen hundred and thirty-one, there shall be charged in respect of beer brewed in the United Kingdom (not being beer of any of the descriptions specified in subsection (1) of section two of the Finance Act, 1930) the following duty of Excise in lieu of the duty charged under section one of that Act,—

	£	s.	d.
For every thirty-six gallons of worts of a specific gravity of one thousand and fifty-five degrees	6	14	0

and on the exportation from the United Kingdom as merchandise or for use as ships' stores of any beer on which it is shown that the Excise duty charged by this section has been paid, there shall be allowed the following Excise drawback in lieu of the drawback allowed under the said section one,—

	£	s.	d.
For every thirty-six gallons of an original gravity of one thousand and fifty-five degrees	6	14	3

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and so as to both duty and drawback in proportion for any difference in quantity or gravity.

- (2) As from the date aforesaid there shall be charged on beer imported into the United Kingdom (not being beer of any of the descriptions specified in subsection (1) of section two of the Finance Act, 1930), the following duty of Customs in lieu of the duty charged by subsection (2) of the said section two,—

	£	s.	d.
For every thirty-six gallons where the worts thereof were before fermentation of a specific gravity of one thousand and fifty-five degrees	6	14	6

and on the exportation or shipment for use as stores of any beer on which it is shown that the Customs duty charged by this section has been paid, there shall be allowed the following Customs drawback in lieu of the drawback allowed under the said section two,—

	£	s.	d.
For every thirty-six gallons of an original gravity of one thousand and fifty-five degrees	6	14	3

and so as to both duty and drawback in proportion for any difference in gravity.

- (3) Nothing in this section shall affect the provisions of section seven of the Finance Act, 1925, with respect to the additional duty and drawbacks in respect of beer to be paid and allowed respectively under the said section.

## 2 Increased duties and drawbacks on tobacco

- (1) As from the eleventh day of September, nineteen hundred and thirty-one, in lieu of the Customs duties theretofore payable on tobacco there shall, subject to the provisions of section eight of the Finance Act, 1919, be charged on tobacco imported into the United Kingdom the duties specified in Part I of the First Schedule to this Act.
- (2) As from the date aforesaid there shall in lieu of the Excise duties theretofore payable on tobacco be charged on tobacco grown in the United Kingdom the duties specified in Part II of the First Schedule to this Act.
- (3) The drawback allowed under section one of the Manufactured Tobacco Act, 1863, on tobacco exported from the United Kingdom or deposited in a bonded or King's warehouse shall, in cases where it is shown that the duties charged by this section have been paid, be allowed at the rates set out in Part III of the First Schedule to this Act

instead of at the rates set out in Part III of the Second Schedule to the Finance Act, 1927, but subject to the provisions affecting allowance of drawback contained in the Schedule to the Finance Act, 1904.

### **3 Increase of Customs duty on hydrocarbon oils**

- (1) As from six o'clock in the evening on the tenth day of September, nineteen hundred and thirty-one, the rate of the Customs duty payable under section two of the Finance Act, 1928, on hydrocarbon oils shall be increased from sixpence per gallon to eight pence per gallon.
- (2) The rate of the rebate to be allowed under subsection (3) of the said section on the delivery for home consumption of any oils other than light oils shall be increased from sixpence per gallon to eight pence per gallon.

### **4 Prohibition on mixing of hydrocarbon oils, on which rebate allowed, with light oils**

- (1) It shall not be lawful for any person to mix any hydrocarbon oils in respect of which a rebate of duty has been allowed under subsection (3) of section two of the Finance Act, 1928, with any light oils within the meaning of the said subsection, unless he is acting under the authority of a licence granted by the Commissioners of Customs and Excise, and has, before the mixing, paid the duty which would have been paid if the rebate had not been allowed.
- (2) If any person in contravention of this section mixes any such hydrocarbon oils as aforesaid with any light oils he shall be liable at the option of the Commissioners of Customs and Excise either to a Customs penalty equal to three times the value of the oils mixed, including any duty chargeable thereon, or to a Customs penalty of one hundred pounds, and the mixture shall be forfeited.
- (3) For the purposes of this section, a person shall not be deemed to be acting under the authority of a licence if he fails to comply with or acts in contravention of any conditions attached to the licence.

### **5 Increased rate of entertainments duty**

As from the ninth day of November, nineteen hundred and thirty-one, entertainments duty within the meaning of the Finance (New Duties) Act, 1916, shall, in Great Britain, be charged at the rate set out in the Second Schedule to this Act.

## **PART II**

### **INCOME TAX**

### **6 Increase in standard rate of income tax for 1931-32**

- (1) The standard rate of income tax for the year 1931-32 shall be the rate of five shillings in the pound instead of the rate of four shillings and sixpence in the pound as provided by subsection (1) of section five of the Finance Act, 1931, and accordingly it is hereby declared that any deductions of tax made before the passing of this Act by reference to a rate of five shillings are to be treated for all purposes (including all the purposes of

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any legal proceedings instituted before the passing of this Act) as having been made by reference to the proper rate :

Provided that this subsection shall not invalidate anything done before the passing of this Act or render improper any deduction in respect of income tax made before the fifteenth day of October, nineteen hundred and thirty-one, which would have been a proper deduction if this Act had not passed.

- (2) The provisions of the Third Schedule to this Act shall have effect for the purposes of and in connection with the change in the standard rate of income tax made by this section.

## **7 Higher rates of income tax for 1930-31**

Section six of the Finance Act, 1931 (which determines the higher rates of income tax for the year 1930-31), shall have effect as if each of the amounts specified in the second column of the Table contained in that section were increased by ten per cent., and the amount payable by virtue of any assessment in respect of sur-tax for the year 1930-31 made before the passing of this Act shall, by virtue of this Act and without more, be treated as varied accordingly.

## **8 Amendments of enactments relating to income tax reliefs**

- (1) The enactments specified in the second column of the Fourth Schedule to this Act (being enactments which relate to the income tax reliefs described in the first column of the said Schedule) shall be amended in the manner specified in the third column of the said Schedule.
- (2) Where relief from income tax for the year 1931-32 has been given to any individual and the amount thereof is incorrect by reason of any of the amendments made by this section, then—
- (a) if the relief was given by the reduction of an assessment on that individual, the assessment shall, by virtue of this Act and without more, be treated as varied so as to give effect to the said amendments; and
  - (b) if the relief was given otherwise than by the reduction of an assessment on that individual, any amount of relief so given in excess may, if not otherwise made good, be assessed under Case VI of Schedule D and recovered from that individual accordingly.

## **9 Notice of variation of assessment, and c**

Where the amount of tax payable under an assessment is to be treated as varied by virtue of section six or section eight of this Act, or exceeds the amount which would have been payable if those sections had not passed, the Commissioners of Inland Revenue shall cause such notification as may be necessary to be given to the person affected thereby, and any notification so given shall, as regards any particulars of the assessment contained in the notification which have not been contained in a notice of assessment, have effect as if the notification were a notice of assessment.

## **10 Income tax in connection with conversion of Government securities**

Where in pursuance of an arrangement which is being carried out under section sixty of the Finance Act, 1916, (which relates to the conversion of Government securities)

the Treasury direct that the provisions of this section shall have effect, any person who is carrying on a trade which consists wholly or partly in dealing in securities and who in pursuance of the arrangement exchanges securities to which he is beneficially entitled for other securities (whether or not any additional consideration is given for the exchange) shall, unless he gives notice in writing to the surveyor not later than the end of the year of assessment next following the year of assessment in which the exchange takes place that he desires not to be so treated, be treated for income tax purposes (except as regards any income tax payable in respect of interest), both at the time of the exchange and thereafter, as if the exchange had not taken place, and in that case the produce of any subsequent realisation of securities received by him under the exchange (together with any additional consideration, or the appropriate part of any additional consideration, received by him thereunder) shall be treated as the produce of the realisation of the corresponding securities surrendered by him under the exchange.

### PART III

#### PROVISIONS AS TO FIVE PER CENT. WAR LOAN, 1929-1947

#### **11 Right of stockholders to continue holdings in five per cent. War Loan; requirement of application for cash repayments, and c**

- (1) If notice is given in accordance with the prospectus dated the eleventh day of January, nineteen hundred and seventeen, of the intention of His Majesty's Government to redeem the five per cent. War Loan 1929-1947 (in this Part of this Act referred to as " the Loan ") and the notice includes a declaration that this Part of this Act is to come into operation, the following provisions shall have effect :—
- (a) The holders of any stock or bonds of the Loan (in this Part of this Act referred to as " stockholders ") shall, on making an application in that behalf (in this Part of this Act referred to as " a continuance application ") in accordance with the provisions of this Part of this Act, be entitled—
    - (i) to have their holdings in the Loan continued therein after the date fixed by the notice for the redemption thereof (in this Part of this Act referred to as " the redemption date "), but subject to such immediate or gradual reduction in the rate of interest, and such modifications in the name and terms of repayment, and in the other conditions and incidents, of the Loan as may be specified in the notice; and
    - (ii) to have issued to them such bonus stock or bonus bonds, if any, to form part of the Loan as continued under this section, as may be specified in the notice;
  - (b) Stockholders desiring to receive on the redemption date repayment in cash in respect of their holdings must make an application in that behalf (in this Part of this Act referred to as " a repayment application") in accordance with the provisions of this Part of this Act;
  - (c) If, in the case of any holding (not being the holding of the National Debt Commissioners corresponding to the holdings held on the Post Office Register) neither a continuance application nor a repayment application is in force at the expiration of the period of three months next following the day on which the notice was published, the provisions of this Part of this Act shall have effect as if a continuance application had been made in respect of the holding on the last day of the said period.

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- (2) A repayment application in respect of a holding shall, unless the Treasury in any particular case otherwise direct, be treated as revoked—
  - (a) by the making of a continuance application in respect of the holding at any time before the redemption date;
  - (b) by changing the form of the holding or part thereof from stock to bonds or bonds to stock, or by any transfer of the holding or part thereof from any books or register to any other books or register, not being merely a transfer to or from the books of the Bank from or to the transfer by deed register;
  - (c) except in the case of a bearer bond, by the completion of any transfer of the holding, so however, that where part only of the holding is transferred, the revocation shall only operate as respects that part.
- (3) Save as provided by the last preceding subsection, continuance applications and repayment applications shall be irrevocable and shall bind the stockholders and their successors in title.
- (4) The Treasury may, if they think it desirable, undertake to pay cash bonuses to stockholders by whom continuance applications are duly made within such period as may be specified in the undertaking or within such extended period as the Treasury may in any special case allow.

## **12 Power to make regulations**

- (1) The Treasury may make regulations for carrying this Part of this Act into effect and in particular and without prejudice to the generality of the foregoing power—
  - (a) for prescribing the manner in which and the persons to whom continuance applications or repayment applications are to be made and for specifying the evidence which may be accepted by those persons as -to matters on which the validity of such applications may depend;
  - (b) for specifying the persons by whom any such applications may be made in cases where any stockholder has died, or is outside the United Kingdom, or is of unsound mind, or is an infant, or is otherwise under disability, or where a notice in lieu of distringas is in force with respect to the holding;
  - (c) for enabling continuance applications to be made by a majority of the stockholders in cases where the holding is held jointly by more than two persons (including cases where the stockholders are trustees or are otherwise acting in a fiduciary character) and for authorising in any case payment of any cash bonus in accordance with the instructions of the persons making the application by reason of which the bonus is payable;
  - (d) for prescribing the manner in which certificates, bonds and other documents with respect to holdings in the Loan are to be dealt with and for determining how far such certificates, bonds and documents are to be valid after the redemption date;
  - (e) for enabling the books and the transfer by deed register of the Bank and the Post Office Register to be closed for a period immediately preceding the redemption date.
- (2) The Treasury shall forthwith publish in the London Gazette any regulations made under this section.

### **13 Indemnity to trustees and others and to the Bank, and c**

- (1) Persons who are by virtue of this Part of this Act authorised to make a continuance application shall not be liable for any loss resulting from their making such an application or their not making a repayment application, and trustees and other persons acting in a fiduciary character are hereby expressly authorised to make continuance applications.
- (2) The provisions of this Part of this Act shall be a full and sufficient indemnity and discharge to the Bank and the officers of the Bank, the Postmaster-General and the trustees and officers of Trustee Savings Banks for all things done by them respectively in pursuance of this Act or of any regulations made thereunder.

### **14 Provisions as to instruments with respect to War Loan**

- (1) A power or direction to invest in the Loan shall not cease to be operative by reason only of changes in the name, conditions or incidents thereof effected under this Part of this Act.
- (2) A power of attorney authorising the transfer of a holding shall be taken as authorising the making of a continuance or repayment application with respect to that holding, but a requirement in any instrument creating or regulating a trust that the trustees shall obtain the consent of any person before varying the investment of the trust funds, shall not be taken as requiring the trustees to obtain the consent of that person before making a continuance or repayment application.

### **15 Provision as to cash bonus**

- (1) A warrant given by the Bank for the payment of any cash bonus payable under this Part of this Act shall be deemed to be a cheque within the meaning of the Bills of Exchange Act, 1882, and shall be exempt from stamp duty.
- (2) As between persons having any beneficial interest in a holding, any cash bonus payable in respect of the holding shall belong to the persons entitled to the income of the holding on the day when the bonus is payable.

### **16 Provisions as to income tax in certain cases**

Where a holding in the Loan which is continued under this Part of this Act beyond the redemption date is in the beneficial ownership of a person who is carrying on a trade which consists wholly or partly in dealing in securities, that person shall, if he gives notice in writing to the surveyor not later than the end of the year of assessment next following the year of assessment in which the redemption date falls, that he desires to be so treated, be treated for the purposes of the Income Tax Acts as having changed his investment on the redemption date, but if he gives no such notice he shall, except with respect to the tax on the interest on the holding, be for those purposes treated, both then and thereafter, as not having changed his investment, and in that case the produce of any subsequent realization of the whole or any part of the continued holding (which holding shall, for the purpose of this provision be deemed to include any bonus stock or bonus bonds issued in respect of the continuance of the holding) together with any additional consideration, or the appropriate part of any additional consideration, received by him in connection with the continuance, shall be treated as the produce of the realization of the whole or the appropriate part of the original holding.

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## **17 Provision for incidental expenses**

- (1) Any expenses incurred in carrying this Part of this Act into effect (including sums paid on account of any cash bonus payable under this Part of this Act, or on account of any interest on the Loan which becomes payable in the financial year in which the redemption date falls instead of in the next following financial year) may, if the Treasury so direct, be defrayed out of the Consolidated Fund or the growing produce thereof, instead of being defrayed out of the permanent annual charge for the National Debt as part of the annual charges in respect of interest and management.
- (2) For the purpose of providing for the issue of any sum directed to be defrayed out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of any sum so issued, the Treasury may raise money in any manner in which they are authorised to raise money under and for the purposes of subsection (1) of section one of the War Loan Act, 1919, and any securities created and issued to raise money under this subsection shall be deemed to have been created and issued under that subsection.

## **18 Saving for statutory powers with respect to National Debt, including powers of Treasury as to arrangements with non-residents**

The provisions of this Part of this Act shall be in addition to and not in substitution for the provisions of any other Act conferring powers with respect to the National Debt, and in particular the coming into operation of this Part of this Act shall not prevent the Treasury from making and carrying out arrangements under section sixty of the Finance Act, 1916, with persons who are for the time being not ordinarily resident in the United Kingdom for the surrender of stock or bonds of the Loan and the issue in lieu thereof of other securities.

## **19 Interpretation**

In this Part of this Act the expression " the Bank " means the Bank of England or the Bank of Ireland, as the case may require.

# **PART IV**

## **MISCELLANEOUS AND GENERAL**

## **20 Amendment of s. 36 of 21 and 22 Geo. 5. c. 28**

Section thirty-six of the Finance Act, 1931 (which authorises certain advances to the Road Fund out of the Consolidated Fund) shall have effect as if in subsection (1) thereof for the words " out of the Consolidated Fund " of the United Kingdom or the growing produce " thereof " there were substituted the words " out of moneys provided by Parliament. "

## **21 Provisions as to permanent annual charge for the National Debt for 1931-32 and 1932-33**

- (1) The permanent annual charge for the National Debt for the financial years ending respectively on the thirty-first day of March, nineteen hundred and thirty-two, and the thirty-first day of March, nineteen hundred and thirty-three, shall be the sum of three



hundred and twenty-two million pounds instead of the sum of three hundred and fifty-five million pounds.

- (2) The Treasury may at any time, if they think fit, raise money in any manner in which they are authorised to raise money under and for the purposes of subsection (1) of section one of the War Loan Act, 1919, for providing any sums required during the financial years ending respectively on the thirty-first day of March, nineteen hundred and thirty-two, and the thirty-first day of March, nineteen hundred and thirty-three—
- (a) for meeting such part of the annual payments due to the Government of the United States of America in respect of the American Loan as represents capital; and
  - (b) for making any payments required to be made to the National Debt Commissioners in pursuance of section three of the War Loan Act, 1919, in respect of Victory Bonds or Funding Loan, 1980-1990, accepted by the Commissioners of Inland Revenue in payment of death duties;
- and the amount required by subsection (4) of section twenty-three of the Finance Act, 1928, to be issued from the permanent annual charge for the National Debt for the purposes aforesaid shall be decreased in each of the said years by the amount raised under this subsection in that year.
- (3) Any securities created and issued to raise money under the last preceding subsection shall be deemed to have been created and issued under subsection (1) of section one of the War Loan Act, 1919.

## **22 Provisions in cases where Treasury has power to borrow money**

- (1) Any securities issued by the Treasury under any Act may be issued with the condition that—
- (a) so long as the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, the interest thereon shall be exempt from income tax; and
  - (b) so long as the securities are in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom, neither the capital thereof nor the interest thereon shall be liable to any taxation present or future.
- (2) For the purposes of subsections (2) and (3) of section forty-six of the Income Tax Act, 1918 (which relates to securities issued free from tax) any securities issued by the Treasury with the condition mentioned in subsection (1) of this section shall be deemed to be such securities as are mentioned in subsection (1) of the said section forty-six.

## **23 Provisions as to payment of interest on Government securities without deduction of income tax**

- (1) It is hereby declared that the Treasury have power under subsection (2) of section forty-nine of the Income Tax Act, 1918, to direct that securities issued by them under section sixty of the Finance Act, 1916 (which relates to the conversion of Government securities), shall be issued subject to the condition that the interest thereon shall be paid without deduction of income tax.
- (2) In subsection (3) of the said section forty-nine, the words " securities issued in connection with any " Government loan raised for the purposes of the present " war

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" shall be deemed to include any securities issued subject to such a condition as aforesaid.

**24 Amendment to Schedule III of 11 and 12 Geo. 5. c. 32**

In proviso (b) to paragraph 1 of the Third Schedule to the Finance Act, 1921, (which proviso relates to the payment by post of the principal moneys due on the redemption of Government Stock), the words "in the British Isles " are hereby repealed.

**25 Construction, short title and repeal**

- (1) Part I of this Act so far as it relates to duties of Customs shall be construed as one with the Customs Consolidation Act, 1876 (except that the expression " the United Kingdom " in this Act shall not include the Isle of Man), and so far as it relates to duties of Excise shall be construed as one with the Acts which relate to the duties of Excise and to the management of those duties.
- (2) This Act, so far as it relates to income tax, shall be construed as one with the Income Tax Acts.
- (3) Any reference in this Act to any enactment shall be construed as a reference to that enactment as amended by any subsequent enactment including (save where the context otherwise requires) this Act.
- (4) This Act may be cited as the Finance (No. 2) Act, 1931.
- (5) The enactments set out in the Fifth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule as from the dates specified therein.