



Finance Act 1948

1948 CHAPTER 49

PART I

CUSTOMS AND EXCISE.

1 Tobacco.

- (1) Section three of the Finance Act, 1947 (which imposes duties of customs and excise on tobacco) shall have effect as if Parts I and II of the First Schedule to this Act were respectively substituted for Parts I and II of the First Schedule to that Act.
- (2) In the case of tobacco in respect of which it is shown to the satisfaction of the Commissioners that the increased duty chargeable by virtue of the preceding subsection has been paid, the provisions of the said section three relating to drawback shall have effect as if Part III of the First Schedule to this Act were substituted for Part III of the First Schedule to that Act.
- (3) The preceding provisions of this section shall be deemed to have had effect as from the seventh day of April, nineteen hundred and forty-eight.
- (4) Subject to the provisions of subsection (5) of this section, there shall be charged on all stocks of leaf tobacco and of manufactured tobacco of any description which at five o'clock in the afternoon on the sixth day of April, nineteen hundred and forty-eight, were in the ownership or possession of a licensed manufacturer of tobacco and in any place in the United Kingdom other than a bonded warehouse, a duty of excise, payable by the manufacturer; at the following rate, that is to say—
 - (a) so far as the stocks consisted of leaf tobacco, three shillings and fourpence for every pound weight of the stocks ;
 - (b) so far as the stocks consisted of manufactured tobacco of any description, three shillings and fourpence for every pound weight of leaf tobacco from which, in the opinion of the Commissioners, the stocks were derived.
- (5) Duty shall not be chargeable under the last preceding subsection—

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- (a) on any tobacco as to which it is shown to the satisfaction of the Commissioners that, before the passing of this Act, it has been exported or shipped for use as stores or deposited in the King's Warehouse or a bonded warehouse ; or
- (b) on any manufactured tobacco (including cigarettes, cigars and snuff other than offal snuff) as to which it is shown to the satisfaction of the Commissioners that it was at five o'clock in the afternoon on the said sixth day of April fully prepared for sale by retail and that either—
 - (i) it was not the product of any operation carried out by any manufacturer in whose ownership or possession it was at that time ; or
 - (ii) it was at that time held as retail stock in premises used for selling tobacco by retail; or
 - (iii) it was at that time in transit from seller to buyer under a contract of sale :

Provided that no tobacco shall be deemed for the purposes of paragraph (b) of this subsection to have been fully prepared for sale by retail if, according to the ordinary course of business of the person in whose ownership or possession it was or to whom it was in transit, it had still to be subjected to some further process (other than packing) before being sold by him.

- (6) In the case of tobacco in respect of which it is shown to the satisfaction of the Commissioners that there have been paid the duty of customs at the rates in force immediately before the said seventh day of April and also the duty of excise provided for by subsection (4) of this section, drawback shall be allowable as if duty had been paid at the increased rates provided for by subsection (1) of this section, so, however, that the tobacco shall be treated as tobacco on which customs duty at the full rate has been paid unless the duty of customs which was paid thereon was paid at a preferential rate.
- (7) Section four of the Finance Act, 1947 (which provides for relief for pensioners) shall have effect as if the reference in paragraph (a), of subsection (1) thereof to the increase in the retail price of tobacco occasioned by the duties imposed by that Act included a reference to the effect of the further increase in the retail price of tobacco occasioned by the provisions of this section.

2 **Beer.**

- (1) Section one of the Finance (No. 2) Act, 1939 (which imposes duties of excise and customs in respect of beer) shall have effect as if Parts I, III and IV of the Second Schedule to this Act were respectively substituted for Parts I, III and IV of the First Schedule to that Act.
- (2) In the case of beer in respect of which it is shown to the satisfaction of the Commissioners that the increased duty chargeable by virtue of this section has been paid, the provisions of the said section one relating to drawback shall have effect as if Parts II, V and VI of the Second Schedule to this Act were respectively substituted for Parts II, V and VI of the First Schedule to the Finance (No. 2) Act, 1939.
- (3) This section shall be deemed to have had effect as from the seventh day of April, nineteen hundred and forty-eight.

3 Spirits.

- (1) The duties of customs charged on spirits under subsection (1) of section three of the Finance Act, 1920, in addition to the duties specified in Part II of the First Schedule to that Act, shall be charged at the rates specified in the Third Schedule to this Act; and accordingly the said subsection (1) shall have effect as if the said Schedule to this Act were substituted for Part I of the First Schedule to that Act.
- (2) The rate of the duty of excise charged on spirits under subsection (2) of section three of the Finance Act, 1920, in addition to the duties specified in Part III of the First Schedule to that Act, shall be increased to ten pounds ten shillings and tenpence per gallon computed at proof; and accordingly the said subsection (2) shall have effect as if for the words " nine pounds ten shillings and ten pence " there were substituted the words " ten pounds ten shillings and tenpence ".
- (3) This section shall be deemed to have had effect as from the seventh day of April, nineteen hundred and forty-eight.

4 Wines.

- (1) Section three of the Finance (No. 2) Act, 1939 (which imposes duties of customs on wines) shall have effect as if Parts I and II of the Fourth Schedule to this Act were respectively substituted for Parts I and II of the Third Schedule to that Act.
- (2) Subsection (1) of this section shall be deemed to have had effect as from the seventh day of April, nineteen hundred and forty-eight.
- (3) So much of section ninety-five of the Customs Consolidation Act, 1876, as relates to the mixing of spirits with wines in a warehouse, and so much of section seventy of the Spirits Act, 1880, as relates to the use of spirits for fortifying wines in a warehouse, shall apply to British flavoured or compounded spirits as they apply to other spirits.

5 Sweets.

- (1) The duty of excise on sweets charged under section six of the Finance Act, 1927, shall be charged at the rates specified in the Fifth Schedule to this Act instead of at the rates specified in the Fourth Schedule to the Finance (No. 2) Act, 1947.

This subsection shall be deemed to have had effect as from the seventh day of April, nineteen hundred and forty-eight.
- (2) The Commissioners may, subject to such conditions as they may require, permit the mixing in an approved warehouse of duty-free spirits with sweets in a proportion not exceeding ten gallons of proof spirits to the hundred gallons of sweets, so, however, that the mixture shall not thereby be raised to a greater degree of strength than thirty-two per cent. of such proof spirit.
- (3) Sweets delivered for home consumption from a warehouse in which they have been fortified by virtue of the last foregoing subsection shall be deemed, for the purposes of the said duty of excise on sweets, to have been sent out from the premises of the maker of sweets at the time of the delivery.

6 Security and pre-entry.

The Commissioners may, in relation to any goods, relax as they may think fit any provision contained in the Customs Consolidation Act, 1876, or in any enactment amending that Act, with respect to the giving of security or entry before shipment.

7 Imperial preference for sugar, etc.

Subsection (1) of section seven of the Finance Act, 1926 (which, as amended by section four of the Finance Act, 1946, provides, among other things, for the stabilisation of rates of imperial preference in the case of duties of customs charged on sugar, molasses, glucose and saccharin during a period ending with the month of August, nineteen hundred and forty-eight) shall, in so far as it relates to the said duties, have effect as if the said period were extended so as to expire at the end of August, nineteen hundred and fifty-two.

8 Key industry duty.

- (1) Part I of the Safeguarding of Industries Act, 1921 (which, as extended by section one of the Finance Act, 1946, is limited to expire on the nineteenth day of August, nineteen hundred and forty-eight) shall continue in force for a further period of three years from that date.
- (2) Where, having regard to the terms for the time being in force of the Agreement on Tariffs and Trade concluded at Geneva in the year nineteen hundred and forty-seven or of any other agreement regarding commercial relations which may be entered into between His Majesty's Government in the United Kingdom and the Government of any other country, it appears to the Treasury, on the recommendation of the Board of Trade, to be expedient so to do, the Treasury may by order direct, in relation to any class or description of goods specified in the order, that any duties chargeable on those goods under the Safeguarding of Industries Act, 1921 (including any additional duties so chargeable by virtue of subsection (4) of section five of the Finance Act, 1936) shall be charged at such reduced rate as may be so specified or shall cease to be charged.
- (3) An order under this section shall be made by statutory instrument and section nineteen of the Import Duties Act, 1932 (which, among other things, makes provision as to the laying of Treasury orders relating to duties of customs before the Commons House of Parliament) shall apply to an order under this section as if it were an order made by the Treasury under that Act.

9 Provisions consequential on Geneva agreement.

- (1) Where, having regard to the terms for the time being in force of the said Agreement on Tariffs and Trade concluded at Geneva in the year nineteen hundred and forty-seven, it appears to the Treasury, on the recommendation of the Board of Trade, to be expedient so to do, the Treasury may exercise the powers conferred by the following provisions of this section.
- (2) The Treasury shall have power by order to vary the rates of duties of customs chargeable under section nine of the Finance Act, 1933, on articles of apparel made wholly or partly of silk or artificial silk which are Empire products within the meaning of subsection (1) of section eight of the Finance Act, 1919.

Any order under this subsection shall have effect notwithstanding anything in subsection (5) of the said section nine (which provides that the preferential rates of duty on articles of silk or artificial silk shall be five-sixths of the full rates) and notwithstanding anything in subsection (3) of section three of the Finance Act, 1937 (which provides for a further reduction in the preferential rate for silk stockings or socks).

- (3) The Treasury shall have power by order to vary the rates of duties of customs chargeable under Part I of the Import Duties Act, 1932, on Empire goods, within the meaning of section six of the Finance Act, 1938, of the following descriptions, that is to say, agricultural tractors (not being track-laying tractors), motor bicycles and motor

Any order under this subsection shall have effect notwithstanding any provision contained in or made under the said section six (which provides for a preferential rate of duty of two-thirds of the full rate on the said goods).

- (4) An order under this section shall be made by statutory instrument and section nineteen of the Import Duties Act, 1932 (which, among other things, makes provision as to the laying of Treasury orders relating to duties of customs before the Commons House of Parliament) shall apply to an order under this section as if it were an order made by the Treasury under that Act.

10 Ottawa duties on patent leather and rice.

- (1) The proviso to subsection (2) of section six of the Finance Act, 1934 (which provides that the Ottawa duty on patent leather imposed by that section is not to be charged when the agreement with Canada scheduled to the Ottawa Agreements Act, 1932, is not in force, and that the provisions of that Act for reducing Ottawa duties are to be excluded) shall cease to have effect and in the proviso to subsection (1) of that section (which provides that the duty of fifteen per cent. chargeable under that section shall not be charged where a higher duty is chargeable under the Import Duties Act, 1932) for the words " fifteen per cent. of the value of the goods " there shall be substituted the words " the amount of the duty which would be chargeable by virtue of this section ".
- (2) The proviso to subsection (1) of section eight of the Finance Act, 1935 (which provides that the Ottawa duty on rice in the husk imposed by that section is not to be charged when the agreement with India scheduled to the Ottawa Agreements Act, 1932, is not in force, and that the provisions of that Act for reducing Ottawa duties are to be excluded) shall cease to have effect.
- (3) For the purposes of the proviso to subsection (3) of section one of the Ottawa Agreements Act, 1932 (which provides that an order under that subsection reimposing a duty or increasing the rate of a duty previously reduced shall not provide for a rate greater than the rate specified in Part I of the Second Schedule to that Act) the rates set out in the said section six and the said section eight shall be treated as rates specified in the said Part I.

11 Prunes.

The duties of customs chargeable on prunes under the Customs Tariff Act, 1876, and under the Ottawa Agreements Act, 1932, shall cease to be chargeable and, accordingly.

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- (a) the reference to prunes and the rate of duty chargeable in respect thereof in the Schedule to the Customs Tariff Act, 1876; and
- (b) the reference to prunes in Part I of the Second Schedule to the Ottawa Agreements Act, 1932,

shall cease to have effect; and prunes shall not be chargeable as preserved plums under either of those Acts.

12 Forfeiture for breach of certain conditions.

(1) If under any enactment or practice whereby—

- (a) goods liable to customs duty are allowed to be delivered without payment of duty on condition that they will not be sold or will be re-exported or upon any other like condition ; or
- (b) the amount of customs duty payable on any goods depends on their being imported on any such condition,

any goods are allowed to be delivered without payment of duty or on payment of duty calculated in accordance with the enactment or practice, and the condition is not fulfilled, the goods shall be forfeited.

(2) The provisions of this section shall apply whether or not any undertaking or security has been given for the fulfilment of the condition or for the payment of the duty payable apart from the condition, and the forfeiture of any goods under this section shall not affect any liability of any person who has given any such undertaking or security.

13 Table waters.

As from the first day of May, nineteen hundred and forty-eight, the following duties (which are imposed as respects table waters) shall cease to be chargeable, that is to say—

- (a) the duties of excise chargeable under section four of the Finance (New Duties) Act, 1916;
- (b) the duties of customs chargeable under section seven of the Finance Act, 1916; and
- (c) the duty of excise on a licence to be taken out annually charged under section nine of the Finance Act, 1916;

and the requirements of section six of the Finance (New Duties) Act, 1916, as to registration or licensing shall cease to have effect as from the said day.

14 Pool betting duty.

(1) Subject to the provisions of this section, section six of the Finance (No. 2) Act, 1947, (which imposes the pool betting duty) shall have effect as if in subsection (1) thereof for the words " ten percent." there were substituted the words " twenty per cent.- " .

(2) Subject to the provisions of this section, bets shall be deemed for the purposes of the said section six and of the Fifth Schedule to the said Act to be made by way of pool betting whenever a number of persons make bets on terms that the winnings of such of those persons as are winners shall be, or shall include, an amount (not determined by reference to the stake-money paid or agreed to be paid by those persons) which is divisible in any proportions among such of those persons as are winners.

Nothing in this subsection shall be construed as restricting the definition of pool betting contained in subsection (5) of the said section six as originally enacted.

- (3) Nothing in this section shall apply to bets made by means of a totalisator set up on a dog racecourse which is a track in respect of which a licence granted under Part I of the Betting and Lotteries Act, 1934, is for the time being in force.
- (4) In this section the expressions " bet " and " totalisator " have the same meanings as in the said section six.
- (5) This section shall be deemed to have come into operation as respects any bets made by reference to any event taking place on or after the seventh day of April, nineteen hundred and forty-eight.'

15 Bookmakers' licence duty.

- (1) A duty of excise, to be known as the bookmakers' licence duty, of an amount determined in accordance with the following Table shall be charged, levied and paid on a bookmaker's licence to be taken out on the occasion of a dog race-meeting at which a totalisator is operated, to carry on book-making at the meeting. Table

For a course where the public is admitted to	A licence authorising the bookmaker to carry on bookmaking in	Amount of duty on the licence	
1.	2.	3.	4.
A single enclosure	The enclosure	£12	Where there are to be more races than eight at the meeting an additional amount of one eighth of the amount in the third column for each race in excess of eight.
Two enclosures and no more.	The cheaper enclosure	£6	
	The dearer enclosure	£ 24	
	The cheapest enclosure	£6	
More than two enclosures.	The cheapest but one enclosure	£18	
	Any other enclosure	£48	

- (2) If any person carries on bookmaking in an enclosure at a dog race-meeting at which a totalisator is operated without having taken out a licence for that meeting authorising him to carry on bookmaking in that enclosure, he shall be liable to an excise penalty of two hundred pounds.

In any proceedings under this subsection the burden of proof that the person from whom the penalty is sought to be recovered took out a licence for the meeting authorising him to carry on bookmaking in the enclosure shall lie on that person.

- (3) The supplemental provisions set out in the Sixth Schedule to this Act shall have effect with respect to the bookmakers' licence duty.

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- (4) For the purposes of this section and the said Schedule—
- (a) the expression " enclosure " means a part of a course to which the public is admitted to see the races, and one part of the course shall be treated as being in the same enclosure as another part of the course, or as being in a cheaper or dearer enclosure than that other part, according as the highest charge made to members of the public for admission to the one part of the course is the same as, or less or greater than, the highest charge made to members of the public for admission to that other part of the course ;
 - (b) the fact that any particular enclosure is, as a temporary measure, closed to the public for any particular meeting or part of a meeting shall not affect any question as to how many enclosures there are on the course or as to which is the cheaper or cheapest;
 - (c) any reference to a meeting at which a totalisator is operated shall be construed as a reference to a meeting on a course on which a totalisator is operated for the whole or any part of the meeting ;
 - (d) a meeting shall be treated as terminated when the public are required to leave the enclosures and, accordingly, any races held on the course after that time shall be treated as held at another meeting ;
 - (e) the expressions " bookmaker ", " bookmaking ", " dog race ", " dog race-course " and " totalisator " have the meanings assigned to them by subsection (1) of section twenty of the Betting and Lotteries Act, 1934, and " dog race-meeting " shall be construed accordingly.
- (5) This section shall come into operation on the tenth day after the day on which this Act is passed.

16 Entertainments duty on stage plays, etc.

- (1) Section six of the Finance Act, 1943, shall have effect as if for the rates of duty set out in Part I of the Fifth Schedule to that Act (which relates to the rates of entertainments duty chargeable for stage plays, etc.) there were substituted the rates of duty set out in the Seventh Schedule to this Act.
- (2) This section shall be deemed to have had effect as respects any payment, whenever made, for admission to any entertainment held on or after the thirtieth day of May, nineteen hundred and forty-eight, and where duty has been charged, at the rates in force apart from the provisions of this section, on any payment made before that day for admission to any entertainment to which the said Part I relates held on or after that day, the person by whom the duty was paid shall be entitled to repayment of the difference between the amount of duty actually paid and the amount, if any, chargeable in accordance with the provisions of this section.

17 Relief for rural entertainments.

- (1) Entertainments duty shall not be charged on payments for admission to an entertainment as respects which the Commissioners are satisfied—
- (a) that the entertainment is held in a building in a borough, urban district or rural parish within the meaning of the Local Government Act, 1933, being a borough, urban district or parish with a population not exceeding two thousand or with a population not exceeding sixty-four to the square mile ; and

- (b) that seating capacity for more than four hundred persons cannot be provided in the building.
- (2) In this section references to buildings do not include references to buildings not attached to permanent foundations.
- (3) This section shall have effect in Scotland with the substitution, for the references to a borough, urban district or rural parish within the meaning of the Local Government Act, 1933, of references to a small burgh within the meaning of the Local Government (Scotland) Act, 1947, or a landward parish or the landward part of a parish which is partly landward and partly burghal.
- (4) This section shall have effect and be deemed always to have had effect as respects any payment, whenever made, for admission to any entertainment held on or after the first day of May, nineteen hundred and forty-eight, and where duty has been charged on any payment made before that day for admission to an entertainment to which this section applies held on or after that day, the person by whom the duty was paid shall be entitled to repayment of the amount of the duty:

Provided that—

- (a) in England, this subsection shall have effect in relation to any borough or urban district as if for the reference to the first day of May, nineteen hundred and forty-eight, there were substituted a reference to the first day of August, nineteen hundred and forty-eight; and
- (b) as respects entertainments held, whether in England or in Scotland, before the said first day of August, paragraph (b) of subsection (1) of this section shall have effect and be deemed always to have had effect as if for the words " four hundred persons," there were substituted the words " two hundred persons. "

18 Partial remission of mechanically propelled vehicles duty in certain cases.

- (1) Where, before such date as may be specified by order of the Treasury, a licence under section thirteen of the Finance Act, 1920, is issued in respect of either—
 - (a) a vehicle, being a bicycle or a tricycle, which is chargeable with duty under paragraph 1 of the Second Schedule to that Act, and which is not constructed or adapted to use as fuel any fuel other than light oils ; or
 - (b) a, vehicle chargeable with duty under paragraph 6 of that Schedule, which is not constructed or adapted to use as fuel any fuel other than light oils,and the condition specified in subsection (2) of this section is fulfilled, the licence shall be issued on payment of half only of the duty chargeable and the other half of the duty chargeable shall be remitted, but a licence so issued shall become void on that condition ceasing to be fulfilled.
- (2) The said condition is that either—
 - (a) no coupons, except standard ration coupons, have been issued in respect of the vehicle to the person in whose name it is registered under the Roads Act, 1920 ; or
 - (b) it is certified by a person authorised in that behalf by the Minister of Fuel and Power that every coupon so issued, other than a standard ration coupon, has been delivered up unused to that Minister in accordance with the orders of that Minister for the time being in force in respect of the control of motor fuel; or

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- (c) the period of the validity of every coupon so issued, other than a standard ration coupon or a coupon so certified as aforesaid, to have been so delivered up unused, has expired :

Provided that where—

- (i) coupons other than standard ration coupons have been so issued for any period; and
(ii) it is certified by a person authorised as aforesaid that some of those coupons have been delivered up unused as aforesaid before the expiration of that period,

the period of the validity of all those coupons shall be treated for the purposes of this section (but not for any other purpose) as expiring on such date as may be specified in the certificate, being the date by which so much only of that period remains as bears to the whole thereof the same proportion as the number of units of fuel covered by the coupons which are delivered up unused bears to the number of units of fuel which were covered by all the said coupons.

- (3) On the surrender of a licence in respect of which there has been a remission of duty under this section, the repayment of duty, if any, falling to be made under section eighteen of the Finance Act, 1924, shall be computed by reference to the duty chargeable as diminished by the amount of the remission.
- (4) In this section, the expressions " coupon " and " standard ration coupon " have the same meanings as for the purposes of the orders of the Minister of Fuel and Power from time to time in force in respect of the control of motor fuel, and the expression " light oils " has the meaning assigned to it by subsection (3) of section two of the Finance Act, 1928.
- (5) This section shall be deemed to have had effect as from the first day of June, nineteen hundred and forty-eight.

19 Amendment as to unladen weight of goods vehicles.

- (1) Section seven of the Finance Act, 1937 (which provides that the unladen weight of a goods vehicle shall for the purposes of paragraph five of the Second Schedule to the Finance Act, 1920, be taken to include the weight of certain receptacles placed on vehicles) shall have effect subject to the amendments specified in the following provisions of this section.
- (2) For paragraph (b) of the proviso to subsection (1) of that section (which exempts from inclusion in the unladen weight of a goods vehicle by virtue of that section receptacles constructed or adapted for the purpose of being lifted on or off a vehicle with goods or burden contained therein) there shall be substituted the following paragraphs—
- “(b) if the receptacle is constructed or adapted for the purpose of being lifted on or off the vehicle with goods or burden contained therein and is from time to time actually used for that purpose in the ordinary course of business ; or
- (c) if the receptacle is specially constructed or specially adapted for carrying livestock and is used solely for that purpose.”
- (3) After the said subsection (1) there shall be inserted the following subsections—
- “(1A) If any question arises under paragraph (b) of the proviso to subsection (1) of this section whether any receptacle is from time to time actually used for the

purpose therein mentioned in the ordinary course of business, the receptacle shall be deemed not to be so used until the contrary is shown.

- (1B) For the purposes of paragraph (c) of the proviso to subsection (1) of this section, a receptacle shall not be deemed to be used otherwise than solely for carrying livestock by reason that, on a journey the main purpose of which is the carriage of livestock or on the way to the loading point or while returning from the discharging point on such a journey, the vehicle is used for carrying agricultural produce or agricultural requisites.”

PART II

PURCHASE TAX.

20 New purchase tax rates.

- (1) Subject to the provisions of this Part of this Act relating to drugs and medicines, the provisions of Part I of the Eighth Schedule to this Act shall have effect, and shall be deemed to have had effect as from the ninth day of April, nineteen hundred and forty-eight, in substitution for any enactment in force before that date, for determining what goods are chargeable goods for the purposes of purchase tax and the rates of purchase tax chargeable in respect of goods of any class :

Provided that—

- (a) the provisions of the said Part I exempting from purchase tax articles knitted or crocheted by hand without mechanical aid, including such articles embroidered by hand-needlework, shall be deemed to have had effect only as from the first day of June nineteen hundred and forty-eight; and
- (b) the tissues and fabrics mentioned in sub-paragraph (i) of paragraph (a) of Group 6 in the said Part I shall be deemed to have been chargeable at the second rate for the period beginning with the said ninth day of April and ending with the second day of May nineteen hundred and forty-eight; and
- (c) the articles mentioned in paragraph (c) of Group 23 in the said Part I shall be deemed to have been chargeable at the second rate for the period beginning with the said ninth day of April and ending with the thirty-first day of May, nineteen hundred and forty-eight ; and
- (d) the following articles shall be deemed to have been chargeable at the rates hereinafter respectively specified for the period beginning with the said ninth day of April and ending with the fifteenth day of June nineteen hundred and forty-eight, that is to say—

utility garments made wholly or mainly of fur skin	Second
articles comprised in paragraph (d) of Group 5 in the said Part I	Second
paper handkerchiefs and paper towels	Second
articles comprised in sub-paragraph (iii) of paragraph (b) of Group n in the said Part I	Second

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articles comprised in paragraph (r) Of Group ii in the said Part I	First
appliances comprised in paragraph (b) of Group 12 in the said Part I, being appliances suitable for operation from gas mains	Third
articles comprised in paragraph (d) of Group 14 in the said Part I, other than glass chimneys and similar primary glasses	First
articles comprised in sub-paragraph (i) of paragraph (a) of Group 17 in the said Part I or in sub-paragraph (i) of paragraph (b) of that Group or in sub-paragraph (i) of paragraph (c) of that Group	Second
articles comprised in paragraph (a) of Group 18 in the said Part I	Second

- (2) In the said Part I the words " First ", " Second " and " Third " indicate the first, second and third rates of purchase tax which are respectively one-third, two-thirds and one hundred per cent. of the wholesale value of the goods.
- (3) In the said Part I—
- (a) the expression " Exempt " means exempt from all charge of purchase tax ;
 - (b) the expression " utility " in relation to any goods means goods which, under any order made by the Board of Trade by virtue of any Act, are duly marked with a mark defined as the utility mark by any such order.
- (4) Where under the said Part I any goods are chargeable at more than one rate, purchase tax shall be chargeable in respect of those goods at the higher or highest of those rates.
- (5) In determining the question which of two rates of purchase tax is chargeable under the said Part I in respect of a vehicle, where that question depends on the retail value of the vehicle, the provisions of Part II of the Fourth Schedule to the Finance Act, 1947, shall have effect, but subject to the modification that the reference to the basic rate in paragraph 2 of the said Part II (which assumes that the seller by retail has suffered the incidence of tax at the basic rate) shall be taken to be a. reference to the lower of the two rates in question.

21 Treasury orders.

- (1) The Treasury shall have power by order—
- (a) to make any change in the classes of goods which are chargeable goods or to substitute one of the rates of purchase tax provided for by the enactments relating to purchase tax for any other rate as the rate of tax chargeable in respect of goods of any class; and
 - (b) to amend Part I of the Eighth Schedule to this Act.

The provisions of this section shall be in substitution for the provisions of section twenty of the Finance (No. 2) Act, 1940.

- (2) The reference to an order made under the said section twenty in subsection (1) of section two of the Finance Act, 1945 (which authorises the definition of a class of goods affected by such an order to be made by reference to any mark the use of which the Board of Trade have power to regulate) shall be construed as a reference to an order made under this section.
- (3) An order made under this section may be varied or revoked by a subsequent order so made.
- (4) The power to make orders under this section shall be exercisable by statutory instrument and any statutory instrument by which the power is exercised shall be laid before the Commons House of Parliament after being made.
- (5) Any statutory instrument under this section which extends the incidence or increases the rate of purchase tax shall cease to have effect on the expiration of a period of twenty-eight days from the date on which it is made, unless at some time before the expiration of that period it has been approved by a resolution of the Commons House of Parliament, but without prejudice to anything previously done thereunder or to the making of a new order.

In reckoning any such period of twenty-eight days as aforesaid no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the Commons House is adjourned for more than four days.

- (6) Any other statutory instrument under this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (7) The provisions of the last four preceding subsections shall apply to orders made by the Treasury under section sixteen of the Finance Act, 1946 (which relates to chargeable processes) in substitution for the provisions of subsection (4) of section twenty of the Finance (No. 2) Act, 1940.

22 Drugs and medicines.

- (1) The provisions of Part II of the Eighth Schedule to this Act shall have effect for the purposes of the provisions of Part I thereof relating to drugs and medicines, but, notwithstanding anything in the last but one preceding section, goods shall not by reason of complying with the provisions of the said Part II be deemed to have been exempt from tax becoming chargeable before the first day of June, nineteen hundred and forty-eight.
- (2) An order made by the Treasury under the last preceding section—
 - (a) may vary or revoke the Purchase Tax (No. 1) Order, 1948 (which relates to drugs and medicines); and
 - (b) may define any class of drugs or medicines by a reference (either inclusive or exclusive) to any kind of get-up of the goods ; and
 - (c) may amend Part II of the Eighth Schedule to this Act.

In this subsection, the reference to get-up includes a reference to marking, labelling, packing or any other treatment adopted for identifying goods or presenting goods to the user or consumer.

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23 Extension of meaning of manufacture.

Without prejudice to the generality of any existing definition in the enactments relating to purchase tax, any treatment of goods which affects the get-up of the goods and which results in the goods becoming chargeable goods or becoming goods in respect of which tax is chargeable at a higher rate shall be deemed for all the purposes of the enactments relating to purchase tax to be the application of a process in the course of making the goods.

In this section, the reference to get-up includes a reference to marking, labelling, packing or any other treatment adopted for identifying goods or presenting goods to the user or consumer.

24 Purchases, etc., affected by, and effect on existing contracts of, change in tax.

(1) Where by or under any provision of any Act (including this Part of this Act) any change is made in the classes of goods which are chargeable goods, or which may be the subject of a chargeable process, or in the rate at which purchase tax is chargeable in respect of any goods, that change shall have effect, and shall be deemed to have had effect—

- (a) in relation to a purchase of goods delivered under the purchase after the time as from which the change takes effect notwithstanding that the purchase was made before that time ;
- (b) in relation to the application of a chargeable process completed after that time notwithstanding that the process was applied in pursuance of a contract made before that time.

(2) Subsections (1) and (2) of section ten of the Finance Act, 1901 (which provide for adjustments between buyer and seller under contracts affected by a change in customs or excise duties) shall apply as respects changes in the classes of goods which are chargeable goods, or which may be the subject of a chargeable process, and in the rates at which purchase tax is chargeable in respect of goods of any class, as they apply to duties of customs or "excise, but subject to the modification that, in relation to the application of a chargeable process under any contract not being a purchase.—

- (a) the contract shall be treated as a contract of sale ;
- (b) the goods resulting from the application of the process shall be treated as having been bought under the contract; and
- (c) the party to whose order the process is applied and the party who applies the process to his order shall be treated respectively as the buyer and the seller.

This subsection shall have effect in substitution for section twenty-eight of the Finance (No. 2) Act, 1940, and section twenty-three of the Finance Act, 1946.

PART III

INCOME TAX (CHARGE OF TAX AND MISCELLANEOUS).

25 Charge of income tax for 1948-49.

(1) Income tax for the year 1948-49 shall be charged at the standard rate of nine shillings in the pound, and, in the case of an individual whose total income exceeds two thousand

pounds, at such higher rates in respect of the excess over two thousand pounds as Parliament may hereafter determine.

- (2) Subject to the provisions of any Act of the present Session relating to gas or agriculture, and to any enactment which has effect only after the end of the year 1947-48, all such enactments as had effect with respect to the income tax charged for that year, other than enactments which by their terms relate only to tax for that year, shall have effect with respect to the income tax charged for the year 1948-49.

26 Higher rates of income tax for 1947-48.

Income tax for the year 1947-48 shall be charged, in the case of an individual whose total income exceeded two thousand pounds, at the same higher rates in respect of the excess over two thousand pounds as were charged for the year 1946-47.

27 Alteration of certain reliefs.

- (1) Section nineteen of the Finance Act, 1935 (which, as amended by subsequent enactments, exempts from tax incomes not exceeding one hundred and twenty pounds and limits the tax on incomes exceeding one hundred and twenty pounds but less than one hundred and thirty-five pounds to one quarter of the excess) shall have effect as if—
- (a) the words " one hundred and thirty-five pounds " were substituted for the words " one hundred and twenty pounds " in both places where they occur; and
 - (b) the words " one hundred and sixty pounds " were substituted for the words " one hundred and thirty-five pounds " ; and
 - (c) the words " three-tenths " were substituted for the words " one-quarter ".
- (2) Subsection (1) of section fifteen of the Finance Act, 1925 (which, as amended by subsequent enactments, provides for a deduction of tax on an amount equal to one-sixth of the amount of earned income but not exceeding two hundred and fifty pounds) and subsection (2) of the said section fifteen (which, as amended by subsequent enactments, provides, in a case where an individual or his wife has attained the age of sixty-five years and his total income does not exceed five hundred pounds, for a deduction of tax on an amount equal to one-sixth of his income) shall have effect as if—
- (a) the words " one-fifth " were substituted for the words " one-sixth " in each of those subsections ; and
 - (b) the words " four hundred pounds" were substituted in the said subsection (1) for the words " two hundred and fifty pounds " ; and
 - (c) the words " five-eighths " were substituted in the said subsection (2) for the words " three-quarters ".
- (3) Section eighteen of the Finance Act, 1920 (which, as amended by subsequent enactments, provides, amongst other things, that the deduction of tax allowable in the case of married persons shall in certain cases be increased by an amount not exceeding five-sixths of the earned income of the claimant's wife) shall have effect as if the words " four-fifths " were substituted for the words " five-sixths ".
- (4) The additional relief afforded by this section for the year 1948-49 shall not be deemed to have affected the amount of tax deductible or repayable before the sixth day of July, nineteen hundred and forty-eight.

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28 **Reduced rate relief.**

- (1) In subsection (2) of section forty of the Finance Act, 1927 (which, as amended by section seventeen of the Finance (No. 2) Act, 1945, provides, in effect, for tax being charged at one-third of the standard rate on not more than fifty pounds of an individual's income and at two-thirds of the standard rate on not more than another seventy-five pounds thereof) for the words " seventy-five pounds" there shall be substituted the words " two hundred pounds ".
- (2) The said subsection (2) (as amended by subsection (1) of this section) shall, where the income of an individual includes both—
 - (a) earned income of his wife ; and
 - (b) other income available for relief under the said subsection (2),
 have effect subject to the following provisions of this section.
- (3) Where there is. earned income of the wife available for relief under the said subsection (2), references to fifty pounds plus the amount of the earned income so available, or to one hundred pounds, whichever is the smaller, shall be substituted in the said subsection (2) for the references to fifty pounds :

Provided that where the other income available for relief under the said subsection (2) falls short of fifty pounds, the amount references to which are to be substituted as aforesaid under this subsection shall be diminished by the amount of the deficiency.
- (4) Where the earned income of the wife available for relief under the said subsection (2) exceeds fifty pounds, a reference to two hundred pounds plus the amount of the excess or to four hundred pounds, whichever is the smaller, shall be substituted in the said subsection (2) for the reference to two hundred pounds :

Provided that where the other income available for relief under the said subsection (2) does not exceed fifty pounds, this subsection shall not apply, and where the said other income exceeds fifty pounds and falls short of two hundred and fifty pounds, the amount references to which are to be substituted as aforesaid under this subsection shall be diminished by the amount of the deficiency.
- (5) In this section, the expression " earned income ", in relation to a wife, means earned income treated as such for the purposes of subsection (2) of section eighteen of the Finance Act, 1920 (which provides a special relief for wife's earned income).
- (6) References in this section to the earned income of the wife available for relief under subsection (2) of the said section forty shall be construed as references to her earned income less—
 - (a) so much of any amount which falls to be deducted under any of the provisions of the Income Tax Acts as could not have been deducted but for the existence of the earned income of the wife ; and
 - (b) so much of the amounts tax on which falls to be deducted under subsection (1) of the said section forty as could not have been taken into account but for the existence of the earned income of the wife ; and
 - (c) any deduction allowable under section twenty-seven of the Finance Act, 1946 (which allows relief for national insurance contributions) in respect of contributions paid by the wife as an insured person.
- (7) References in this section to the income available for relief under subsection (2) of the said section forty, other than earned income of the wife, shall be construed as references to the man's total income other than earned income of the wife, less the

total of the amounts tax on which falls to be deducted under subsection (1) of the said section forty, ether than so much of those amounts as falls to be deducted from the earned income of the wife in ascertaining the earned income of the wife available for relief under subsection (2) of the said section forty.

- (8) The additional relief afforded by this section for the year 1948-49 shall not be deemed to have affected the amount of tax deductible or repayable before the sixth day of July, nineteen hundred and forty-eight.

29 Life insurance premiums.

- (1) This section applies to premiums payable on policies of insurance or contracts for deferred annuities, being policies or contracts made after the twenty-second day of June, nineteen hundred and sixteen.
- (2) For the purposes of section thirty-two of the Income Tax Act, 1918 (which provides a relief for life insurance premiums and other payments at a rate depending in part on the total income of the claimant) the appropriate rate shall, in relation to premiums to which this section applies, be two-fifths of the standard rate of tax, irrespective of the total income of the claimant.
- (3) If, in any year of assessment, the total premiums to which this section applies in respect of which relief falls to be granted under the said section thirty-two do not exceed twenty-five pounds, the relief to be granted under the said section thirty-two in respect of those premiums shall, instead of being a deduction of tax at the appropriate rate on the amount of the premiums, be a deduction of tax at the standard rate on ten pounds or on the full amount of the premiums, whichever is the less.
- (4) Subject to the provisions of this subsection, the relief to be given under the said section thirty-two in respect of premiums to which this section applies shall, for all the purposes of the Income Tax Acts, be deemed to be a deduction of tax under subsection (1) of section forty of the Finance Act, 1927 (which provides for certain reliefs by way of deduction from tax) :

Provided that—

- (a) any reference in this Part of this Act, or in any of the other provisions of the Income Tax Acts, to an amount tax on which falls to be deducted under the said subsection (1) shall, in relation to a premium to which this section applies on which a deduction falls to be made at two-fifths of the standard rate, be construed as a reference to two-fifths of the amount of that premium ; and
- (b) nothing in this subsection affects the mode in which the appropriate rate of United Kingdom income tax is to be calculated under sub-paragraph (v) of paragraph 2 of Part II of the Fifth-Schedule to the Finance Act, 1927, for the purposes of relief for Dominion income tax.
- (5) In this section, references to the standard rate of tax are references to the actual standard rate, whether or not that rate exceeds seven shillings in the pound.
- (6) The following amendments (being amendments consequential on the preceding provisions of this section) shall be made in the enactments hereinafter mentioned, that is to say—
- (a) subsections (2) and (7) of section thirty-two of the Income Tax Act, 1918, and subsection (1) of section nine of the Finance (No. 2) Act, 1940, shall not apply in relation to premiums to which this section applies ; and

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- (b) the references to premiums in subsection (9) of the said section thirty-two and in subsection (2) of the said section nine shall not include references to premiums to which this section applies ; and
 - (c) sub-paragraph (i) of paragraph (e) of subsection (3) of the said section thirty-two shall cease to have effect.
- (7) This section shall have effect with respect to the year 1949-50 and all subsequent years of assessment.

30 Formal assessments under Schedule E to be unnecessary in certain cases.

- (1) Subject to the provisions of this section, no assessment under Schedule E need be made on a person in respect of his emoluments for the year 1949-50 or any subsequent year of assessment if the total net tax deducted from his emoluments in the year in question is the same as it would have been if all the relevant circumstances had been known to all parties throughout the year, and deductions and repayments had, throughout the year, been made accordingly, and had been so made by reference to cumulative tax tables.
- (2) Nothing in this section shall be construed as preventing an assessment being made on a person in respect of his emoluments, and, without prejudice to the generality of the preceding provisions of this subsection, an assessment shall be made in respect of the emoluments of a person for any year of assessment if—
- (a) the person assessable requires an assessment to be made by notice in writing given to the surveyor within five years from the end of the year of assessment; or
 - (b) the emoluments paid in the year are not the same in amount as the emoluments which would fall to be treated as the emoluments for the year ; or
 - (c) there is reason to suppose that the emoluments would, if assessed, fall to be taken into account in computing the total income for surtax purposes of a person who is liable to surtax or would be so liable if an assessment were made in respect of the emoluments.
- (3) In this section—
- (a) the expression " emoluments " means emoluments assessable to income tax under Schedule E ;
 - (b) the expression " cumulative tax tables " means tax tables prepared under section two of the Income Tax (Employments) Act, 1943, which are so framed as to require the tax which is to be deducted or repaid on the occasion of each payment made in the year to be ascertained by reference to a total-of emoluments paid in the year up to the time of the making of that payment;
 - (c) references to the total net tax deducted shall be construed as references to the total tax deducted during the year by virtue of regulations made under the Income Tax (Employments) Act, 1943, less any tax repaid by virtue of any such regulations.

31 Farming, and other profits arising from land.

- (1) As respects income tax for the year 1949-50 and all subsequent years of assessment—
- (a) all farming in the United Kingdom shall be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the profits or gains thereof charged to tax under Case I of Schedule D accordingly, and section

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eleven of the Finance Act, 1941 (which, as amended by section twenty-eight of the Finance Act, 1942, exempts from assessment under Schedule D certain farming carried on by individuals or partnerships on land of an annual value not exceeding one hundred pounds) shall not have effect;

- (b) the occupation of land in the United Kingdom for any purpose other than farming shall, if the land is managed on a commercial basis and with a view to the realisation of profits, be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the profits or gains thereof charged to tax under Case I" of Schedule D accordingly;
- (c) no land occupied for the purpose of carrying on a trade, profession or vocation shall be charged under Schedule B;
- (d) profits or gains arising from payments for any easement over or right to use any land in the United Kingdom made to the person who occupies that land, whether he occupies it for the purpose of a trade, profession, or vocation or otherwise, shall, except so far as the payments are chargeable to tax under section twenty-one of the Finance Act, 1934, be taken into account in computing the profits of the trade, profession or vocation or as annual profits or gains chargeable under Case VI of Schedule D, as the case may be ; and
- (e) the assessable value of land in relation to tax under Schedule B shall in all cases be an amount equal to one-third of the annual value :

Provided that—

- (i) where land which would but for the provisions of this section be assessable under Schedule B is occupied for the purpose of carrying on a trade, profession or vocation for part only of the year of assessment, tax shall be charged under Schedule B on that land for that year on so much of the assessable value of that land as is apportionable to the remaining part of that year ;
 - (ii) nothing in this subsection shall affect the taxation of woodlands which are managed on a commercial basis and with a view to the realisation of profits ;
 - (iii) where land is assessed to tax under Schedule B, the total amount on which assessments are made under Case VI of Schedule D by virtue of paragraph (d) of this subsection in respect of profits or gains arising in the year of assessment from payments to any person for easements over or rights to use that land shall be limited to the excess, if any, of the total amount of those profits or gains over the assessable value of that land or, as the case may be, over so much of the assessable value thereof as is apportionable to the part of the year for which that person occupies that land.
- (2) Where, for any of the purposes of the proviso to subsection (1) of this section, the assessable value of any land falls to be apportioned to a part of a year, the apportionment shall be made by reference to the number of months or parts of a month in that part of the year.
- (3) In this and the next succeeding section, the expression " land " includes tenements, hereditaments and heritages.

32 Transitional provisions as to farming, etc.

- (1) For the purposes of income tax for the year 1949-50 and subsequent years of assessment, the question whether or not a trade has been discontinued or a new trade set up or commenced shall not, in the case of any trade the profits or gains of which arise or accrue in whole or in part from the occupation of land in the United Kingdom,

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be affected by the fact that, for particular years of assessment, the person or partnership or body of persons carrying on the trade is not or was not chargeable under Schedule D in respect of all or any of the profits thereof, and the period of computation for the year 1949-50 or any subsequent year of assessment may, in the case of any such trade as aforesaid, be a period falling wholly or partly within a year or years of assessment for which the person, partnership or body of persons carrying on the trade was not chargeable under that Schedule.

In this subsection, the expression " period of computation " means, in relation to a year of assessment, the period by reference to the profits or gains of which the profits or gains arising or accruing from a trade are to be computed for that year.

- (2) In considering, in relation to any trade the profits or gains of which arise or accrue in whole or in part from the occupation of land in the United Kingdom, whether any, and if so what, relief may be given to any person for the year 1949-50 or any subsequent year of assessment under section thirty-three of the Finance Act, 1926, or section twenty-nine of the Finance Act, 1927 (which relate to the carrying forward of losses), there may be carried forward to the year 1949-50 and subsequent years of assessment from the years of assessment preceding the year 1949-50 the amount (if any) which would have fallen to be carried forward to those years respectively if the last preceding section had been in force in respect of all those preceding years and that person and every partnership of which he was a member had been charged under Schedule D accordingly and had been given in those preceding years all the relief which he or they could have been given under those sections if he or they had been so chargeable.
- (3) Where, on a claim made for the purposes of this subsection within twelve months from the end of the year 1949-50, it is proved, as respects a trade carried on by an individual or partnership of individuals in that year the profits or gains of which are chargeable to income tax under Schedule D by virtue only of the last preceding section, that the actual profits or gains from that trade in that year of that individual or partnership of individuals are less than the amount of the profits or gains by reference to which he or they are chargeable under the last preceding section for that year—, .
 - (a) that individual or partnership of individuals shall be entitled to such relief from income tax, other than sur-tax, as will reduce the amount of income tax, other than surtax, payable to the amount which would have been payable if he or they had been charged by reference to the actual profits or gains for that year;
 - (b) the individual, or in the case of a partnership of individuals, each of the individuals, shall be entitled to such relief from the sur-tax, if any, payable by him for that year as will reduce the amount of sur-tax so payable to the amount which would have been payable if the individual, or, as the case may be, the partnership, had been charged as aforesaid.

33 Extension of time in relation to relief for capital expenditure on rehabilitation.

Subsection (1) of section twenty-four of the Finance Act, 1947 (which allows relief for certain capital expenditure on rehabilitation) shall have effect, and be deemed always to have had effect, as if for the proviso thereto (which, in certain cases, extends, till not later than the end of the year nineteen hundred and forty-nine, the period within which the expenditure must have been incurred if the relief is to be given) there were substituted the following proviso—

“Provided that if the person carrying on the trade complies with either of the following conditions, that is to say, either—

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- (a) that he produces to the Commissioners of Inland Revenue before the end of March, nineteen hundred and forty-eight, or such later date as they may allow, particulars of work required to be done as at the thirty-first day of December, nineteen hundred and forty-six, and satisfies them that that work was not completed before the end of the year nineteen hundred and forty-seven ; or
- (b) that he furnishes to the said Commissioners before the said end of March, or such later date as they may allow, a preliminary statement in respect of any such work, setting out such information as is available to him as to the position in respect thereof, and, before the end of March, nineteen hundred and forty-nine, or such later date as the said Commissioners may allow, produces to them the particulars, and satisfies them as to the matters, specified in paragraph (a) of this proviso,

this subsection shall have effect, in relation to any rehabilitation costs incurred in doing that work, as if for the first reference therein to the end of the year nineteen hundred and forty-seven there were substituted a reference to the end of March, nineteen hundred and fifty-two.”

34 Remission of balancing charges and other provisions, in case of certain undertakings absorbed under nationalisation schemes.

- (1) The provisions of this section shall have effect where—
 - (a) under any statutory provisions to which this section applies, property is transferred to a Commission, Authority, Board, body or person ; and
 - (b) under the statutory provisions in question, the liability of the transferor arising from any balancing charge falling to be made on the occasion of the transfer becomes a liability of the transferee.
- (2) The transfer shall be treated for income tax purposes as a sale of property' to which paragraph (a) of subsection (1) of section fifty-nine of the Income Tax Act, 1945, applies and as if the parties to the sale had given notice of election under subsection (4) of that section. ,
- (3) Where the trade carried on by the transferor is permanently discontinued at the date of the transfer and either—
 - (a) in the year of assessment in or at the end of which the transfer takes place, a deduction could have been allowed in charging the profits or gains of the trade under Rule 6 of the Rules applicable to Cases I and II of Schedule D or under that Rule as extended by section thirty of the Finance Act, 1944, or by section fifty-five of the Income Tax Act, 1945, but for an insufficiency of profits or gains against which to allow the deduction ; or
 - (b) in that and previous years taken together, relief or greater relief could have been given by way of deduction or set off under section thirty-three of the Finance Act, 1926, or under that section as extended by any subsequent enactment, but for the allowance, in those years, of any such deductions as are mentioned in paragraph (a) of this subsection,

the deduction, so far as it could have been but was not allowed, or, as the case may be, the amount or additional amount which could have been deducted and set off .but for the deductions aforesaid, shall, in charging the profits-or gains of the trade of the transferee for the year of assessment in or at the beginning of which the transfer takes place and all subsequent years of assessment, be added to and deemed to form part of

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the deduction falling to be allowed under paragraph (1) of the said Rule 6 in charging the profits or gains of that trade for the year in or at the beginning of which the transfer takes place.

- (4) In this section, any reference to the transferee shall, in the case of a transfer to an Area Board as defined in the Electricity Act, 1947, be construed as a reference to the British Electricity Authority.
- (5) In this section the expression " statutory provision " means a provision contained in, or in any order or scheme made or issued under, any Act, and the statutory provisions to which this section applies are statutory provisions contained in the Transport Act, 1947, the Electricity Act, 1947, or any Act of the present Session relating to gas, or in any order or scheme made or issued under any of those Acts, and any other statutory provisions for giving effect to any scheme for the carrying on of- any industry or part of an industry, or of any undertaking, under national ownership or control.
- (6) This section shall be deemed always to have had effect.

35 Railway wagons of National Coal Board.

- (1) The question whether any and if so what balancing allowance or balancing charge falls to be made to or on the National Coal Board on the occasion of the transfer to the British Transport Commission under section twenty-nine of the Transport Act, 1947, of any railway wagons which the said Board acquired under the Coal Industry Nationalisation Act, 1946, shall be determined as if section twenty-nine of the Finance Act, 1947, and the Seventh Schedule to that Act, had not been passed.
- (2) This section shall be deemed always to have had effect.

36 Widening of exemption for friendly societies and trade unions.

In subsections (1) and (2) of section thirty-nine of the Income Tax Act, 1918 (which grants certain exemptions from income tax to registered friendly societies and trade unions precluded by Act of Parliament or by their rules from assuring to any person a sum exceeding three hundred pounds by way of gross sum or fifty-two pounds a year by way of annuity) for the words " three hundred pounds " there shall be substituted the words " five hundred pounds " and for the words "fifty-two pounds " there shall be substituted the words " one hundred and four pounds ".

37 Amendment of agreement on double taxation in respect of British income tax and Eire income tax.

The agreement made on the twenty-first day of July, nineteen hundred and forty-seven, between the United Kingdom Government and the Eire Government amending the agreements set out in the Second Schedule to the Finance Act, 1926, and the Fourth Schedule to the Finance Act, 1928 (which first-mentioned agreement is set out in the Ninth Schedule to this Act) is hereby confirmed, and, subject to confirmation by the Oireachtas of Eire, shall have effect accordingly.

PART IV

INCOME TAX (EXPENSES ALLOWANCES, ETC.).

38 Expenses allowances, etc.

- (1) Subject to the provisions of this Part of this Act, any sum paid in respect of expenses by a body corporate to any of its directors or to any person employed by it in an employment to which this Part of this Act applies shall, if not otherwise chargeable to income tax as income of that director or employee, be treated for the purposes of Rule I of the Rules applicable to Schedule E as a perquisite of the office or employment of that director or employee and included in the emoluments thereof assessable to income tax accordingly :

Provided that nothing in this subsection shall prevent a claim for a deduction being made under Rule 9 of the said Rules in respect of any money expended wholly, exclusively and necessarily in performing the duties of the office or employment.

- (2) In this section, and, in relation to any director or person employed in an employment to which this Part of this Act applies, in section nineteen of the Finance Act, 1939 (which requires employers in certain cases to give particulars of payments to directors and employed persons in respect of expenses), any reference to a sum paid in respect of expenses includes a reference to any sum put by a body corporate at the disposal of a director or employee and paid away by him.

39 Benefits in kind to be taken into account.

- (1) Subject to the following provisions of this Part of this Act, where a body corporate incurs expense in or in connection with the provision, for any of its directors or for any person employed by it in an employment to which this Part of this Act applies, of living or other accommodation, of entertainment, of domestic or other services or of other benefits or facilities of whatsoever nature, and, apart from this section, the expense would not be chargeable to income tax as income of the director or employee, Rules 1 and 9 of the Rules applicable to Schedule E and section one hundred and five of the Income Tax Act, 1918 (which, as extended by section nineteen of the Finance Act, 1939, requires employers in certain cases to give particulars of sums paid to directors and employed persons in respect of expenses) shall have effect in relation to so much of the said expense as is not made good to the body corporate by the director or employee as if the expense had been incurred by the director or employee and the amount thereof had been refunded to him by the body corporate by means of a payment in respect of expenses.
- (2) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision for a director or employee, in any of its business premises, of any accommodation, supplies or services provided for the director or employee himself and used by him solely in performing the duties of his office or employment.
- (3) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision of living accommodation for an employee in part of any of its business premises which include living accommodation if the employee is, for the purpose of enabling him properly to perform his duties, required by the terms of his employment to reside in the accommodation and either—

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- (a) the accommodation is provided in accordance with a practice which, since before the beginning of the twenty years ending with the passing of this Act, has commonly prevailed in trades of the class in question as respects employees of the class in question ; or
- (b) it is necessary, in the case of trades of the class in question, that employees of the class in question should reside on premises of the class in question:

Provided that this subsection shall not apply where the employee is a director of the body corporate in question or of any other body corporate over which that body corporate has control or which has control over that body corporate or which is under the control of a person who also has control over that body corporate.

- (4) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision of meals in any canteen in which meals are provided for the staff generally.
- (5) The provisions of subsection (1) of this section shall not apply to expense incurred by the body corporate in or in connection with the provision for a director or employee himself, or for his spouse, children or dependants, of any pension, annuity, lump sum, gratuity or other like benefit to be given on his death or retirement.
- (6) Any reference in this section to expense incurred in or in connection with any matter includes a reference to a proper proportion of any expense incurred partly in or in connection with that matter.

40 Valuation of benefits in kind.

- (1) Any expense incurred by a body corporate in the acquisition or production of an asset which remains its own property shall be left out of account for the purposes of the last preceding section.
- (2) Where the making of any such provision as is mentioned in subsection (1) of the last preceding section takes the form of a transfer of the property in any asset of the body corporate, and, since the acquisition or production thereof by the body corporate, the asset has been used or has depreciated, the body corporate shall be deemed to have incurred in the making of the said provision expense equal to the value of the asset at the time of the transfer.
- (3) Where a body corporate is assessable under Schedule A in respect of any premises the whole or any part of which is made available by it as living or other accommodation for any of its directors or employees, and either the body corporate pays no rent in respect of the premises or the annual amount of the rent paid by it is less than the amount of the assessment on the premises as reduced for the purposes of collection, the provisions of the last preceding section shall have effect as if the body corporate paid in respect of the premises an annual rent equal to the amount of the assessment as so reduced.
- (4) Where an asset which continues to belong to the body corporate is used wholly or partly in the making of any such provision as is mentioned in subsection (1) of the last preceding section, and the asset is not premises in respect of which the body corporate is assessable under Schedule A, the body corporate shall be deemed for the purposes of the last preceding section to incur (in addition to any other expense incurred by it in connection with" the asset, not being expense to which subsection (1) of this section applies) annual expense in connection therewith of an amount equal to the annual value of the use of the asset :

Provided that where any sum by way of rent or hire is payable by the body corporate in respect of the asset—

- (a) if the annual amount of the rent or hire is equal to or greater than the annual value of the use of the asset, this subsection shall not apply ; and
 - (b) if the annual amount of the rent or hire is less than the annual value of the use of the asset, the rent or hire shall be left out of account for the purposes of the last preceding section.
- (5) Any reference in this section to a body corporate which is assessable under Schedule A in respect of any premises shall be deemed to include a reference to a body corporate which would be so assessable if a state of affairs which subsists during any part of the year had subsisted for the whole of the year.

41 Meaning of " director ", " employment " and " employment to which this Part of this Act applies " .

- (1) In this Part of this Act, the expression " director " means—
- (a) in relation to a body corporate the affairs whereof are managed by a board of directors or similar body, a member of that board or similar body ;
 - (b) in relation to a body corporate the affairs whereof are managed by a single director or similar person, that director or person ;
 - (c) in relation to a body corporate the affairs whereof are managed by the members themselves, a member of the body corporate,

and includes any person in accordance with whose directions or instructions the directors of a body corporate, defined in accordance with the preceding provisions of this subsection, are accustomed to act :

Provided that a person shall not, within the meaning of this subsection, be deemed to be a person in accordance with whose directions or instructions the directors of a body corporate are accustomed to act by reason only that the said directors act on advice given by him in a professional capacity.

- (2) In this Part of this Act, the expression " employment " means an employment such that any emoluments thereof would fall to be assessed under Schedule E, and references to persons employed by, or employees of, a body corporate include any person who takes part in the management of the affairs of the body corporate and is not a director thereof.
- (3) Subject to the provisions of this and the two next succeeding subsections, the employments to which this Part of this Act applies are employments the emoluments of which, calculated on the basis that they are employments to which this Part of this Act applies, and without any deduction being made under Rule 9 of the Rules applicable to Schedule E in respect of money expended in performing the duties thereof, are at the rate of two thousand pounds a year or more :

Provided that—

- (a) where a person is employed in several employments by the same body corporate, and the total of the emoluments of those employments, calculated as aforesaid, is at the rate of two thousand pounds a year or more, all those employments shall be treated as employments to which this Part of this Act applies ; and

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- (b) where a person is a director of a body corporate, all employments in which he is employed by the body corporate shall be treated as employments to which this Part of this Act applies.
- (4) All the directors of, and persons employed by, a body corporate over which another body corporate has control shall be treated for the purposes of the proviso to the last preceding subsection (but not for any other purpose) as if they were directors of, or, as the case may be, as if the employment were an employment by, that other body corporate.
- (5) Notwithstanding anything in the preceding provisions of this section, no employment of a person by a body corporate at a school or other educational establishment carried on by that body corporate shall be an employment to which this Part of this Act applies or be taken into account in determining whether any other employment is an employment to which this Part of this Act applies.

42 Saving for certain payments and expenses.

If a body corporate furnishes to the surveyor a statement of the cases and the circumstances in which payments of a particular nature are made or things of a particular nature are provided for any of its directors or employees and the surveyor is satisfied that no additional tax would fall to be paid if this Part of this Act were to apply in relation to payments made or things provided by the body corporate in accordance with the statement, he shall notify the body corporate accordingly and, where such a notification is given, this Part of this Act shall not apply in relation to payments made or things provided by the body corporate in accordance with the statement:

Provided that the surveyor may, if in his opinion there is reason so to do, by notice in writing served on the body corporate, revoke any such notification, either as from the date of the making of the notification or as from such later date as may be specified in the notice, and thereupon all such tax shall become chargeable, and all such returns shall be made by the body corporate and by the directors or employees in question, as would have been chargeable or would have had to have been made in the first instance if the notification had never been given, or, as the case may be, if it had ceased to have effect on the specified date.

43 Additional provisions as to information.

- (1) In subsection (2) of section one hundred and five of the Income Tax Act, 1918 (which subsection declares, amongst other things, that a director of a company, or person engaged in the management of a company, shall be deemed for the purposes of returns as to remuneration of employees to be a person employed), the references to a company shall be deemed to include references to any body corporate and the expression "director" shall have the same meaning as in this Part of this Act.
- (2) Where, for the purposes of a return under the said section one hundred and five, a body corporate apportions expenses incurred partly in or in connection with a particular matter and partly in or in connection with other matters, the return shall contain a statement that the sum included in the return is the result of such an apportionment and the body corporate, if required so to do by notice from the surveyor, shall prepare and deliver to the surveyor, within the time limited by the notice, a return containing full particulars as to the amount apportioned and the manner in which and the grounds on which the apportionment has been made.

- (3) The provisions of the Income Tax Acts relating to returns under the said section one hundred and five shall apply in relation to any return required under subsection (2) of this section.

44 Charities and non-trading bodies.

This Part of this Act shall not apply in relation to any body corporate established for charitable purposes only, or to any other body corporate unless it carries on a trade or its functions consist wholly or mainly in the holding of investments or other property, or, except in relation to persons employed by it in an employment to which this Part of this Act applies wholly or mainly for the purposes of a trade carried on by it, to any local authority as denned for the purposes of section twenty-one of the Finance (No. 2) Act, 1945.

45 Interpretation of previous provisions of Part IV.

- (1) In the preceding provisions of this Part of this Act, the expression " business premises," in relation to a body corporate, includes all premises occupied by that body for the purpose of any trade carried on by it :

Provided that, except where the reference is expressly to premises which include living accommodation, the said expression does not include so much of any such premises as aforesaid as is used wholly or mainly as living accommodation for any of the directors of the body corporate or for any persons employed by the body corporate in any employment to which this Part of this Act applies.

- (2) Any reference in the preceding provisions of this Part of this Act to anything provided for a director or employee shall, unless the reference is expressly to something provided for the director or employee himself, be construed as including a reference to anything provided for the spouse, family, servants, dependants or guests of that director or employee, and the reference in the proviso to subsection (1) of this section to living accommodation for directors or employees shall be construed accordingly.
- (3) In the preceding provisions of this Part of this Act, the expression " control " in relation to a body corporate has the meaning assigned to it by section sixty-eight of the Income Tax Act, 1945.

46 Unincorporated bodies and partnerships.

- (1) The preceding provisions of this Part of this Act shall apply in relation to unincorporated societies and other bodies as they apply in relation to bodies corporate, and, in connection with the said preceding provisions, the definition of the expression " control " in section sixty-eight of the Income Tax Act, 1945, shall, with the necessary adaptations, also so apply.
- (2) Subject to the provisions of this subsection, the preceding provisions of this Part of this Act shall apply in relation to any partnership carrying on any trade, profession or vocation as they would apply in relation to a body corporate carrying on a trade, if so much thereof as relates to directors of the body corporate or persons taking part in the management of the affairs of the body corporate were omitted :

Provided that—

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- (a) the expression " control " has, in relation to a partner ship, the meaning assigned to it by section sixty-eight of the Income Tax Act, 1945, in relation to a partnership ;
- (b) where such a partnership as aforesaid has control over a body corporate to which this Part of this Act applies.—
- (i) any employment of any director of that body corporate by the partnership shall be an employment to which this Part of this Act applies ; and
- (ii) all the employments of any person who is employed both by the partnership and by the body corporate (being employments by the partnership or the body corporate) shall, for the purpose of seeing whether those employments or any of them are employments to which this Part of this Act applies, be treated as if they were employments by the body corporate.
- (3) The provisions of the last preceding subsection shall apply in relation to individuals as they apply in relation to partnerships :

Provided that nothing in this subsection shall be construed as requiring an individual to be treated in any circumstances as under the control of another person.

PART V

THE SPECIAL CONTRIBUTION.

47 Charge, and amount, of contribution.

- (1) In the case of individuals whose total income for the year 1947-48 exceeded two thousand pounds and whose aggregate investment income for that year exceeded two hundred and fifty pounds, there shall subject to the provisions of this Part of this Act be charged a special contribution (in this Part of this Act referred to as " contribution") of an amount determined in accordance with the following Table :—

TABLE

	s.	d.
or every pound of—		
the first two hundred and fifty pounds of the excess of an individual's aggregate investment income for the said year over two hundred and fifty pounds	2	0
the next five hundred pounds of the said excess	4	0
the next thousand pounds of the said excess	6	0

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	s.	d.
the next three thousand pounds of the said excess	8	0
the remainder of the said excess	10	0

- (2) Contribution shall not in the case of any individual exceed the amount by which his total income for the said year exceeded two thousand pounds.
- (3) Contribution shall not be charged in the case of an individual who in the year 1947-48 was not domiciled in the United Kingdom, unless he was in that year resident therein and had been ordinarily resident therein throughout the period of ten years ending with the year 1947-48.
- (4) Subject to the provisions of this Part of this Act, contribution shall not be charged in the case of an individual who died before the end of the year 1947-48.
- (5) Subject to the provisions of this Part of this Act and of regulations thereunder, contribution shall be charged by assessment on the individual by reference to whose income it is charged, and shall be payable by that individual.
- (6) Contribution shall be payable on or before the first day of January, nineteen hundred and forty-nine, so however that contribution included in an assessment which in accordance with regulations under this Part of this Act is signed and allowed on or after that day shall be deemed to be due and payable on the day next following the day on which the assessment is signed and allowed.
- (7) Where an individual who could be assessed to contribution dies before the assessment is made, the assessment may be made on his personal representative ; and the provisions of this Part of this Act as to individuals assessed or liable to contribution or by whom contribution is payable shall apply accordingly with the necessary modifications.

48 Ascertainment of income and total income.

Subject to the provisions of this Part of this Act, income from any source and total income shall be ascertained for the purposes of this Part of this Act as they are ascertained for the purposes of sur-tax; and subject as aforesaid income shall be treated for the purposes of this Part of this Act as income of an individual if it would be so treated for the purposes of surtax.

49 Meaning of " investment income ".

- (1) Subject to the provisions of this section and of the Tenth Schedule to this Act, in this Part of this Act the expression " investment income " means income from any source other than a source of earned income.
- (2) The following shall not in any case be treated as investment income, that is to say—
 - (a) income from investments (including land) which falls to be taken into account as a receipt in computing, in accordance with the provisions, of the Income Tax Acts in that behalf, the profits or gains of a trade, profession or vocation, or which would fall so to be taken into account but for the fact that it has been subjected to tax under other provisions of those Acts ;

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- (b) income arising to persons carrying on a trade, profession or vocation from property occupied and used by them for the purposes thereof, or, where the property is so occupied and used as to part only.—
 - (i) so much of the income as is equivalent to the deduction allowable in respect of the property under paragraph (c) of Rule 3 of the Rules applicable to Cases I and II of Schedule D, or
 - (ii) if the circumstances are such that the said paragraph (c) does not apply, a due proportion of the income ;
 - (c) any other income arising from a trade, profession or vocation carried on by an individual otherwise than in partnership, not being income specified in subsection (3) of this section.
- (3) The following shall in all cases be treated as investment income, that is to say, income from investments (including land) held by or on behalf of the persons carrying on or exercising a trade, profession or vocation, not being income falling within paragraphs (a) or (b) of the last foregoing subsection.

50 Ascertainment of aggregate investment income.

- (1) Subject to the provisions of this Part of this Act, the aggregate investment income of an individual shall be taken for the purposes of this Part of this Act to be the aggregate of his investment income from all sources.
- (2) A terminable annuity payable by the National Debt Commissioners or by any other persons in the carrying on of life assurance business shall be disregarded in ascertaining aggregate investment income, whether or not the annuity was originally created in favour of the individual whose income is being ascertained.
- (3) Where, in pursuance of any arrangement made in connection with an individual's retirement from a trade, profession or vocation or in case of his death while carrying on or exercising a trade, profession or vocation, payments fall to be made either to the said individual or to any other person, the payments shall be disregarded in ascertaining the aggregate investment income of that individual or such other person.
- (4) Any assessment under Schedule B shall be disregarded in ascertaining aggregate investment income.

51 Deductions in ascertaining aggregate investment income.

- (1) In ascertaining aggregate investment income for the purposes of this Part of this Act, no deduction shall be allowed in respect of any such payment as is specified in subsection (3) of the last foregoing section.
- (2) In ascertaining aggregate investment income for the purposes of this Part of this Act, no deduction shall be allowed in respect of any relief under the provisions of the Income Tax Acts relating to relief in respect of losses.
- (3) The amount of any allowance under the Income Tax Act, 1945, available or primarily available against a specified class of income which is deducted from or set off against income of that class for the year 1947-48 shall be allowed as a deduction in ascertaining aggregate investment income for the purposes of this Part of this Act, but in so far only as the amount of the allowance does not exceed the investment income for that year of that class.

- (4) Subject to the provisions of this and the next following section, any deduction in respect of rent, interest, annuities or other annual payments allowable in ascertaining the total income of an individual for the year 1947-48 for the purposes of sur-tax shall be allowed as a deduction in ascertaining aggregate investment income for the purposes of this Part of this Act:

Provided that no deduction shall be allowed in ascertaining aggregate investment income in respect of any payments which are allowable as deductions in computing the profits or gains of a trade, profession or vocation.

52 Certain payments and income from occupation of property to be income of payer or person entitled to property.

- (1) Periodical payments made—
- (a) in pursuance of an order of any court for the payment of maintenance or in pursuance of an affiliation order, or
 - (b) in pursuance of a disposition not made for full consideration in money or money's worth,
- being payments such as are allowable as deductions in ascertaining for the purposes of sur-tax the total income of the individual making the payment, shall in all cases be treated for the purposes of this Part of this Act as income of the person making the payment and not as income of any other person.
- (2) Income from the occupation of property under a revocable licence not granted for valuable consideration shall be treated for the purposes of this Part of this Act as income of the person entitled to occupy the property on the revocation of the licence and not as income of any other person.

53 Provisions where income under trust payable out of capital, etc.

- (1) For the purposes of this Part of this Act the investment income of an individual arising under a trust shall be ascertained without regard to any part thereof which is shown to the satisfaction of the Special Commissioners to be attributable to payments duly made otherwise than out of the income of the trust.
- (2) For the purposes of this section the income of a trust shall be ascertained without regard to—
- (a) income of any description which by the provisions of this Part of this Act in that behalf is required to be disregarded in ascertaining aggregate investment income or to be treated as the income of any other person, or
 - (b) income from another trust which is shown to the satisfaction of the Special Commissioners to be attributable to payments duly made otherwise than out of the income of that trust,
- and otherwise shall be ascertained in like manner as the total income of an individual is ascertained for the purposes of sur-tax, except that no deduction shall be made in respect of any payment made to a beneficiary under the trust or to any person claiming under such a beneficiary.
- (3) Nothing in this section shall affect the ascertainment of the amount of an individual's total income.

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54 Payment in advance, and interest on unpaid contribution.

- (1) Payment in or towards discharge of contribution may be made in advance of assessment by any person who under this Part of this Act is liable to pay or bear the contribution or any part thereof. Any such payment shall be made to the Accountant General Of Inland Revenue.
- (2) A payment in respect of contribution, made whether before or after the passing of this Act, which is made before the first day of January, nineteen hundred and forty-nine being a payment of an amount which together with interest thereon at the rate of two per cent. per annum from the date of payment to the said first day of January is equal to the contribution or any part thereof, shall be a discharge of the contribution or that part thereof, as the case may be.
- (3) Where contribution, whether already assessed or not, is not paid by the first day of January, nineteen hundred and forty-nine, it shall carry interest at the rate of two per cent. per annum from that date to the date of payment.
- (4) The interest payable under subsection (3) of this section shall be paid without any deduction of income tax; and the said interest shall be recoverable in like manner and from the like persons as if it were part of the contribution in respect of which it is payable.

55 Assessment and collection of contribution, and service of notices.

- (1) Contribution shall be a debt due to the Crown, and shall be assessed and charged by the Special Commissioners.
- (2) Any return relating to the income of an individual made for the purposes of the Income Tax Acts shall be available to the Special Commissioners for the purposes of this Part of this Act, and where it appears to the Commissioners that the information contained in the return is sufficient to enable them to make an assessment they may make the assessment on that information.
- (3) Where it appears to the Special Commissioners that no return, or no sufficient return, relating to the income of an individual has been made for the purposes of the Income Tax Acts, the Commissioners may make an assessment to the best of their judgment.
- (4) The Special Commissioners may, whether an assessment to contribution has been made or not, require any person in whose case it appears to those Commissioners that contribution is or may be payable by him, and that he has in his possession any" information relevant to the assessment or recovery of the contribution, to furnish to the Commissioners within such time as they may prescribe, not being less than twenty-eight days, such particulars as they consider necessary for the purposes of the assessment or recovery of the contribution ; and if any person without reasonable excuse fails to furnish within the time prescribed any particulars required under this subsection, he shall be liable to a penalty not exceeding fifty pounds and after judgment has been given for that penalty to a further penalty of the like amount for every day during which the failure continues.
- (5) Section two hundred and twenty-two of the Income Tax Act, 1918 (which confers powers to mitigate income-tax penalties, and provides for the application of penalties and other sums) shall apply in relation to penalties recoverable under the last foregoing subsection.

- (6) The Commissioners of Inland Revenue may by statutory instrument make regulations with respect to the assessment and collection, and the repayment, of contribution and interest thereon, and subject to the foregoing provisions of this section may by those regulations apply and adapt the provisions of the Income Tax Acts relating to returns and the giving of information and to the assessment and collection of income tax and interest thereon.

Any statutory instrument made under this subsection shall be subject to annulment in pursuance of resolution of either House of Parliament.

- (7) Any notice under this Part of this Act may be served by post.

56 Recovery of contribution from trustees.

- (1) Subject to the provisions of this Part of this Act, where investment income of an individual assessed to contribution (in this section referred to as " the contributor ") arose under a trust, then if he has paid the contribution the contributor may recover under subsection (3) of this section such amount as bears to the contribution the same proportion as that investment income bears to his aggregate investment income, ascertained without any such deduction being made as is allowable under subsection (4) of section fifty-one of this Act.

- (2) Where investment income of the contributor arose under a trust and either—
- (a) the contributor gives notice in writing to the Special Commissioners requiring that this subsection shall apply; or
 - (b) the whole or part of the contribution remains unpaid at the expiration of twenty-eight days after it became due,

the liability of the contributor shall be reduced by the amount specified in the last foregoing subsection, and that amount shall be recoverable under the next following subsection as a debt due to the Crown :

Provided that where at the expiration of twenty-eight days after the contribution became due part, but part only, of the contribution remains unpaid, and that part is less than the amount specified in the last foregoing subsection, the difference shall—

- (a) unless the contributor by notice in writing to the Special Commissioners otherwise requires, be repaid to him by those Commissioners;
 - (b) if he does so require as aforesaid, be treated as having been paid on behalf of the persons from whom recovery may be made under this section or, if recovery may be so made from different persons in different capacities, then on behalf of all or any of them and in such proportions as may be specified in the notice given by the contributor under the last foregoing paragraph.
- (3) Recovery under this subsection may be made—
- (a) where the investment income arose under a trust and the trust continues, from the trustees or, in the case of a settlement within the meaning of the Settled Land Act, 1925, or in Northern Ireland the Settled Land Acts, 1882 to 1890, from the tenant for life ;
 - (b) where the investment income arose under a trust and the trust has come to an end, from the person who immediately after the trust came to an end was entitled at law to the trust property or fund, or, if more than one person was then so entitled thereto, from the persons who were then so entitled in proportion to the value of their interests therein :

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Provided that where the person or persons entitled as mentioned in this paragraph became so entitled by virtue of a mortgage or charge, or in Scotland by virtue of the exercise of the power of sale contained in a bond and disposition in security, recovery under this subsection shall be made in the proportion aforesaid not from him or them but from the person or persons who would have been entitled at law to the trust property but for the mortgage or charge or the exercise of the power of sale, as the case may be.

For the purposes of this subsection a trust shall be deemed to have come to an end when any person has become entitled thereunder to capital and the trust property has in consequence thereof become vested in that person or an assignee of his interest; and where part of the trust property has become so vested a proportionate part of the amount recoverable under this subsection shall be recoverable under paragraph (b) and the remainder under paragraph (a) thereof.

- (4) Where apart from this subsection a right of recovery under this section would be exercisable in respect of income of the contributor which arose, or is deemed by virtue of this subsection to have arisen, under any trust (hereinafter referred to as " the first trust ") and income of the trustees for the year 1947-48 arose under another trust (hereinafter referred to as " the second trust "), not being a foreign trust, the trustees may—

- (a) where the right of recovery would be exercisable by the contributor, by notice in writing given to him ;
- (b) in any other case, by notice in writing given to the Special Commissioners before the assessment has become final against the trustees,

require that, for the purpose of the exercise of the right of recovery in respect of the appropriate part of the said income of the contributor, that part of the income shall be deemed to have arisen under the second trust.

- (5) For the purposes of the last foregoing subsection, the appropriate part of the said income of the contributor shall be taken to be that part thereof which bears to the whole thereof the same proportion as the income arising under the second trust to the trustees of the first trust, ascertained in accordance with the provisions of subsection (1) of section fifty-three, of this Act, bears to the total income of the first trust, ascertained in accordance with the provisions of Subsection (2) of that section.
- (6) The contributor shall not be entitled to exercise a right of recovery conferred by this section in respect of the contribution assessed by any assessment unless, not later than six months after the date when the contribution so assessed was paid, he has given to the persons against whom under subsection (3) of this section the right of recovery is exercisable notice in writing of his intention to exercise any such right as may be available to him ; and trustees who have received a notice under this subsection shall not be entitled under subsection (4) of this section to require that the right of recovery to which the notice relates shall be exercisable as mentioned in that subsection unless not later than one month from the receipt of the notice they have given notice in writing of its receipt to the trustees of the second trust mentioned in that subsection or, in the case of a settlement within the meaning of the Settled Land Act, 1925, or in Northern Ireland the Settled Land Acts, 1882 to 1890, to the tenant for life. ,
- (7) Notwithstanding anything in the foregoing provisions of this section, the following provisions shall have effect as respects foreign trusts :—

- (a) where the trust referred to in subsection (1) or subsection (2) of this section is a foreign trust, the right of recovery therein referred to shall not in any case be exercisable ;
 - (b) where the contributor has paid the contribution and has exercised or given notice of intention to exercise a right of recovery under this section in respect of income arising under a trust not being a foreign trust, and the persons against whom the right was exercised or exercisable show to the satisfaction of the Special Commissioners that income of the trustees of the first-mentioned trust arose under a trust which is a foreign trust, the Special Commissioners shall repay to the said persons or to the contributor, according as the right of recovery has or has not been exercised, the proper proportion of the amount recovered, or recoverable apart from this paragraph, as the case may be, and if the right of recovery has not been exercised it shall not be exercisable as respects that proportion of the said amount;
 - (c) where apart from this paragraph a right of recovery would be exercisable by virtue of subsection (2) of this section in respect of income arising under a trust not being a foreign trust, and the persons against whom the right would be exercisable show to the satisfaction of the Special Commissioners that income of the trustees of the first-mentioned trust arose under a trust which is a foreign trust, the right of recovery shall not be exercisable as respects the proper proportion of the amount which would be recoverable apart from this paragraph ;
 - (d) for the purposes of the two last foregoing paragraphs the proper proportion of any amount shall be taken to be so much thereof as bears to the whole thereof the same proportion as the income mentioned in the paragraph in question as arising under the foreign trust, ascertained in accordance with subsection (1) of section fifty-three of this Act, bears to the total income of the trustees mentioned in that paragraph, ascertained in accordance with subsection (2) of the said section fifty-three.
- (8) Where any property or fund is held as to different parts thereof upon different trusts, this section shall apply separately to each part.
- (9) In this section the expression " foreign trust " means a trust of which the administration is governed by the law of any place outside the United Kingdom.

57 Application of trust property, etc., in payment of contribution.

- (1) The powers of a trustee or tenant for life (whether arising under the Settled Land Act, 1925, or that Act as applied by section twenty-eight of the Law of Property Act, 1925, or otherwise) to apply or direct the application of capital money and to raise money by mortgage shall be exercisable for the purpose of paying contribution and interest thereon, of making payments in advance of assessment in or towards the discharge of contribution, and of discharging any liability arising under the last foregoing section.
- (2) As between the persons interested (whether in income or capital) under a trust, the law relating to the ultimate incidence of estate duty shall apply to any amount falling to be paid under the last foregoing section in respect of income derived from property subject to the trust as if that amount were estate duty charged on that property on the cesser of a life interest therein, being an interest not subject to any interest in the property in fact existing under the trust, occurring at the end of the year 1947-48, and were charged as on property not passing to the executor as such :

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Provided that as between any annuity, other than one by reason of which the said amount or any part thereof fell to be paid, and other interests, the amount shall be borne by the other interests to the exoneration of the annuity.

- (3) Where the income derived from property referred to in the last foregoing subsection was a share only of income from the property, whether or not subject to other interests, that subsection shall apply as if the income derived as aforesaid had been derived from a corresponding share of the property.
- (4) This section shall, in its application to Scotland, have effect as if for subsection (1) there were substituted the following subsection :—
 - “(1) For the purpose of paying contribution and interest thereon, of making payments in advance of assessment in or towards the discharge of contribution, and of discharging any liability arising under the last foregoing section, a trustee, a liferenter or an heir of entail in possession shall have power to expend capital money and to sell, or to borrow money on the security of, the estate or any part thereof, heritable as well as moveable.”
- (5) In the application of subsection (1) of this section to Northern Ireland, for the first reference to the Settled Land Act, 1925, there shall be substituted a reference to the Settled Land Acts, 1882 to 1890, and the reference to the said Act of 1925 as applied by the Law of Property Act, 1925, shall be omitted.

58 Provisions as to husband and wife.

- (1) Where a husband and wife were during any part of the year 1947-48 living together and any liability of the husband to contribution is attributable to investment income of the wife, then if any contribution payable by the husband remains unpaid at the expiration of twenty-eight days from the time when it became due, the Special Commissioners may by notice in writing require the wife to pay it up to an amount which bears to the whole of the contribution the same proportion as the aggregate investment income of the wife bears to the aggregate investment income of the husband.
- (2) The provisions of this Part of this Act as to the payment and recovery of contribution shall apply to any sum required to be paid by the wife in pursuance of a notice under the last foregoing subsection as if it were contribution assessed on her and due on the day next following the giving of the notice.
- (3) Where after the end of the year 1947-48, and before a notice has been given under subsection (1) of this section, the wife dies, the notice may be given to her personal representative ; and references to the wife in the last foregoing subsection shall be construed accordingly.
- (4) Where the provisions of this subsection apply—
 - (a) the husband and the wife shall be assessed to contribution as if they were not married and the provisions of this Part of this Act and of regulations thereunder shall apply to each of them accordingly ; but
 - (b) in ascertaining total income and aggregate investment income for the purposes of this Part of this Act the income of the husband and wife shall be treated as the income of one individual, and the amount of the contribution payable by reference to the total income and aggregate investment income so ascertained shall be divided between the husband and wife in proportion to the amounts of their respective aggregate investment incomes.

- (5) The provisions of the last foregoing subsection shall apply in "the case of a husband and wife—
- (a) where application in that behalf is made either by the husband or the wife in such manner and form as may be prescribed by the Commissioners of Inland Revenue ; or
 - (b) where an application by the husband or wife under subsection (9) of section forty-two of the Finance Act, 1927, for separate assessment to sur-tax has effect as respects the year 1947-48, unless notice in writing requiring that the last foregoing subsection shall not apply is given both by the husband and by the wife in such manner and form as may be prescribed as aforesaid :

Provided that no application or notice under this subsection shall be made or given after the fifth day of October, nineteen hundred and forty-eight or such later date, not falling after the expiration of twenty-eight days from the giving to the husband of notice of the assessment to contribution, as the Special Commissioners may allow.

- (6) Where of a husband and wife one died during the year 1947-48, the provisions of this Part of this Act shall apply to the survivor as if during that year they had not been married.
- (7) References in this section to investment income of a husband or wife, except the reference in subsection (1) thereof to the aggregate investment income of the husband, shall be construed as references to investment income which would be such income of the husband or the wife apart from the provisions of the Income Tax Acts under which income of a wife is treated as income of her husband; and where a husband and wife were married and living together during part only of the year 1947-48—
- (a) references in this section to the aggregate investment income of the wife shall be construed as references to her aggregate investment income for that part of the year;
 - (b) references therein to the aggregate investment income of the husband shall be construed as references to his aggregate investment income for the whole year.

59 Provisions as to certain companies.

- (1) The following provisions of this section shall have effect where an individual is assessed to contribution by reference to the undistributed income of a company (hereinafter referred to as " the apportioned income ") which by virtue of a direction and apportionment under section twenty-one of the Finance Act, 1922, was deemed to be his income for the purposes of sur-tax.
- (2) If any part of the contribution remains unpaid at the expiration of twenty-eight days from the time when it became due, the Special Commissioners may by notice in writing addressed to the company require the company to pay it up to an amount which bears to the whole of the contribution the same proportion as the apportioned income bears to the aggregate investment income of the said individual, ascertained without any such deduction being made as is allowable under subsection (4) of section fifty-one of this Act.
- (3) Any sum required to be paid by a company in pursuance of a notice under the last foregoing subsection shall be payable on the day next following the giving of the notice, and the provisions of this Part of this Act and of regulations thereunder shall apply to any such sum as they apply to contribution payable by an individual.

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60 Appeals.

- (1) An individual may not later than the prescribed time from the giving to him of notice of the assessment appeal to the Special Commissioners against an assessment to contribution made on him.
- (2) Where contribution assessed on an individual may fall to be recoverable from another person (hereafter in this section referred to as an " indirect contributor ") by reason that it is charged by reference to income arising under a trust.—
 - (a) the Special Commissioners shall, if the indirect contributor so requires or in any other case where the indirect contributor is known to them, give notice to him stating the amount of the said income and the amount of contribution attributable thereto, and shall give a like notice to the individual assessed ;
 - (b) the indirect contributor or the individual assessed may not later than the prescribed time from the giving of the notice appeal to the Special Commissioners against the notice on the grounds that the amount of the said income has been wrongly ascertained, and on any appeal under this paragraph the Special Commissioners may make any alteration in the assessment necessitated by the determination of the appeal;
 - (c) on any appeal against the assessment by the individual assessed, being an appeal in which the amount of the said income is brought into question, the indirect contributor shall be entitled as respects that amount to appear and be heard by the Special Commissioners or to make representations to them in writing ;
 - (d) on an appeal by an indirect contributor the individual assessed shall be entitled to appear and be heard -by the Special Commissioners ;
 - (e) where an assessment to contribution is varied, the Special Commissioners shall, if the indirect contributor so requires or in any other case where he is known to them, give notice to him of any variation of the amount of the said income and the amount of contribution attributable thereto, and shall give a like notice to the individual assessed.

Where this subsection applies to ail indirect contributor by reason of his being trustee or tenant for life under, or otherwise concerned with, a trust under which income arose to other trustees, the notice under paragraph (a) of this subsection, in lieu of stating the particulars specified in that paragraph, shall state the amount of the said income, the contribution attributable thereto and the total income of the said other trustees; and where this provision has effect—

- (i) references in this subsection to the income arising under a trust by reference to which contribution is charged shall be construed as references to the said income arising to the other trustees and their total income ;
 - (ii) references in this subsection to the amount of contribution attributable to the said income by reference to which contribution is charged shall be construed as references to the amount of contribution attributable to the said income arising to the other trustees ;
 - (iii) references to the individual assessed (other than the first reference in this subsection to that individual) shall be construed as including references to the said other trustees.
- (3) A wife on whom notice is served under subsection (1) of section fifty-eight of this Act requiring her to pay any sum in respect of contribution assessed on her husband may not later than the prescribed time from the giving of the notice appeal against the

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notice on the grounds that her investment income has been wrongly ascertained; and on an appeal under this subsection—

- (a) the Special Commissioners may make any alteration necessitated by the determination of the appeal in the assessment on the husband ;
 - (b) the husband shall be entitled to appear and be heard by the Special Commissioners.
- (4) An appeal to the Special Commissioners may be brought against the determination of an application under any of the next five following sections of this Act, or under the Tenth Schedule thereto.
- (5) The contributor or other persons mentioned in paragraph (b) or paragraph (c) of subsection (7) of section fifty-six of this Act may appeal to the Special Commissioners against a determination under the said paragraph (b) that no repayment is due thereunder or as to the amount of any such repayment or a determination under the said paragraph (c) how far a right of recovery is exercisable.
- (6) On any appeal under this section the Special Commissioners shall have power, if they think fit, to summon witnesses and examine them on oath.
- (7) The provisions of section one hundred and forty-nine of the Income Tax Act, 1918 (which relate to the statement of a case for the High Court on a point of law) shall, with the necessary modifications, apply in the case of any appeal to the Special Commissioners under this section as they apply in the case of appeals to the Special Commissioners under that Act.
- (8) Where an assessment for the purposes of income tax for the year 1947-48 has become final and conclusive and the assessment related only to investment income, the assessment shall be conclusive for the purposes of this Part of this Act as to the amount of the income to which the assessment relates and that amount shall not be questioned in any appeal under this section.
- (9) An assessment to contribution which has become final against the individual assessed shall be final and conclusive against any other person, so however that where under this section a notice may be required to be given to that other person in connection with the assessment, the assessment shall not become final and conclusive against him until the notice has been given and, where the notice is subject to appeal, until the time for appealing against it has expired, or, if an appeal is brought, until it has been determined.
- (10) Any notice which is given to an indirect contributor under this section in connection with the exercise of any right of recovery and which, if subject to appeal, has become final, shall be conclusive for the purposes of the exercise of the right.
- (11) Notwithstanding anything in section fifty-six of this Act, no right of recovery thereunder shall be exercisable until any notice which may be required to be given to the indirect contributor under this section has been given and, if subject to appeal, has become final:

Provided that this subsection shall have effect subject to the provisions of regulations under the next following subsection relating to the recovery of tax appearing not to be in dispute.

- (12) The Commissioners of Inland Revenue may by statutory instrument make regulations with respect to appeals under this section and the hearing thereof, and for prescribing anything authorised to be prescribed under this section, and may by those regulations

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apply and adapt any enactment relating to appeals as to income tax and to the collection and payment, notwithstanding a pending appeal, of so much tax as appears not to be in dispute.

Any statutory instrument made under this subsection shall be subject to annulment in pursuance of resolution of either House of Parliament.

61 Relief where income attributable to period of years was received in year 1947-48.

(1) Where—

- (a) either before or after an assessment to contribution is made, but in any case before such an assessment has become final, application is made to the Special Commissioners for relief under this section, and
- (b) the Special Commissioners are satisfied as respects any assets that, by reason of the provisions of the Income Tax Acts which require that income which is chargeable with income tax by way of deduction shall be deemed to be income of the year in which it is receivable, the income from the assets represents more than the income which would be attributable to a period of one full year if the income were deemed to have accrued from day to day,

the Special Commissioners shall in ascertaining total income and aggregate investment income for the purposes of this Part of this Act make such reduction, if any, as may be appropriate to secure that there shall be taken as representing the income from the assets an amount equivalent to a full year's income therefrom.

- (2) Subsection (1) of section thirty-six of the Finance Act, 1927 (which specifies the period over which income is deemed to have accrued from day to day) shall apply for the purposes of paragraph (b) of the last foregoing subsection as it applies for the purposes of section thirty-four of the said Act of 1927 (which makes in relation to surtax the like provision as subsection (1) of this section).

62 Allowance for maintenance, repairs, etc.

- (1) If, either before or after an assessment to contribution is made, but in any case before such an assessment has become final, application in that behalf is made to the Special Commissioners, then in ascertaining total income and aggregate investment income for the purposes of this Part of this Act Rule 8 of No. V of Schedule A shall have effect as if, for all purposes thereof, for references therein to the cost of maintenance, repairs, insurance and management according to the average of the preceding five years there were substituted references to the said cost for the year ending on the thirty-first day of March, nineteen hundred and forty-eight, or such other date in the year 1947-48 as may be adopted by the owner of the land or houses with the consent of the surveyor of the district.
- (2) For the purpose of ascertaining the last-mentioned cost, paragraph (5) of the said Rule 8 (which provides for applying the provisions of the Income Tax Acts as to claims for allowances or deductions and the proof to be given with respect to such claims, and for certification by the surveyor of the correctness of declarations by owners relating thereto) shall apply with the necessary modifications.

63 Limitation of liability of trustees.

(1) Where—

- (a) on a claim against a trustee for the recovery of contribution, not being contribution in respect of which the trustee could have given notice under subsection (4) of section fifty-six of this Act, or
 - (b) on a claim against a tenant for life for the recovery of contribution, the trustee or tenant for life shows to the satisfaction of the Special Commissioners that his rights of indemnification out of the trust estate are, otherwise than by negligence or default on his part, insufficient to provide for his reimbursement, the Special Commissioners shall give such directions for the limitation or release of his liability as appear just and equitable.
- (2) Where a person who has paid any contribution proves to the satisfaction of the Special Commissioners that by reason of directions under the last foregoing subsection he is deprived of the right to recover any amount in respect thereof, the Special Commissioners shall repay that amount to him.

64 Relief where capital subject to death duties.

- (1) Where, either before or after an assessment to contribution is made, but in any case before such an assessment has become final, application is made to the Special Commissioners for relief under this section, and the Special Commissioners are satisfied—
- (a) that in consequence of a death occurring before the end of the year 1947-48 death duties became payable in respect of any assets, and
 - (b) that investment income affecting, whether directly or indirectly, the amount of any contribution arose from the assets, and
 - (c) that the amount of that income exceeded what it would have been if all death duties payable in consequence of the death had been paid immediately on the occurrence of the death or other event whereby the duties became payable,
- the amount of the said income shall in ascertaining aggregate investment income for the purposes of this Part of this Act be treated as reduced by such amount as the Special Commissioners may determine to be appropriate to offset the excess.
- (2) In this section the expression " death duties " means estate duty, succession duty or legacy duty.

65 Relief in respect of error or mistake.

- (1) Where at any time before the fifth day of April, nineteen hundred and fifty-four it is shown to the satisfaction of the Special Commissioners that an assessment to contribution was excessive by reason of any error or mistake in any return or statement made for the purposes of contribution, or that after the assessment became final any adjustment was made under the provisions of the Income Tax Acts of any income that was relevant to ascertaining aggregate investment income or total income for the purposes of the assessment, the Special Commissioners shall authorise any appropriate adjustment of the contribution.
- (2) Effect shall be given to any adjustment authorised by the Special Commissioners under this section either by discharge or reduction of the assessment in question, or by repayment of the contribution to the persons by whom it was paid or from whom it was recovered, or by all or any of those means, as the case may require.

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- (3) Where contribution is repaid under this section, there shall also be repaid any interest paid in respect of that contribution.
- (4) Where under this section repayment is made of contribution the whole or any part of which was discharged by payment in advance, the amount of the repayment shall be calculated as if the payment in advance had been made in respect of the contribution as adjusted under this section and as if the interest referred to in subsection (2) of section fifty-four of this Act had been calculated accordingly.

66 Provisions as to National Trust.

- (1) Where under a , settlement any property (whether real or personal) was for the whole or any part of the year 1947-48 held upon trust for the National Trust subject only to a life interest of the settlor or to life interests of the settlor and his wife or her husband, whether jointly or in succession, any income arising from the property during that year or the part thereof in question shall be disregarded for the purposes of this Part of this Act :

Provided that nothing in this section shall affect the ascertainment of the amount of an individual's total income.

- (2) In this section the expression " National Trust " means the National Trust for Places of Historic Interest or Natural Beauty incorporated by the National Trust Act, 1907, or the National Trust for Scotland for Places of Historic Interest or Natural Beauty incorporated under the National Trust for Scotland Order Confirmation Act, 1935.

67 Obligation as to secrecy.

All Commissioners and other persons employed for any purpose in connection with the assessment or collection of contribution shall be subject to the same obligations as to secrecy with respect to contribution as they are subject to with respect to income tax, and any oath taken by any such person as to secrecy with respect to income tax shall be deemed to extend also to secrecy with respect to contribution.

68 Interpretation of Part V.

- (1) In this Part of this Act—

the expression " assessment " includes additional assessment;

references to income of an individual arising under a trust include references to income from property subject to the trust which is treated as the income of that individual by virtue of any of the provisions of the Income Tax Acts;

the expression " tenant for life " means, in relation to any settlement, any person who has the powers of a tenant for life under the Settled Land Act, 1925, or in Northern Ireland under the Settled Land Acts, 1882 to 1890 ;

references to a trust do not include references to a trust constituted in pursuance of a unit trust scheme as defined for the purposes of Part VII of the Finance Act, 1946 ;

the expression " trustee " includes a personal representative, and the expression " trust " shall be construed accordingly.

- (2) Save as expressly provided in this Part of this Act, expressions used therein have the same meanings as in the Income Tax Acts.

PART VI

THE PROFITS TAX.

69 Payments of interest, etc., between connected companies.

- (1) Subject to the provisions of this section, paragraph (b) of subsection (5) of section forty-two of the Finance Act, 1938 (which subsection provides in the case of certain payments by one body corporate to another connected with it, by paragraph (a) thereof, that the payment shall not be an allowable deduction in computing profits of the payer and, by paragraph (b) thereof, that the payment shall not be included in computing profits of the recipient) shall not have effect as respects any payment made to a body corporate resident in the United Kingdom.
- (2) The preceding subsection shall not apply to a payment—
- (a) which is made while a notice given under subsection (1) of section twenty-two of the Finance Act, 1937 (which enables a principal company to elect that the profits or losses of a subsidiary shall be treated as profits or losses of the principal company) either by the payer or the recipient is in force with respect to the other, or notices so given by a third body corporate are in force with respect both to the payer and the recipient; or
 - (b) which by virtue of paragraph (c) of subsection (1) of section thirty-six of the Finance Act, 1947 (which relates to amounts deemed to be distributions by a director-controlled company) falls to be treated as part of the gross relevant distributions to proprietors of the payer for any chargeable accounting period.
- (3) Where a payment, by virtue of the said paragraph (a) of subsection (5) of section forty-two of the Finance Act, 1938, falls to be disallowed in computing the profits of the payer and, by virtue of subsection (1) of this section, falls to be taken into account in computing the profits of the recipient, the profits tax chargeable on the recipient for the chargeable accounting period in which the payment is received shall be reduced by ten per cent. of the amount of the payment, or of the amount of the profits of the recipient chargeable for that period to the profits tax, whichever is the less.
- (4) Where a notice under the said subsection (1) of section twenty-two of the Finance Act, 1937, by a third body corporate is in force with respect to the recipient of the payment, the last preceding subsection shall apply as if for any reference therein to profits tax chargeable on the recipient for the chargeable accounting period in which the payment is received, and to the profits of the recipient chargeable for that period to the profits tax, there were respectively substituted a reference to profits tax chargeable on the third body corporate for the corresponding chargeable accounting period of that body corporate and to the profits of the third body corporate chargeable for that period to the profits tax.
- (5) Neither the said subsection (5) of section forty-two of the Finance Act, 1938, nor any of the preceding provisions of this section shall apply to any payment if—
- (a) the recipient is resident in the United Kingdom ; and
 - (b) the payer and the recipient and, where both the payer and the recipient are subsidiaries of a third body corporate, that third body corporate, jointly elect

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that the said subsection (5) shall not apply to payments by the said payer to the said recipient; and

- (c) the payment is one to which the election applies.

Any such election—

- (i) shall specify the first payment to which the election is to apply ;
 - (ii) must be made by notice in writing to the Commissioners given before the expiration of six months from the end of the chargeable accounting period of the recipient in which the said payment is made or within such longer time as the Commissioners may in any case allow ; and
 - (iii) shall apply to that payment and all subsequent payments by the said payer to the said recipient.
- (6) The preceding provisions of this section shall have effect, and shall be deemed always to have had effect, as if they had been part of the provisions of Part IV of the Finance Act, 1947, and any such additional assessments shall be made as are necessary to give effect to this section.

70 Repayment of loans treated as gross relevant distributions.

- (1) Subsection (3) of section thirty-six of the Finance Act, 1947 (which grants relief where loans which have been treated as part of the gross relevant distributions to proprietors are repaid) shall have effect as if for each reference therein, except the first reference, to gross relevant distributions there were substituted a reference to net relevant distributions.
- (2) This section shall have effect, and shall be deemed always to have had effect, as if it had been part of "the provisions of Part IV of the Finance Act, 1947.

71 Directors' remuneration.

- (1) In the enactments relating to the profits tax, the expression " remuneration " in relation to a director of a company includes all sums, whether actually paid to the director or not, which, by virtue of any of the provisions of the Income Tax Acts, and, in particular, any of the provisions of Part IV of this Act, fall to be treated for the purposes of income tax under Schedule E as part of the salaries, fees, wages, perquisites or profits from his office as director or from any employment in which he is employed by the company :
- Provided that where for income tax purposes any deduction falls to be made under Rule 9 of the Rules applicable to Schedule E from any remuneration, that remuneration shall be treated for the purposes of paragraph in of the Fourth Schedule to the Finance Act, 1937, as reduced by the amount of the deduction.
- (2) Where any of the said sums are not paid by the company, the trading receipts of the company and the expenditure of the company in respect of the remuneration of the director shall both be treated as increased by the said sums not so paid, and the said increase of that expenditure shall be treated for the purposes of paragraph (c) of subsection (1) of section thirty-six of the Finance Act, 1947, as having been applied for the benefit of the director.
- (3) This section shall have effect subject to the provisions of subsection (2) of section sixty-three of the Finance Act, 1947 (which provides that certain sums received by directors shall not for certain purposes be treated as part of their remuneration).

- (4) This section shall have effect as respects remuneration accruing on or after the sixth day of April, nineteen hundred and forty-eight, and, as respects that remuneration, shall be deemed always to have had effect.

PART VII

STAMPS.

72 Agreements as to stamp duty on industrial assurance policies.

- (1) Where, in the opinion of the Commissioners, any body of persons carrying on industrial assurance business so carries on that business as to render it impracticable or inexpedient to require that the stamp duties chargeable on policies issued by the body in the course of that business should be charged and paid thereon, the Commissioners may enter into an agreement with that body for the delivery to the Commissioners of periodical accounts giving such particulars as may be required of the policies so issued by the body.
- (2) The agreement shall be in such form and shall contain such terms and conditions as the Commissioners think proper.
- (3) Where an agreement has been entered into under this section between the Commissioners and any body of persons, any policy which, during the period for which the agreement is in force, is issued by that body in the course of its industrial assurance business and which contains a statement that the appropriate stamp duty has been or will be paid to the Commissioners in accordance with the provisions of this section, shall not be chargeable with any stamp duty, but the aggregate of the sums which, but for the provisions of this section, would have been chargeable by way of stamp duty on the policies issued during the period to which any account delivered under the agreement relates shall, by way of composition, be paid by the body to the Commissioners on the delivery of the account.
- (4) Where a body makes default in delivering any account required by any such agreement or in paying the duty payable on the delivery of any such account, the body shall be liable to a fine not exceeding fifty pounds for every day during which the default continues and shall also be liable to pay to His Majesty, in addition to the duty, interest thereon at the rate of five per cent. per annum from the date when the default begins.
- (5) In this section the expression " industrial assurance business " has the same meaning as in the Industrial Assurance Act, 1923, as amended by any subsequent enactment, whether passed before or after this Act.

73 Relief from stamp duty on certain amalgamations of cotton spinning concerns.

- (1) Where—
- (a) at any time after the third day of December, nineteen hundred and forty-six, arrangements are made for the reconstruction or amalgamation of any companies ; and
 - (b) the Board of Trade certify that the arrangements were made for the purpose of providing a concern or group, of concerns such as to satisfy the conditions requisite for the making, under any Act of the present Session passed in that

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behalf, of a grant out of moneys provided by Parliament towards the cost of re-equipping or modernising cotton spinning mills as defined in that Act, the provisions of section fifty-five of the Finance Act, 1927 (which provides relief from capital and transfer stamp duty in certain cases of company reconstruction or amalgamations which involve the acquisition by a company of the undertaking of, or of not less than ninety per cent. of the issued share capital of, an existing company) shall, in relation to any transaction effected in pursuance of the arrangements, have effect subject to the modifications specified in subsections (2) and (3) of this section.

- (2) The first of the said modifications is that for the references in paragraph (b) of subsection (1), and in subsection (7), to ninety per cent. of the issued share capital of the existing company there shall be substituted references to such part of the issued share capital of the existing company as is necessary for the purpose of giving to the transferee company a controlling interest in the existing company, or to ninety per cent. of the issued share capital of the existing company, whichever is the less.
- (3) The second of the said modifications is that in paragraph (c) of subsection (1) (which requires a portion of the consideration for the acquisition to consist of an issue of shares in the transferee company) for the words " consists as to not less than ninety per cent. thereof " there shall be substituted the words " consists as to some part thereof ".
- (4) This section shall be deemed to have had effect as from the third day of December, nineteen hundred and forty-six, and if, before the date of the passing of this Act, any stamp duty has been paid which under this section ought not to have been paid, the Commissioners shall, on application made to them within two years after the date of the payment, cancel the relevant stamps and allow them as spoiled and repay duty accordingly.
- (5) The power conferred by subsection (4) of this section shall be exercisable in relation to the duty paid on any instrument notwithstanding that, in accordance with the provisions of section twelve of the Stamp Act, 1891, that instrument has been stamped with a particular stamp denoting that it is duly stamped.

74 Exemption from stamp duty in connection with certain nationalisation schemes.

If, by any scheme under Part IV of the Transport Act, 1947, or by or under any Act passed after the beginning of the present Session which embodies any scheme for the carrying on of any industry or part of an industry, or of any undertakings under national ownership or control, provision is made for the transfer of the undertaking of any body corporate, and for the application to any shares, stock, debentures, debenture stock or other securities of that body corporate of provisions appearing to the Treasury to correspond to the provisions of Part II of the Fifth Schedule to the Transport Act, 1947, the Treasury may direct, as respects all or any of the shares, stock, debentures, debenture stock or other securities, that, as from the date of the transfer of the undertaking, transfers thereof shall be exempt from all stamp duties.

75 Abolition of stamp duty on faculties for Lambeth degrees, etc.

The stamp duty chargeable under the heading in the First Schedule to the Stamp Act, 1891, " Faculty or Dispensation of any other kind " shall cease to be chargeable.

PART VIII

MISCELLANEOUS.

76 Estate duty where policies kept up or effected under settlements.

- (1) For the purposes of the last paragraph of subsection (1) of section eleven of the Customs and Inland Revenue Act, 1889 (which, as applied for the purposes of estate duty, provides that money received under a policy of assurance effected by the deceased person on his life and kept up by him shall be treated as passing on his death) so much of the premiums paid on any policy of assurance as was, by virtue or in consequence of a settlement made by the deceased, paid out of property, whether or not provided by the deceased, comprised in the settlement or out of income, whether or not provided by the deceased, arising under the settlement, shall be treated as having been paid by the deceased :

Provided that any payments which were not made either out of property provided directly or indirectly by the deceased for the purposes of the settlement, or out of property representing that property, or out of income provided directly or indirectly by the deceased whether arising from such property or otherwise, shall not be treated as having been made by the deceased if the Commissioners of Inland Revenue are satisfied that those payments were not made as part of any reciprocal arrangements between the deceased and any other person.

- (2) For the purposes of the said enactment in the Customs and Inland Revenue Act, 1889, a policy of assurance on the life of a deceased person effected by virtue or in consequence of a settlement made by the deceased shall be treated as having been effected by the deceased.
- (3) This section shall be deemed to have had effect as respects persons dying on or after the seventh day of April, nineteen hundred and forty-eight.
- (4) For the purposes of this section—
- (a) the expression " settlement " includes any disposition, trust, covenant, agreement or arrangement ; and
 - (b) a person shall be deemed to have made a settlement if he has made or entered into the settlement directly or indirectly, and in particular (but without prejudice to the generality of the foregoing words of this paragraph) if he has provided or undertaken to provide funds directly or indirectly for the purposes of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement.

77 Further provision for relief from double death duty.

- (1) If His Majesty by Order in Council declares that arrangements specified in the Order have been made with the Government of any territory outside the United Kingdom, the laws of which do not provide for a duty similar to estate duty, with a view to affording relief from double taxation in relation to estate duty payable under the laws of the United Kingdom and any duty leviable on, or by reference to, death imposed under the laws of that territory, and that it is expedient that those arrangements should have effect, the arrangements shall, notwithstanding anything in any enactment, have effect so far as they provide for determining the place where any property is to be treated as being situated for the purposes of estate duty.

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- (2) Any arrangements to which effect is given under this section may include provisions as respects deaths occurring on or after the seventh day of April, nineteen hundred and forty-eight, and provisions as to property which is not itself subject to double duty, and the provisions of this section shall have effect accordingly.
- (3) Any Order in Council made under this section may be revoked by a subsequent Order in Council, and any such revoking Order may contain such transitional provisions as appear to His Majesty to be necessary or expedient.
- (4) Before any Order proposed to be made under this section is submitted to His Majesty in Council, a draft thereof shall be laid before the Commons House of Parliament, and the Order shall not be so submitted unless an address is presented to His Majesty by that House praying that the Order be made.
- (5) Notwithstanding anything in the Government of Ireland Act, 1920, the Parliament of Northern Ireland shall, as respects estate duty payable under the laws of Northern Ireland, have power to make laws for purposes similar to the purposes of this section.

78 Extension of time in relation to relief from excess profits tax for terminal expenses.

Section thirty-seven of the Finance Act, 1946 (which allows relief from excess profits tax for certain terminal expenses, as therein defined) shall have effect, and be deemed always to have had effect, as if for subsection (2) thereof (which relates to the period within which such expenses must have been incurred if the relief is to be given) there were substituted the following subsection—

“(2) The period referred to in subsection (1) of this section is the year nineteen hundred and forty-seven :

Provided that if the person making the claim complies with either of the following conditions, that is to say, either—

- (a) that he produces to the Commissioners before the end of March, nineteen hundred and forty-eight, or such later date as they may allow, particulars of work required to be done, as at the said thirty-first day of December, and satisfies them that that work was not completed before the end of the year nineteen hundred and forty-seven ; or
- (b) that he furnishes to the Commissioners before the said end of March, or such later date as they may allow, a preliminary statement in respect of any such work, setting out such information as is available to him as to the position in respect thereof, and, before the end of March, nineteen hundred and forty-nine, or such later date as the Commissioners may allow, produces to them the particulars, and satisfies them as to the matters, specified in paragraph (a) of this proviso,

the said period shall be treated as extended, in relation to any terminal expenses incurred on doing that work, until the end of March, nineteen hundred and fifty-two.”

79 Income tax and profits tax in connection with electricity boards.

- (1) For all the purposes of the Income Tax Acts and the enactments relating to the profits tax—

- (a) any trade or business carried on by any Area Board established by or under the provisions of the Electricity Act, 1947, shall be treated as if it were part of the trade or business carried on by the British Electricity Authority ;
 - (b) subject to the provisions of paragraph (c) of this subsection, any property, rights or liabilities of any such Board shall be treated as property, rights or liabilities of the said Authority, and anything done by or to any such Board shall be deemed to have been done by or to the said Authority ;
 - (c) any rights, liabilities or things done—
 - (i) of, by or to the said Authority against, to or by any such Board ; or
 - (ii) of, by or to any such Board against, to or by the said Authority or any other such Board,shall be left out of account,
and income tax and the profits tax shall be charged accordingly.
- (2) Section forty-one of the Electricity Act, 1947 (which enables the British Electricity Authority to require an Area Electricity Board to contribute towards the satisfaction of certain obligations of the Authority) shall have effect in relation to obligations of the said Authority as respects income tax and the profits tax, and, accordingly, in subsection (1) of that section (as amended by section one hundred and three of the Local Government Act, 1948) the word " or " where it occurs at the end of paragraph (d) shall be omitted and after paragraph (e) there shall be inserted the words—
- “or
- (f) income tax or the profits tax”.
- (3) This section shall be deemed always to have had effect.

80 Provisions as to permanent annual charge for the National Debt and as to the Old Sinking Fund.

- (1) The permanent annual charge for the National Debt for the financial year ending with the thirty-first day of March, nineteen hundred and forty-nine, shall be the sum of five hundred million pounds instead of the sum of three hundred and fifty-five million pounds.
- (2) Any amount applied out of revenue during the said year in redeeming or paying off any description of debt shall be deemed to be expenditure within the meaning of sections four and five of the Sinking Fund Act, 1875.

81 Certain Defence Bonds and Savings Certificates issued by the Government of Palestine to form part of the National Debt.

Any Defence Bonds or Palestine Savings Certificates issued by the Government of Palestine under the War Loan Ordinance, 1941, outstanding immediately before the fifteenth day of May, nineteen hundred and forty-eight, shall, as from the said fifteenth day of May, be treated for the purposes of the National Loans Act, 1939, as if the money raised thereby had been raised under that Act through the Post Office in, and in the currency of, the United Kingdom, as if the Bonds and Certificates had been securities issued under that Act accordingly, and as if the liabilities under the Bonds and Certificates expressed in terms of the currency of Palestine had been liabilities in the currency of the United Kingdom, any necessary conversion being effected at par.

Status: This is the original version (as it was originally enacted).

82 Short title, construction, extent and repeals.

- (1) This Act may be cited as the Finance Act, 1948.
- (2) Part I of this Act—
 - (a) 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 " does not include the Isle of Man ; and
 - (b) 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, and in the said Part I the expression " the Commissioners " means the Commissioners of Customs and Excise.
- (3) Part II of this Act shall be construed as one with Part V of the Finance (No. 2) Act, 1940.
- (4) Parts III and IV of this Act, and so much of Part VIII thereof as relates to income tax, shall be construed as one with the Income Tax Acts.
- (5) Part VI of this Act, and so much of Part VIII thereof as relates to the profits tax, shall be construed as one with Part III of the Finance Act, 1937, and the other enactments relating to the profits tax.
- (6) Part VII of this Act shall be construed as one with the Stamp Act, 1891.
- (7) So much of Part VIII of this Act as relates to estate duty shall be construed as one with Part I of the Finance Act, 1894.
- (8) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended by or under any other enactment, including this Act.
- (9) Save as otherwise expressly provided, such of the provisions of this Act as relate to matters with respect to which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.
- (10) The enactments specified in the Eleventh Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule:

Provided that the repeal of the enactments specified in Part II of that Schedule shall have effect only as respects the year 1949-50 and subsequent years of assessment.