



Finance Act 1951

1951 CHAPTER 43

An Act to grant certain duties, to alter other duties, and to amend the law with respect to the National Debt (including the Sinking Funds therefor), Customs and Inland Revenue (including Excise). [1st August 1951.]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

CUSTOMS, EXCISE AND PURCHASE TAX

Customs and Excise (changes in rates etc.)

1 Hydrocarbon oils petrol substitutes and power methylated spirits

- (1) Sections one to three of the Finance Act, 1950 (which relate to the duties of customs and excise on hydrocarbon oils and to the duty of excise on petrol substitutes), shall have effect as if in the said section one—
- (a) in subsection (1) (which relates to the rate of customs duty) for the words from " eighteen pence a gallon " onwards there were substituted the words " one shilling and tenpence halfpenny a gallon ";
 - (b) in subsection (2) (which relates to the rates of the customs rebates allowed on the delivery for home consumption of heavy oils) for the words from "

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eighteen pence a gallon " to the end of paragraph (a) there were substituted the words " one shilling and ten pence halfpenny a gallon ", and for the words from " seventeen pence a gallon " to the end of paragraph (b) there were substituted the words " one shilling and ninepence halfpenny a gallon " ;

and the rate of the duty of excise charged under section three of the Finance Act, 1938, on spirits used for making power methylated spirits shall be the same as that at which the said duty of customs on hydrocarbon oils is for the time being chargeable:

Provided that the allowance payable under subsection (4) of section eight of the Finance (No. 2) Act, 1945, in respect of indigenous oils used in a refinery shall not be increased by virtue of this subsection in the case of oils charged with the excise duty on their removal to a refinery before the increased rate for the duty had come into force.

- (2) This section, except as respects power methylated spirits, shall have effect as from six o'clock in the evening of the tenth day of April, nineteen hundred and fifty-one and as respects power methylated spirits shall have effect as from the eleventh day of that month.

2 Entertainments duty

- (1) Section six of the Finance Act, 1943, and the other enactments relating to entertainments duty shall have effect as if for the rates of duty provided for by Part II of the Fifth Schedule to that Act (which gives the full rates of the duty) there were substituted the rates of duty set out in the First Schedule to this Act.
- (2) This section shall have effect, and be deemed to have had effect, as respects payments for admission to entertainments held on or after the fifth day of August, nineteen hundred and fifty-one, other than payments made before the eleventh day of April in that year.

3 Three-year extension of key industry duty

Part I of the Safeguarding of Industries Act, 1921, shall continue in force until the beginning of the nineteenth day of August, nineteen hundred and fifty-four.

4 Reduction of match duties

- (1) In lieu of the duties of customs and excise charged on matches under section seven of the Finance Act, 1949, there shall be charged on matches imported into the United Kingdom duties of customs, and on matches manufactured in the United Kingdom duties of excise, at the following rates, that is to say—

	<i>Rate of customs duty.</i>		<i>Rate of excise duty.</i>	
	s.	d.	s.	d.
(a) for every 10,000 matches in containers in which there are not more than 30 matches	19	11	19	2

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	<i>Rate of customs duty.</i>		<i>Rate of excise duty.</i>	
	s.	d.	s.	d.
(b) for every 7,200 matches in containers in which there are more than 30 matches	14	5	13	9

and so in proportion for any less number of matches.

- (2) This section shall have effect from the first day of August, nineteen hundred and fifty-one.

5 Amendment of excise duty on mechanical lighters

- (1) For all purposes of section six of the Finance Act, 1928, relating to the excise duty on mechanical lighters.—
- (a) any prescribed component of a mechanical lighter, or assembly which includes such a component (other than an assembly forming a complete mechanical lighter or a mechanical lighter which could be made complete by the addition of a flint), shall be deemed to be a mechanical lighter, but incomplete; and
 - (b) any reference to a manufacturer of mechanical lighters shall include a person by whom any such component or assembly has been manufactured in the course of a business carried on by him, notwithstanding that he has not carried on the manufacture at a time when such a component or assembly is deemed to be a mechanical lighter.
- (2) Subject to the next following subsection the expression " prescribed component" in this section means, in relation to any class or description of mechanical lighters, such one of the component parts of a lighter of that class or description as the Treasury may by order designate for this purpose as being in such a lighter the component part or one of the component parts least likely to require replacement.
- (3) Until otherwise provided by an order under the last foregoing subsection, the prescribed component of a lighter appearing to the Commissioners to be constructed solely for the purpose of igniting gas for domestic use shall, in the case of electrical lighters and flint lighters, be the stem (of the electrical lighter) and the frame (of the flint lighter), whether a rigid frame or a spring frame.
- (4) An order made under this section may be varied or revoked by a subsequent order so made.
- (5) 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.
- (6) Any statutory instrument under this section which extends the incidence of duty 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.

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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.

- (7) Any other statutory instrument under this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (8) This section shall have effect as from the eleventh day of April, nineteen hundred and fifty-one.

Amendments to give effect to agreements affecting Customs and Excise

6 Valuation of goods for purpose of ad valorem duties

- (1) For the purpose of any enactment for the time being in force under which a duty of customs is chargeable on goods by reference to their value, the value of any imported goods shall be taken to be that laid down by the Second Schedule to this Act, and duty shall be paid on that value:

Provided that, in the case of goods imported under a contract of sale and entered for home consumption, duty shall be deemed to have been paid on that value if, before the goods are delivered for home consumption, duty is tendered and accepted on a declared value based on the contract price.

- (2) For the purpose of the proviso to the foregoing subsection—
 - (a) the declared value of any goods is their value as declared by or on behalf of the importer in making entry of the goods for home consumption;
 - (b) that value shall be deemed to be based on the contract price if, but only if, it represents that price properly adjusted to take account of circumstances differentiating the contract from such a contract of sale as is contemplated by the Second Schedule to this Act;
 - (c) the rate of exchange to be used for determining the equivalent in sterling of any foreign currency shall be the current selling rate in the United Kingdom as last notified before the time when the goods are entered for home consumption.
- (3) The Commissioners may by statutory instrument make regulations for the purpose of giving effect to the foregoing provisions of this section, and in particular for requiring any importer or other person concerned with the importation of goods into the United Kingdom to furnish to the Commissioners, in such form as they may require, such information as is, in their opinion, necessary for a proper valuation of the goods and to produce any books of account or other documents of whatever nature relating to the purchase, importation, or sale of the goods by that person; and if any person contravenes or fails to comply with any regulations made under this section, he shall in respect of each offence be liable to a customs penalty of fifty pounds.

As from the commencement of this Act, any regulations made by the Commissioners under subsection (3) of section fifteen of the Import Duties Act, 1932, which are in force at that commencement shall have effect as if made under this subsection.

- (4) Section sixteen of the Import Duties Act, 1932 (which relates to the determination of disputes as to value), shall apply in relation to any duty of customs chargeable on goods by reference to their value as it applies in relation to a duty chargeable under that Act.

- (5) In any scheme having effect under section nine of the Finance Act, 1932 (which provides for allowing drawback of certain duties in respect of imported goods used as materials in making articles exported or shipped as stores), or under that section as applied by any subsequent enactment, references to the value of any goods at importation shall, whether the scheme took effect before or after the passing of this Act, be taken as referring to the value on which duty was paid on those goods, unless otherwise provided by the scheme.
- (6) Notwithstanding anything in section eleven of the Finance Act, 1944, or subsection (1) of section fourteen of the Finance (No. 2) Act, 1945 (which relate to the application for purposes of purchase tax of enactments relating to customs generally), the foregoing provisions of this section shall not affect the law relating to purchase tax, and accordingly subsection (2) of the said section eleven shall have effect with the substitution of a reference to this section for the reference to section ten of the Finance Act, 1935.

7 Unesco agreement (blind welfare and news-reels)

The Third Schedule to this Act shall have effect with a view to enabling effect to be given to an agreement which was drawn up at the fifth session of the General Conference of the United Nations Educational, Scientific and Cultural Organisation, and of which His Majesty's Government in the United Kingdom is a signatory.

8 Pakistan trade agreement

With a view to the fulfilment of the agreement made on the second day of April, nineteen hundred and fifty-one, between His Majesty's Governments in the United Kingdom and in Pakistan (being the agreement set out in the Fourth Schedule to this Act), the Ottawa Agreements Act, 1932, and any other enactment relating to customs which amends or relates to that Act shall have effect as from that date as if the said agreement were included among the agreements scheduled to the said Act of 1932, and as if accordingly any reference to a country the Government of which is a party to one of the scheduled agreements within the meaning of that Act, or a country between the Government of which and His Majesty's Government in the United Kingdom any of those agreements was made, applied to Pakistan by virtue of the said agreement and not by virtue of the agreement made in the year nineteen hundred and thirty-nine between His Majesty's Government in the United Kingdom and the Government of India.

9 Dried and crystallized figs

- (1) For the entry in the Schedule to the Customs Tariff Act, 1876, relating to figs (under which there is charged a duty of seven shillings a hundredweight) there shall be substituted the following entry:—

“Figs—		
Per cwt.		
	s.	d.
dried	6	0

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drained or crystallized | 7 | 0.” |

- (2) In section twenty-one of the Finance Act, 1916 (which provides for drawback of certain of the duties under the said Act of 1876), after the words "dried figs" there shall be inserted the words " drained or crystallized figs. "
- (3) This section shall come into force on the first day of September, nineteen hundred and fifty-one.

Customs and Excise (drawbacks and minor amendments)

10 Extension of drawbacks of hydrocarbon oil duties

- (1) The Treasury may by order direct as respects articles of any class or description specified in the order that, subject to the provisions of the order, drawback shall be allowed under Subsection (6) of section two of the Finance Act, 1928 (which as extended by the Finance Act, 1950, relates to drawback of the customs and excise duties on hydrocarbon oils), in-respect of hydrocarbon oil (or goods containing it) used as a material, solvent, preservative or finish in the manufacture or preparation of the articles, and thereupon the enactments relating to drawback of the said duties shall have effect, subject to the provisions of the order and of this section, as if any reference in the said subsection (6) to an article in which there is contained any hydrocarbon oil used as an ingredient in the manufacture or preparation thereof included a reference to an article of the class or description specified in the order.
- (2) An order made under this section as respects articles of any class or description—
- (a) may provide for drawback to be allowed in respect of hydrocarbon oil (or goods containing it) used as a material, solvent, preservative or finish in the manufacture or preparation not directly of articles of that class or description but of articles incorporated in them; and
 - (b) may provide that the quantity of hydrocarbon oil as respects duty on which drawback is to be allowed shall be determined by reference to average quantities or otherwise;
- but no drawback of excise duty shall be allowed by virtue of this section on oil used in a refinery in such circumstances that an allowance is payable in respect thereof under subsection (4) of section eight of the Finance (No. 2) Act, 1945.
- (3) The power of the Treasury to make orders under this section shall be exercisable by statutory instrument, which shall be subject to annulment by resolution of the Commons House of Parliament, and any order made by the Treasury under this section may be varied or revoked by a subsequent order made by them.
- (4) The power of the Commissioners to make regulations under section three of the Finance Act, 1928, and section two of the Finance Act, 1950, with respect to the duties on hydrocarbon oils and the drawbacks of those duties shall include power to make provision for regulating the allowance and payment of drawback by virtue of this section and for making it subject to such conditions as they think fit to impose for the protection of the revenue.

11 Extension of power to allow drawback under Import Duties Act, 1932, Sch. 2

- (1) The Second Schedule to the Import Duties Act, 1932 (which relates to drawback of import duties on the re-exportation, etc., in the same state and unused, of imported

goods of any class or description specified in an order of the Treasury), shall be amended as follows:—

- (a) drawback as respects any imported goods may be allowed in the following case (either as well as or instead of being allowed in the case of the exportation or shipment as stores of those goods as mentioned in paragraph 3 of the Schedule), that is to say.—

on the exportation or shipment as stores (either by the importer of those goods or by some person who has taken delivery of the goods or articles incorporating them directly from that importer) of articles incorporating those goods in the same state as that in which they were imported, neither the imported goods nor any articles incorporating them having been used otherwise than by their incorporation in other articles;

- (b) an order under the Schedule, where it appears to the Treasury, as respects goods of any class or description, that drawback ought not to be allowed generally or ought to be allowed for a limited period only, may give directions for it to be allowed as respects those goods subject to restrictions, or for a period, specified in the order.
- (2) References in any enactment passed before this Act to the said Second Schedule and to paragraph 3 thereof shall be construed as respectively including references to the foregoing subsection and to paragraph (a) thereof.
 - (3) Where an order of the Treasury (whether made before or after the commencement of this Act) provides for the allowance of drawback under the said Second Schedule or any enactment applying it, then subject to any such order made after that commencement the drawback shall be allowed in the case mentioned in paragraph (a) of subsection (1) of this section as well as in the case mentioned in paragraph 3 of that Schedule.
 - (4) Drawback allowed before the commencement of this Act shall not be deemed to have been wrongly allowed if it would have been allowable by virtue of paragraph (a) of subsection (1) of this section had the foregoing provisions of this section then been in force.

12 Relief from duty on temporary importations not qualifying for drawback

- (1) Where the Commissioners are satisfied, in the case of any goods imported or proposed to be imported after the coming into force of this section,—
 - (a) that it is intended to re-export the goods or articles in incorporating them or to use them as materials for the production of articles for export; and
 - (b) that there are special reasons why, with a view to promoting the interests of the export trade or similar interests, any duties chargeable in respect of the importation of the goods under Part I of the Import Duties Act, 1932, or under the Safeguarding of Industries Act, 1921, should not be charged if the goods or articles incorporating them are re-exported, or the goods are used as materials for the production of articles which are exported; and
 - (c) that the provisions other than this section giving relief from the duties in question, whether by way of drawback or otherwise, are inapplicable or inappropriate;

then the Commissioners shall have power to grant relief from those duties, subject to such conditions as they may impose for the protection of the revenue.

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- (2) The Commissioners shall exercise the power conferred by this section only after consultation with the Board of Trade, except in such cases as may be agreed between the Commissioners and the Board.
- (3) The Commissioners shall not exercise that power in the case of any goods except on a written application made by the importer before delivery of the goods to him.

13 Bottling of wine in bond for home consumption

Section ninety-five of the Customs Consolidation Act, 1876 (under which British spirits may be bottled in warehouse for home consumption, but wine may be so bottled for export only), shall have effect with the substitution for the words "draw off British spirits into bottles for home consumption" of the words "draw off wine or British spirits into bottles for home consumption"; and accordingly section four of the Finance Act, 1944 (which authorised vintage port to be bottled in a warehouse for home consumption), shall cease to have effect.

14 Tobacco licences for vehicles in special cases

- (1) Notwithstanding anything in section ten of the Excise Licences Act, 1825, or in section nine of the Customs and Inland Revenue Act, 1890 (which require an excise licence to be for a single set of premises), a licence under the Excise Licences Act, 1825, to deal in or sell tobacco or snuff may, where the Commissioners are satisfied that it is necessary for the purpose of meeting an exceptional but temporary need, be granted so as to authorise the sale of tobacco or snuff by retail from a registered goods vehicle when stationed at a place specified in the licence; and the enactments relating to the dealing in and sale of tobacco or snuff, other than section twenty-five of the said Act of 1825 (which relates to the licensee's name being displayed on the licensed premises), shall apply accordingly as if the place specified in a licence so granted were premises of the person authorised to sell tobacco there.
- (2) Any licence granted by virtue of this section may be granted subject to such conditions as the Commissioners think fit to impose.

Purchase tax

15 Purchase tax (changes in rates etc.)

- (1) The enactments relating to purchase tax shall have effect as if in Part I of the Eighth Schedule to the Finance Act, 1948 (as amended by subsequent enactments and by orders of the Treasury under section twenty-one of that Act), there were made the amendments provided for by the Fifth Schedule to this Act, but subject to any further order of the Treasury under the said section twenty-one.
- (2) The said amendments shall have effect as from the eleventh day of April, nineteen hundred and fifty-one, except that the amendments provided for by Part II of the said Fifth Schedule shall only have effect as from the twenty-fifth day of June, nineteen hundred and fifty-one.

PART II

INCOME TAX

16 Charge of income tax for 1951-52

- (1) Income tax for the year 1951-52 shall be charged at the standard rate of nine shillings and sixpence in the pound and, in the case of an individual whose total income exceeds two thousand pounds, shall be charged in respect of the excess at rates in the pound which respectively exceed the standard rate by the amounts specified in the second column of the following Table:—

TABLE

	s.	d.
For every pound of—		
the first five hundred pounds of the excess	2	0
the next five hundred pounds of the excess	2	6
the next one thousand pounds of the excess	3	6
the next one thousand pounds of the excess	4	6
the next one thousand pounds of the excess	5	6
the next two thousand pounds of the excess	6	6
the next two thousand pounds of the excess	7	6
the next two thousand pounds of the excess	8	6
the next three thousand pounds of the excess	9	6
the remainder of the excess	10	0

- (2) All such enactments as had effect with respect to the income tax charged for the year 1950-51 shall have effect with respect to the income tax charged for the year 1951-52.
- (3) Notwithstanding anything in the preceding provisions of this section, the standard rate of tax for the year 1951-52 shall, for the purpose of computing the amounts of tax which, under section two of the Income Tax (Employments) Act, 1943, fall to be deducted or repaid before the twenty-fifth day of May, nineteen hundred and fifty-one, be deemed to have been the same as that for the year 1950-51, but nothing in this subsection shall prevent or be deemed to have prevented the resulting under-deductions and over-repayments of tax from being adjusted subsequently by means

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of increased deductions or diminished repayments under the said section two, or, if need be, by an assessment.

17 Higher rates of income tax for 1950-51

Income tax for the year 1950-51 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 1949-50.

18 Alterations in personal reliefs, etc.

- (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, section twenty-eight of the Finance Act, 1948, and section twenty-four of the Finance Act, 1950, provides for the relief from income tax commonly known as the reduced rate relief), the words " thirteen-nineteenths" shall throughout be substituted for the words " thirteen-eighteenths " and the words " eight-nineteenths " shall throughout be substituted for the words " four-ninths ".
- (2) In section eighteen of the Finance Act, 1920 (which, as amended by subsequent enactments, provides, amongst other things, for a deduction, in the case of married persons, of tax on one hundred and eighty pounds), the words " one hundred and ninety pounds " shall be substituted for the words " one hundred and eighty pounds ".
- (3) In subsections (1) and (3) of section twenty-one of the Finance Act, 1920 (which, as amended by subsequent enactments, provides for a deduction of tax on sixty pounds in respect of each child with an income of sixty pounds or less), the words " seventy pounds " shall be substituted for the words " sixty pounds ".
- (4) In subsection (1) of section sixteen of the Finance Act, 1943 (which, as amended by subsection (4) of section fifteen of the Finance Act, 1947, provides, amongst other things that the deduction of tax allowable in certain cases in respect of a relative of the claimant or of his or her wife or husband who is maintained by the claimant is limited to cases where the total income of the person maintained does not exceed one hundred and twenty pounds a year and that the allowance is reduced if the total income of that person exceeds seventy pounds a year), the words " one hundred and thirty pounds " shall be substituted for the words " one hundred and twenty pounds " and the words " eighty pounds " shall be substituted for the words " seventy pounds ".
- (5) In subsection (2) of section nineteen of the Finance Act, 1935 (which, as amended by subsequent enactments, limits the tax on incomes exceeding one hundred and thirty-five pounds but less than one hundred and sixty pounds to one quarter of the excess), the words " three-tenths " shall be substituted for the words " one-quarter ".
- (6) The changes effected by this section shall not be deemed to have affected the amounts of tax deductible or repayable under section two of the Income Tax (Employments) Act, 1943, before the twenty-fifth day of May, nineteen hundred and fifty-one, but nothing in this subsection shall prevent the resulting under-deductions, over-deductions, under-repayments and over-repayments of tax from being adjusted subsequently by means of increased or diminished deductions or repayments under the said section two, or, if need be, by an assessment.

19 Extension of relief for wives drawing retirement pensions

The proviso to subsection (2) of section twenty-seven of the Finance Act, 1946 (which, amongst other things, prevents certain pensions payable under the National Insurance Act from being treated as earned income for the purposes of the increased personal allowance by reference to the wife's earned income provided for by subsection (2) of section eighteen of the Finance Act, 1920) shall not apply to any payment by way of retirement pension under the National Insurance Act (as defined in the said section twenty-seven), being a pension payable to the wife by virtue of her own insurance.

20 Suspension of initial allowances

- (1) No initial allowance shall be given under Part I, Part II or Part III of the Income Tax Act, 1945, in respect of any expenditure incurred on or after the sixth day of April, nineteen hundred and fifty-two, and before such date as Parliament may hereafter determine:

Provided that this subsection shall not apply to expenditure on the provision of a ship for the purposes of a trade if it is shown to the satisfaction of the Commissioners of Inland Revenue—

- (a) that on the tenth day of April, nineteen hundred and fifty-one, the ship was actually under construction for the persons who were carrying on the trade on the said tenth day of April or who were on that date about to carry it on ; or
 - (b) that a contract for the construction of the ship, or of the engines for the ship, for those persons had been entered into by them not later than the said tenth day of April.
- (2) Part VIII of the Income Tax Act, 1945 (which contains supplementary provisions for the purposes of that Act), shall apply in relation to subsection (1) of this section as if that subsection were a provision of that Act:

Provided that a trade shall not be deemed for the purposes of that subsection to be discontinued by reason only of the happening of any event which, by virtue of any of the provisions of Rule 11 of the Rules applicable to Cases I and II of Schedule D, is to be treated as equivalent to the discontinuance of the trade.

21 Acquisition of new sources of income under Case III, IV or V of Schedule D

- (1) If at any time any person acquires—
- (a) a new source of any profits or income in respect of which he is chargeable either under Rule 1 of the Rules applicable to Case III of Schedule D or under Case IV of Schedule D or under Case V of Schedule D; or
 - (b) an addition to any source of any such profits or income,
- then, for the year of assessment in which income first arises from the source or addition and the two following years of assessment—
- (i) income tax in respect of the profits or income from the source or addition shall be computed separately ; and
 - (ii) in the case of profits or income chargeable under Rule 1 of the Rules applicable to Case III, the provisions of paragraph (1) of Rule 2 of those Rules shall apply, and, in the case of profits or income chargeable under Case IV or Case V, the provisions of proviso (b) of subsection (1) of section twenty-nine of the Finance Act, 1926, shall apply.

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- (2) Subsection (1) of this section shall have effect in lieu of paragraph (ii) of the proviso to section thirty of the Finance Act, 1926, and the references to that paragraph contained in paragraph (iv) of that proviso shall be construed as references to the said subsection (1).
- (3) The preceding provisions of this section shall apply in relation to sources or additions to sources acquired on or after the sixth day of April, nineteen hundred and fifty-one and to sources or additions to sources acquired before that date where the income or profits first arose therefrom on or after that date, but shall not apply in any other case.
- (4) Subsection (3) of section thirty-two of the Finance Act 1933 (which provides that when tax becomes chargeable under Case III of Schedule D on share interest or loan interest paid by a registered society, paragraph (ii) of the proviso to section thirty of the Finance Act, 1926, shall apply as if the source of that interest were a new source of income acquired by that person at that time) shall have effect as if the reference therein to the said paragraph (ii) included references to all the preceding provisions of this section.
- (5) In this section, references to profits or income chargeable under Rule 1 of the Rules applicable to Case III of Schedule D shall be construed as including references to profits or income chargeable under that Case as if they were mentioned in the said Rule 1, and references to income which arises or arose shall, in cases where income tax is to be computed by reference to the amount of income received in the United Kingdom, be construed as references to income which is or was so received.

22 Foreign dividends, etc.

- (1) In paragraph (1) of Rule 7 of the Miscellaneous Rules applicable to Schedule D (which provides for the taxation by deduction of, amongst other things, interest, dividends, or other annual payments payable out of or in respect of the stocks, funds, shares or securities of any foreign or colonial company, society, adventure or concern) for the words "any foreign or colonial company, society, adventure or concern" there shall be substituted the words "any body of persons not resident in the United Kingdom".
- (2) Neither sub-paragraph (a) nor sub-paragraph (b) of the said paragraph (1) shall extend to any payment to which Rule 19 or Rule 21 of the General Rules applies.
- (3) Any reference in any provision of the Income Tax Acts to the said Rule 7 shall be construed as a reference to the said Rule 7 as amended by the preceding provisions of this section.
- (4) This section shall have effect as from the tenth day of April, nineteen hundred and fifty-one, and shall also have effect and be deemed always to have had effect in relation to any payment made before that date from which a deduction of tax has been made which would, if this section had then been in force, have been a legal deduction.

23 Building societies

- (1) The Commissioners of Inland Revenue and any building society may, as respects the year 1952-53 or any subsequent year of assessment, enter into arrangements whereby—
 - (a) the society is assessed to income tax under Schedule D on such sums (including sums which, apart from the arrangements, would be receivable by the society with tax deducted therefrom) as may be determined under

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the arrangements, and is so assessed in part at the standard rate and in part at a reduced rate which takes into account the operation of the subsequent provisions of this section; and

- (b) property in which the society has an interest is exempt from tax under Schedule A to such extent as may be specified in the arrangements ; and
- (c) provision is made for any incidental or consequential matters,

and any such arrangements shall have effect notwithstanding anything in the Income Tax Acts:

Provided that the said Commissioners, in exercising their powers of entering into arrangements under this section, shall at all times aim at securing that the total tax becoming payable to, and not becoming repayable by, the Crown is, when regard is had to the operation of the subsequent provisions of this section, as nearly as may be the same in the aggregate as it would have been if those powers had never been exercised.

- (2) Where any such arrangements as aforesaid are in force in the case of any society as respects any year of assessment—

- (a) tax shall not be deducted from any dividends or interest payable in that year in respect of shares in or deposits with or loans to that society ; and
- (b) no assessment to tax or repayment of tax shall be made in respect of any such dividends or interest on or to the person receiving or entitled to the dividends or interest; and
- (c) the amounts actually paid or credited in respect of any such dividends or interest (and no more) shall be treated as income for that year of the person entitled thereto; and
- (d) the said amounts (and no more) shall, in applying Rules 19 and 21 of the General Rules to other payments, be treated as profits or gains which have been brought into charge to tax:

Provided that—

- (i) any such dividends or interest shall be taken into account for the purposes of assessment to surtax; and
- (ii) the amount actually paid or credited in respect of any such dividends or interest shall be deemed for surtax purposes to be a net amount corresponding to a gross amount from which tax at the standard rate for that year has been duly deducted, and the amount on which surtax is to be charged in the case of any person shall be calculated accordingly; and
- (iii) the provisions of this subsection shall not apply in relation to interest on any bank loan; and
- (iv) the provisions of this subsection shall not apply in relation to any interest which is payable in respect of a loan to the society under a contract made before the beginning of the first year of assessment as respects which the society enters into arrangements under subsection (1) of this section, if and to the extent that, both at the time of the making of the contract and at the time when the interest becomes payable, it is contemplated by the parties that tax shall be deducted on payment of the interest.

- (3) Where any such arrangements as aforesaid are in force in the case of any society as respects any year of assessment—

- (a) tax shall not be deducted upon payment to the society of any interest on advances, being interest payable in that year; and

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- (b) any amount which, by virtue of this subsection, is paid without deduction of tax by any person to the society in respect of interest on advances (being interest payable by him to the society in that year) shall, except so much thereof, if any, as is repaid to him by the society, be deducted from or set off against his income for that year, and tax shall be discharged or repaid accordingly,

and subsections (2) and (3) of section fifty-six of the Income Tax Act, 1945 (which relate to the procedure in relation to claims for allowances given under that Act by way of discharge or repayment of tax), shall apply in relation to the discharge or repayment of tax under this subsection as they apply in relation to the allowances mentioned in that section.

- (4) Any arrangements made under this section as respects any year of assessment shall, if made after the beginning of that year, be deemed to have come into force at the beginning thereof, and any necessary adjustments shall be made in relation to any sums paid or credited before the date of the making of the arrangements.
- (5) If—
- (a) as respects the year 1951-52 or any previous year of assessment, any arrangements are made (whether before or after the passing of this Act) between the Commissioners of Inland Revenue and a building society as respects the tax which is to be charged in the case of that society; and
 - (b) those arrangements purport to provide that no repayment of tax shall be made in respect of income derived from investments with the society; and
 - (c) as a result of, or in anticipation of, those arrangements, any dividends or interest payable in the year of assessment in question by the society in respect of shares in or deposits with or loans to the society are paid without deduction of tax,

paragraphs (b), (c) and (d) of, and paragraph (i) of the proviso to, subsection (2) of this section shall apply and be deemed always to have applied in relation to those dividends or that interest as they apply in relation to the dividends or interest mentioned in paragraph (a) of the said subsection (2).

- (6) In this section—

" building society " means a society incorporated under the Building Societies Act, 1874, or such an unincorporated society as is mentioned in section seven of that Act; and

" dividend " includes any distribution, whether described as a dividend or otherwise, which, apart from this section, would fall to be treated as a dividend for the purposes of Rule 20 of the General Rules.

- (7) This section shall apply in relation to a company within the meaning of the Companies Act, 1948, or the corresponding enactments in force in Northern Ireland, which carries on a business which, in the opinion of the Commissioners of Inland Revenue, is similar to that carried on by a building society as it applies in relation to a building society, except that in subsections (2) and (5) the references to dividends and shares shall be deemed to be omitted.

24 **Armed forces, etc.**

Any sum—

- (a) which, in pursuance of the scheme as to service emoluments contained in the Command Paper laid before Parliament in August, nineteen hundred and fifty, becomes payable out of moneys provided by Parliament by way of bounty to a person who, having served in the armed forces of the Crown, voluntarily undertakes to serve for a further period; or
- (b) which becomes payable out of moneys provided by Parliament by way of bounty to any person who is called up for a period of service under the Reserve and Auxiliary Forces (Training) Act, 1951,

shall not be regarded as income for any of the purposes of the Income Tax Acts.

25 Exemption of income of the Colonial Superannuation Scheme Fund

- (1) The Managers of the Colonial Superannuation Scheme Fund shall not be assessable to income tax in respect of any income derived from investments or deposits of that Fund and any income tax deducted from any such income shall be repaid to them by the Commissioners of Inland Revenue.
- (2) In this section, " the Colonial Superannuation Scheme Fund " means the fund of that name formed under the Colonial Superannuation Scheme set up by the Secretary of State with effect as from the first day of January, nineteen hundred and fifty-one, and this section shall be deemed to have had effect as from the said first day of January.

26 Exemption for Issue Department of State Bank of Pakistan

Any profits or income accruing or arising to the Issue Department of the State Bank of Pakistan constituted under certain orders made under section nine of the Indian Independence Act, 1947, shall be, and shall be deemed always to have been, exempt from income tax.

27 Power to obtain information as to interest paid or credited without deduction of tax

- (1) Every person carrying on a trade or business who, in the ordinary course of the operations thereof, receives or retains money in such circumstances that interest becomes payable thereon which is paid or credited without deduction of income tax, and, in particular, every person carrying on the trade or business of banking, shall, if required to do so by notice from a surveyor, make and deliver to the surveyor, within the time specified in the notice, a return of all interest paid or credited by him as aforesaid during a year specified in the notice in the course of his trade or business or any such part of his trade or business as may be so specified, giving the names and addresses of the persons to whom the interest was paid or credited and stating, in each case, the amount of the interest, and the provisions of the Income Tax Acts with respect to the failure to deliver lists, declarations and statements in accordance with a particular or general notice shall apply to any such return:

Provided that—

- (a) no interest paid or credited to any person shall be required to be included in any such return if the total amount of the interest paid or credited to that person which would otherwise have fallen to be included in the return does not exceed fifteen pounds; and
- (b) the year specified in a notice under this subsection shall not be a year ending more than three years before the date of the service of the notice.

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(2) Without prejudice to the generality of so much of subsection (1) of this section as enables different notices to be served thereunder in relation to different parts of a trade or business, separate notices may be served under that subsection as respects the transactions carried on at any branch or branches respectively specified in the notices, and any such separate notice shall, if served on the manager or other person in charge of the branch or branches in question, be deemed to have been duly served on the person carrying on the trade or business ; and where such a separate notice is so served as respects the transactions carried on at any branch or branches, any notice subsequently served under the said subsection (1) on the person carrying on the trade or business shall not be deemed to extend to any transaction to which the said separate notice extends.

(3) This section shall, with any necessary adaptations, apply in relation to the Post Office Savings Bank as if it were a trade or business carried on by the Postmaster General.

This subsection shall have effect notwithstanding anything in section four of the Post Office Savings Bank Act, 1861, but save as aforesaid that section shall remain in full force and effect.

(4) This section shall apply to interest paid or credited on or at any time after the sixth day of April, nineteen hundred and fifty.

(5) This section shall apply only to money received or retained in the United Kingdom, and if a person to whom any interest is paid or credited in respect of any money received or retained in the United Kingdom by notice in writing served on the person paying or crediting the interest—

(a) declares that the person who was beneficially entitled to that interest when it was paid or credited was not then ordinarily resident in the United Kingdom; and

(b) requests that the interest shall not be included in any return under this section, the person paying or crediting the interest shall not be required to include that interest in any such return; and section thirty of the Income Tax Act, 1918 (which relates to fraudulent claims for relief), shall, with the necessary adaptations, apply in relation to notices under this subsection as it applies in relation to the claims mentioned in the said section thirty.

PART III

PROFITS TAX

28 Rates of profits tax, etc.

(1) The enactments relating to the profits tax shall be amended as respects any chargeable accounting period ending after the end of the year nineteen hundred and fifty by substituting—

(a) fifty per cent. for thirty per cent. as the rate of any tax not being a distribution charge; and

(b) forty per cent. for twenty per cent. as the rate of any relief for non-distribution and (subject to the provisions of paragraph 1 of the Sixth Schedule to this Act) as that of any distribution charge,

and where any accounting period of a body corporate, unincorporated society or other body falls partly before and partly after the end of that year, the parts thereof falling before and after the end of the year shall be separate chargeable accounting periods.

- (2) The provisions of the Sixth Schedule to this Act (being provisions which re-enact with adaptations certain transitional provisions of the Profits Tax Act, 1949) shall have effect in relation to the preceding provisions of this section.

29 Public utility undertakers to be liable to the profits tax

- (1) The trades or businesses exempted from the profits tax by subsection (5) of section nineteen of the Finance Act, 1937 (which subsection relates to statutory undertakers carrying on certain public utility concerns), shall cease to be so exempt as from the end of the year nineteen hundred and fifty, and any accounting period of any such trade or business falling wholly after the end of the year nineteen hundred and fifty, and so much of any accounting period of any such trade or business falling partly before and partly after the end of the said year as falls after the end of that year, shall be chargeable accounting periods for the purposes of the profits tax:

Provided that—

- (a) the profits tax payable in respect of any such trade or business shall be computed as if no net relevant distributions to proprietors had been made in the case of that trade or business for any chargeable accounting period; and
- (b) subject, as respects losses, to the provisions of subsection (3) of this section, no relief shall be given for any losses incurred in any accounting period ending before the beginning of the year nineteen hundred and fifty-one and no deduction for wear and tear shall be allowed other than the deduction provided for by sub-paragraph (1) of paragraph 1 of Part I of the Eighth Schedule to the Finance Act, 1947.
- (2) No income received out of the profits of a body corporate which are chargeable to the profits tax as a result of subsection (1) of this section shall be excluded, from the profits of the recipient by reason of sub-paragraphs (a) and (b) of sub-paragraph (1) of paragraph 7 of the Fourth Schedule to the Finance Act, 1937 (as amended by section thirty-two of the Finance Act, 1947), but—
- (a) the profits tax chargeable on the recipient for the chargeable accounting period in which the income is received shall be reduced by ten per cent of the amount of that income or of the amount of the profits of the recipient chargeable for that period to the profits tax, whichever is the less ; and
- (b) nothing in this section affects the proviso to subparagraph (1) of the said paragraph 7 (which excludes income received from statutory undertakers from the profits of a body corporate with a controlling interest therein).
- (3) Notwithstanding anything in proviso (b) to subsection (1) of this section, there shall be carried forward under paragraph 2 of the Fourth Schedule to the Finance Act, 1937, to the first accounting period ending after the end of the year nineteen hundred and fifty, and, if and so far as is necessary, to subsequent accounting periods, the amount, if any, which could have been carried forward to that accounting period if the said subsection (1) had applied to all accounting periods ending after the end of the year nineteen hundred and forty-six:

Provided that—

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- (a) in no event shall any loss incurred in any accounting period ending at or before the end of the year nineteen hundred and forty-six be taken into account for the purposes of this subsection; and
- (b) where an accounting period falls partly before and partly after the end of the year nineteen hundred and forty-six, the loss, if any, for so much of that period as fell after the end of that year shall be so taken into account instead of the loss, if any, for the whole of the period, and the provisions of section forty-seven of the Finance Act, 1947, shall, with any necessary adaptations, have effect for the purpose of determining the first-mentioned loss as they had effect for the purpose of determining the profits tax payable for so much of any chargeable accounting period as fell after the end of that year.

30 Increase, in certain cases, of deductions allowable for directors' remuneration

The following paragraph shall, as respects chargeable accounting periods ending after the end of the year nineteen hundred and fifty, be substituted for paragraph 11 of the Fourth Schedule to the Finance Act, 1937—

- “11 (1) In the case of a trade or business carried on in a chargeable accounting period by a company the directors whereof have a controlling interest therein, the deduction to be allowed in respect of the remuneration of the directors other than whole-time service directors shall not exceed whichever is the greatest of the following amounts, that is to say—
- (a) fifteen per cent. of the profits arising from the trade or business in that period (computed before making any deduction in respect of the remuneration of the directors other than whole-time service directors); or
 - (b) two thousand five hundred pounds ; or
 - (c) where, for more than half that period, there are two or more directors to whom sub-paragraph (2) of this paragraph applies, the amount specified in that sub-paragraph,
- so, however, that in no case shall the deduction exceed fifteen thousand pounds.
- (2) The directors to whom this sub-paragraph applies are any directors who are required to devote substantially the whole of their time to the service of the company in a managerial or technical capacity and are not whole-time service directors, and the amount referred to in paragraph (c) of sub-paragraph (1) of this paragraph is three thousand five hundred pounds, increased where, for more than half the chargeable accounting period, there are more than two directors to whom this sub-paragraph applies by—
- (a) one thousand pounds ; or
 - (b) the aggregate remuneration for the chargeable accounting period of all but two of the directors to whom this sub-paragraph applies, the directors whose remuneration is taken into account being those whose remuneration for the chargeable accounting period is the smallest,
- whichever is the less:
- Provided that—
- (i) in no case shall the amount referred to in paragraph (c) of sub-paragraph (1) of this paragraph exceed the aggregate remuneration

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for the chargeable accounting period of all the directors to whom this sub-paragraph applies ; and

- (ii) in applying the preceding provisions of this sub-paragraph (including the preceding provisions of this proviso), the amount by which the remuneration of any director for the chargeable accounting period exceeds two thousand five hundred pounds shall be left out of account.

- (3) In relation to a chargeable accounting period of less than twelve months, the references in the preceding provisions of this paragraph to two "thousand five hundred pounds, fifteen thousand pounds, three thousand five hundred pounds and one thousand pounds shall be construed as references to amounts which bear to those amounts respectively the same proportion as the length of the period bears to twelve months."

31 Effect of capitalization of profits on rate of profits tax

- (1) Subject to the provisions of this section, where—

- (a) whether before or after the passing of this Act but after the sixth day of April, nineteen hundred and forty-nine, a body corporate, unincorporated society or other body capitalises any distributable sum; and

- (b) then or thereafter, whether before or after the passing of this Act but after the tenth day of April, nineteen hundred and fifty-one, any sum is applied in reducing its capital,

there shall be deemed for the purposes of section thirty-five of the Finance Act, 1947 (which defines the expression "gross relevant distributions to proprietors " for profits tax purposes), to be a distribution to the members of the body corporate, society or other body of an amount equal to the sum so applied or to the total amount of the distributable sums previously capitalised by it as aforesaid, whichever is the less, taking place when the sum is so applied.

- (2) Subject to the provisions of this section, where a body corporate, unincorporated society or other body—

- (a) whether before or after the passing of this Act but after the tenth day of April, nineteen hundred and fifty-one, applies any sum in reducing its capital; and

- (b) then or thereafter, whether before or after the passing of this Act, capitalises any distributable sum,

there shall be deemed for the purposes of the said section thirty-five to be a distribution to the members of the body corporate, society or other body of an amount equal to the distributable sum capitalised or to the total amount of the sums previously applied by it as aforesaid in reducing capital, whichever is the less, taking place at the time of the capitalisation.

- (3) Where by virtue of subsection (1) of this section there is deemed to be a distribution to the members of a body corporate, society or other body by reason of the application of any sum in reducing its capital—

- (a) that sum shall be taken into account for the purposes of subsection (2) of this section only to the extent, if any, to which it exceeds the amount of the distribution ; and

- (b) the total amount of the distributable sums capitalized by the body corporate, society or other body after the sixth day of April, nineteen hundred and forty-nine, but before the distribution shall, in relation to any further reductions

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of capital, be treated for the purposes of subsection (1) of this section as diminished by the amount of the distribution.

(4) Where by virtue of subsection (2) of this section there is deemed to be a distribution to the members of a body corporate, society or other body by reason of the capitalisation of any distributable sum—

- (a) that the sum shall be taken into account for the purposes of subsection (1) of this section only to the extent, if any, to which it exceeds the amount of the distribution; and
- (b) the total amount of the sums applied in reducing capital of the body corporate, society or other body after the tenth day of April, nineteen hundred and fifty-one, but before the distribution shall, in relation to any further capitalisations, be treated for the purposes of subsection (2) of this section as diminished by the amount of the distribution.

(5) In this section—

" distributable sum " means, in relation to a body corporate, society or other body, a sum which could be utilised in making a distribution, within the meaning of subsection (1) of section thirty-six of the Finance Act, 1947, to the members thereof;

" capitalise " means capitalise by means of an issue of paid up or partly paid up share capital or by the paying up, in whole or in part, of share capital already issued or by the creation of loan capital, and " capitalisation " shall be construed accordingly,

and references to the reduction of capital shall be deemed to include references to the repayment or return of share capital and the repayment or redemption of loan capital, other than loan capital issued for full consideration paid in cash to the body corporate, society or other body or redeemable preference shares so issued:

Provided that—

- (a) no application of any sum shall be treated as a capitalisation for the purposes of this section if, apart from this section, it falls to be treated as a distribution to the members of the body corporate, society or other body within the meaning of subsection (1) of the said section thirty-six; and
- (b) where the body corporate, society or other body has acquired any business, undertaking or property for full consideration, any loan capital or redeemable preference shares issued by the body corporate, society or other body in or towards payment therefor shall be deemed for the purposes of this subsection to have been issued for full consideration paid in cash to the body corporate, society or other body.

32 Transactions designed to avoid liability to the profits tax

(1) Where the Commissioners are of opinion that the main purpose or one of the main purposes for which any transaction or transactions was or were effected (whether before or after the passing of this Act) was the avoidance or reduction of liability to the profits tax, they may, if they think fit, direct that such adjustments shall be made as respects liability to the profits tax as they consider appropriate so as to counteract the avoidance or reduction of liability to the profits tax which would otherwise be effected by the transaction or transactions:

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Provided that this subsection shall not apply where the transaction or, if there are more than one, all the transactions, was or were completed before the tenth day of April, nineteen hundred and fifty-one.

- (2) Without prejudice to the generality of the powers conferred by subsection (1) of this section, the powers conferred thereby extend—
- (a) to the charging with the profits tax of persons who, but for the adjustments, would not be chargeable with any tax, or would not be chargeable to the same extent; and
 - (b) to the charging of a greater amount of tax than would be chargeable but for the adjustments.
- (3) If it appears in the case of any transaction or transactions, being a transaction which involves, or transactions one or more of which involve—
- (a) the transfer or acquisition of shares in or debentures of a company; or
 - (b) a change or changes in the person or persons carrying on a trade or business or part of a trade or business; or
 - (c) a change or changes in the directors of a company the directors whereof have a controlling interest therein,

that, having regard to the provisions of the law relating to the profits tax other than this section which were in force at the time when the transaction or transactions was or were effected, the main benefit which might have been expected, to accrue from the transaction or transactions in the three years immediately following the completion thereof was the avoidance or reduction of liability to the tax, the avoidance or reduction of liability to the profits tax shall be deemed for the purposes of this section to have been the main purpose or one of the main purposes of the transaction or transactions.

- (4) Any direction of the Commissioners under this section shall specify the transaction or transactions giving rise to the direction and the adjustments as respects liability to the profits tax which the Commissioners consider appropriate.
- (5) No direction shall be given by the Commissioners under this section by reason only—
- (a) that, in the case of any body corporate, unincorporated society or other body, no distribution to proprietors has been made or only a smaller distribution than might have been made ; or
 - (b) that debentures of a company (not being a company the directors whereof have a controlling interest therein) have been issued for full consideration paid in cash to the company,

or by reason of any transaction which, or of any transactions all of which, required and received the consent of the Treasury under section thirty-six of this Act, if the consent was specially given to the transaction or transactions in question, was given before the carrying out thereof, and was given after full and accurate disclosure by the applicants for the consent of all facts and considerations material to be known to the Treasury.

- (6) If—
- (a) a body corporate, unincorporated society or other body furnishes to the Commissioners particulars of a transaction or transactions effected or to be effected by them; and
 - (b) the Commissioners are satisfied that the transaction or transactions as described in the particulars have been, or, as the case may be, will be, entered into for bona fide commercial reasons and are such that no direction ought to be given under this section in respect of it or them,

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they shall notify the body corporate, unincorporated society or other body accordingly, and thereupon their power to give a direction under this section with respect to the transaction or transactions in question shall cease:

Provided that—

- (i) the particulars given under this subsection with respect to any transaction or transactions shall be such as to make full and accurate disclosure of all facts and considerations relating thereto which are material to be known to the Commissioners and, where the requirements of this paragraph of this proviso are not complied with, any notification given by the Commissioners under this subsection shall be void; and
 - (ii) in no event shall the giving of a notification under this subsection with respect to any transaction or transactions prevent the giving by the Commissioners of a direction under this section with respect to transactions which include that transaction or all or some of those transactions and also include another transaction or other transactions.
- (7) Any person aggrieved by a direction of the Commissioners under this section may appeal to the Special Commissioners, whether on the ground that the avoidance or reduction of liability to tax was not the main purpose or one of the main purposes of the transaction or transactions or on the ground that no direction ought to have been given or that the adjustments directed to be made are inappropriate; and all the provisions of the enactments relating to appeals against assessments to the profits tax (including the provisions enabling the Commissioners to make regulations) shall have effect with respect to any appeal to the Special Commissioners under this subsection.
- (8) In this section, " debenture " has the meaning assigned to it by section four hundred and fifty-five of the Companies Act, 1948, and " company " and " director " have the same meanings as for the purposes of the Fourth Schedule to the Finance Act, 1937.

PART IV

DEATH DUTIES

33 Exemptions from estate duty in connection with preservation of land for public benefit

- (1) Section thirty-one of the Finance Act, 1937, and section thirty-one of the Finance Act, 1949 (which sections exempt from estate duty in certain circumstances land given to the National Trust and maintenance funds given with land so exempted, and are hereafter in this section respectively called "the 1937 section " and " the 1949 section "), shall in the case of property given to the National Trust be extended as follows:—
- (a) any exemption from estate duty conferred by the 1937 section in relation to an estate or interest in land given by any person to the Trust shall be granted also, and to the like extent, to any objects ordinarily kept at the time of the gift in a building forming part of the land, and given by him with that estate or interest with a view to their preservation or use in the building, and where objects so given are exempted by virtue of this paragraph the 1949 section shall apply as if they formed part of the building;
 - (b) where a person gives to the Trust any objects ordinarily kept at the time of the gift in a building which is then inalienably vested in the Trust, and he does so with a view to the objects' preservation or use in the building, then (subject to

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paragraph (d) of this subsection) the 1937 section and the 1949 section shall apply in the case of the objects so given as if the property comprised in the gift had been an estate or interest in land, except that any condition as to the Trust's interest being held by it inalienably for the public benefit shall not apply;

- (c) where a person gives property to the Trust as a source of income for the upkeep—
 - (i) of any land which is at the time of the gift inalienably vested in the Trust; or
 - (ii) of any objects which are then vested in the Trust and ordinarily kept in a building forming part of any such land, having been given to the Trust with a view to their preservation or use in that building;

and he gave or joined in giving to the Trust its estate or interest in that land or those objects, as the case may be, then (subject to paragraph (d) of this subsection) the 1937 section shall apply in the case of any of the property so given, whether an estate or interest in land or not, as it applies to an estate or interest in land, except that any condition as to the Trust's interest being held by it inalienably for the public benefit shall not apply;

- (d) paragraph (b) and sub-paragraph (ii) of paragraph (c) of this subsection shall not apply in the case of any objects unless the gift of the objects or property in respect of which exemption is claimed by virtue of that paragraph is made by a person who also gave or joined in giving to the Trust its estate or interest in the building in which the objects are ordinarily kept at the time of the said gift.

- (2) Where, with a view to the preservation of a house or other building for the public benefit, a person gives or has given an estate or interest in the building to, or to trustees for, a Government department, a local authority or any other body not established or conducted for profit, and the Treasury (whether before or after the time of the gift) direct that the gift should be treated as falling within this subsection, then the 1937 section and the 1949 section, together with the foregoing subsection of this section, shall apply in relation to the building and any grounds given with it and specified in the direction, as if references to the National Trust were references to that department, authority or body or to those trustees as the case may be and as if their estate or interest in the building and any such grounds were inalienably vested in them.

In the two next following subsections any reference to a building includes any grounds specified or to be specified in a direction under this subsection relating to the building.

- (3) The Treasury shall not give a direction under the foregoing subsection in the case of any building unless in their opinion—
 - (a) the building is one for the preservation of which special steps should be taken by reason of its outstanding historic or architectural or aesthetic interest and the cost of preserving it; and
 - (b) the department authority or body in question is an appropriate one to be responsible for the building's preservation;

and before giving any such direction the Treasury may require such undertakings to be entered into as they think appropriate for securing the preservation of the building and reasonable access thereto for the public (including undertakings restricting the use or disposal of the building).

- (4) Any undertakings entered into as aforesaid may be varied from time to time by agreement between the Treasury and the person bound by the undertakings, and the Treasury may require further undertakings to be entered into as a condition for agreeing to any such variation or consenting to anything for which their consent is

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required by any undertaking ; and the obligations imposed by any such undertaking shall be enforceable for the public benefit by injunction (or, in Scotland, by interdict or by petition under section ninety-one of the Court of Session Act, 1868), and any purported disposition of a building in contravention thereof be void, as if the obligations had been imposed by Act of Parliament.

- (5) For the purposes of this section, except in so far as the context otherwise requires.—
- (a) the expression " gift" includes devise and bequest and the expression " give " shall be construed accordingly, and in relation to a devise or bequest any reference to the time of the gift shall be construed as a reference to the time of the testator's death ;
 - (b) the expression " vested " means indefeasibly vested, and a building or land shall be deemed to be inalienably vested in the National Trust if an estate or interest therein is vested in the Trust (whether in possession or not) and has been so dealt with as to be held by the Trust inalienably;
 - (c) any reference to giving objects shall be construed as a reference to giving the whole or a limited interest in the objects, and any reference to objects being vested in the National Trust shall be construed accordingly;
 - (d) the expression " National Trust" means the National Trust for Places of Historic Interest or Natural Beauty or, in relation to Scotland, the National Trust for Scotland for Places of Historic Interest or Natural Beauty ;
 - (e) the expression " local authority " means the Common Council of the City of London or a local authority within the meaning of the Local Government Act, 1933, the London Government Act, 1939, or the Local Government (Scotland) Act, 1947.
- (6) An object shall not be deemed for the purposes of paragraph (a) of subsection (1) of this section to be given with an estate or interest in land if either is subject to an interest or power of appointment created by the gift of it to which the other is not subject :
- Provided that, where the object is given subject to one or more life interests created by the gift of it to which the estate or interest is not subject, but which (if it were so subject) would fall within subsection (2) of the 1937 section, then the said paragraph (a) shall apply in relation to the object as it would apply if the estate or interest had also been given subject to that life interest or those life interests.
- (7) Where the property given by any person as a source of income for the upkeep of any land or objects is in the opinion of the Commissioners more than enough to provide (with a reasonable margin) for the upkeep of the land or objects out of the income of the property, so much only as is in their opinion enough for that purpose shall be deemed for the purposes of paragraph (c) of subsection (1) of this section to be given as a source of income for the upkeep of the land or objects, and in determining what is enough for that purpose the Commissioners shall have regard to any other property given by the same or any other person as a source of income for the upkeep of the land or objects or any part thereof (with or without any other land or objects).
- (8) This section applies to duty leviable on or with reference to any death occurring after the commencement of this Act but in relation to duty so leviable shall apply to gifts made before as well as after that commencement.

34 Government securities exempt from taxation while in foreign ownership

- (1) Where the Treasury issue securities subject to any such condition as is authorised by section twenty-two of the Finance (No. 2) Act, 1931, for an exemption from taxation so long as the securities are in the beneficial ownership of persons neither domiciled nor ordinarily resident in the United Kingdom, the condition so far as it relates to duties leviable on or with reference to a death shall be such as to operate by reference to the persons in whose beneficial ownership the securities are immediately before, not after, the death.
- (2) This section shall be deemed always to have had effect, and to have applied for the purpose of section forty-seven of the Finance (No. 2) Act, 1915, as it applies for the purpose of section twenty-two of the Finance (No. 2) Act, 1931; and any condition subject to which securities have been issued by virtue of either of those sections before the passing of this Act shall be construed accordingly:

Provided that any duty which, apart from this proviso, would be or have been leviable in accordance with this section in respect of any securities on or with reference to a death occurring before the fourteenth day of December, nineteen hundred and fifty, shall not be so leviable if no part of the duty was paid before that date.

35 Restriction on re-opening cases on the ground of legal mistake

- (1) For the purpose—
 - (a) of any claim by the Commissioners under subsection (7) of section eight of the Finance Act, 1894, for payment of additional duty; or
 - (b) of any claim against the Commissioners under subsection (12) of that section for repayment of excess of duty;

the question whether the duty paid was too little or too much, and (if so) what was the right amount, shall, in so far as it appears that the payment and its acceptance were regarded as satisfying the claim for duty, and were so regarded on a view of the law which at the time was generally received or adopted in practice, be determined on the same view of the law (subject to any express enactment to the contrary), notwithstanding that it appears from a subsequent legal decision or otherwise that that view was or may have been wrong.

- (2) This section shall have effect as from the eleventh day of April, nineteen hundred and fifty-one, but not so as to affect any appeal to a court of law which was brought before that day under section ten of the Finance Act, 1894.

PART V

MISCELLANEOUS

36 Restriction of certain transactions leading to avoidance of income tax or profits tax

- (1) Subject to the provisions of this section, all transactions of the following classes (being classes of transactions which result or may result, directly or indirectly, in the avoidance of liability to income tax or the profits tax) shall be unlawful unless carried out with the consent of the Treasury, that is to say—

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- (a) for a body corporate resident in the United Kingdom to cease to be so resident; or
 - (b) for the trade or business or any part of the trade or business of a body corporate so resident to be transferred from that body corporate to a person not so resident; or
 - (c) for a body corporate so resident to cause or permit a body corporate not so resident over which it has control to create or issue any shares or debentures ; or
 - (d) except for the purpose of enabling a person to be qualified to act as a director, for a body corporate so resident to transfer to any person, or cause or permit to be transferred to any person, any shares or debentures of a body corporate not so resident over which it has control, being shares or debentures which it owns or in which it has an interest.
- (2) Nothing in paragraph (c) of subsection (1) of this section shall apply to the giving to the bankers of the body corporate not resident in the United Kingdom of any security for the payment of any sum due or to become due from it to them by reason of any transaction entered into with it by them in the ordinary course of their business as bankers.
- (3) Nothing in the said paragraph (c) shall apply to the giving by the body corporate not resident in the United Kingdom to an insurance company of any security for the payment of any sum due or to become due from that body corporate to that company by reason of any transaction entered into with that body corporate by that company in the ordinary course of that company's business by way of investment of its funds.
- (4) Any consent granted by the Treasury under this section—
- (a) may be given either specially (that is to say, so as to apply only to specified transactions of or relating to a specified body corporate) or generally (that is to say, so as not only to apply as aforesaid); and
 - (b) may, if given generally, be revoked by the Treasury ; and
 - (c) may in any case be absolute or conditional; and
 - (d) shall be published in such a way as to give any person entitled to the benefit of it an adequate opportunity of getting to know of it, unless in the opinion of the Treasury publication is not necessary for that purpose.
- (5) Any person who, whether within or outside the United Kingdom, does or is a party to the doing of any act which to his knowledge amounts to or results in, or forms part of a series of acts which together amount to or result in, or will amount to or result in, something which is unlawful under subsection (1) of this section shall be guilty of an offence under this section, and in any proceedings in respect of such an offence against a director of the body corporate in question (that is to say, the body corporate which is or was resident in the United Kingdom) or against any person who was purporting to act in that capacity—
- (a) it shall be presumed that he was a party to every act of that body corporate unless he proves that it was done without his consent or connivance; and
 - (b) it shall, unless the contrary is proved, be presumed that any act which in fact amounted to or resulted in, or formed part of a series of acts which together amounted to or resulted in or would amount to or result in, something which is unlawful under subsection (1) of this section was to his knowledge such an act.
- (6) Any person who is guilty of an offence under this section shall be liable on conviction on indictment to imprisonment for not more than two years or to a fine not exceeding

ten thousand pounds or to both, and proceedings in respect of such an offence alleged to have been committed by a person may be taken before the appropriate court in the United Kingdom having jurisdiction in the place where that person is for the time being:

Provided that where the person in question is the body corporate which is or was resident in the United Kingdom, the maximum amount of the fine shall be three times the total income tax and profits tax paid or payable by it for the last three years of assessment and the last three chargeable accounting periods ending before the commission of the offence, or ten thousand pounds, whichever is the greater.

- (7) A body corporate shall be deemed for the purposes of this section to be resident or not to be resident in the United Kingdom according as the central management and control of its trade or business is or is not exercised in the United Kingdom:

Provided that if it is shown that it has been established as between the Crown and a body corporate for any income tax or profits tax purpose that the body corporate was resident or ordinarily resident in the United Kingdom for any year of assessment or chargeable accounting period, it shall be presumed, except so far as the contrary is proved, that that body corporate was resident in the United Kingdom for the purposes of this section at the beginning of that year of assessment or chargeable accounting period and that it continued to be so resident at all times thereafter.

- (8) Where the functions of a body corporate consist wholly or mainly in the holding of investments or other property, the holding of the investments or property shall be deemed for the purposes of this section to be a business carried on by the body corporate.
- (9) Notwithstanding anything in the preceding provisions of this section, in no event shall a mere transfer of assets by a body corporate not resulting in a substantial change in the character or extent of the trade or business of that body corporate be treated for the purpose of this section as a transfer of part of the trade or business thereof.

- (10) In this section—

" share ", " debenture " and " director " have, in relation to any body corporate, the meanings respectively assigned to them by section four hundred and fifty-five of the Companies Act, 1948, in relation to a company ;

" control " (except in the expression " central management and control ") means in relation to a body corporate, (the power of a person to secure, by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate, or by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate, that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person ;

" transfer ", in relation to shares or debentures, includes a transfer of any beneficial interest therein ;

" insurance company " means a body corporate lawfully carrying on business as an insurer, whether in the United Kingdom or elsewhere, and " funds " in relation to an insurance company means the funds held by it in connection with that business,

and a body corporate shall not be deemed for the purposes of this section to cease to be resident in the United Kingdom by reason only that it ceases to exist.

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- (11) No proceedings for an offence under this section shall be instituted, in England or Wales, except by or with the consent of the Attorney General or, in Northern Ireland, except by or with the consent of the Attorney General for Northern Ireland:

Provided that this subsection shall not prevent the issue or execution of a warrant for the arrest of any person in respect of such an offence, or the remanding in custody or on bail of any person charged with such an offence.

37 Sales, etc. between associated persons

- (1) Subject to the provisions of this section, where, on or after the tenth day of April, nineteen hundred and fifty-one, any property is sold and—
- (a) the buyer is a body of persons over whom the seller has control or the seller is a body of persons over whom the buyer has control or both the seller and the buyer are bodies of persons and some other person has control over both of them; and
 - (b) the property is sold at a price less than the price which it might have been expected to fetch if the parties to the transaction had been independent persons dealing at arm's length,

then, in computing the income, profits or losses of the seller for income tax and profits tax purposes, the like consequences shall ensue as would have ensued if the property had been sold for the price which it would have fetched if the transaction had been a transaction between independent persons dealing as aforesaid :

Provided that this subsection shall not apply where the buyer is resident in the United Kingdom and is carrying on a trade therein, and the price of the property falls to be taken into account as a deduction in computing the profits or gains or losses of that trade for income tax purposes.

- (2) Subject to the provisions of this section, where, on or after the tenth day of April, nineteen hundred and fifty-one, any property is sold and—
- (a) the buyer is a body of persons over whom the seller has control or the seller is a body of persons over whom the buyer has control or both the seller and the buyer are bodies of persons and some other person has control over both of them; and
 - (b) the property is sold at a price greater than the price which it might have been expected to fetch if the parties to the transaction had been independent persons dealing at arm's length,

then, in computing the income, profits or losses of the buyer for income tax and profits tax purposes, the like consequences shall ensue as would have ensued if the property had been sold for the price which it would have fetched if the transaction had been a transaction between independent persons dealing as aforesaid:

Provided that this subsection shall not apply where the seller is resident in the United Kingdom and is carrying on a trade therein, and the price of the property falls to be taken into account as a trading receipt in computing the profits or gains or losses of that trade for income tax purposes.

- (3) The preceding provisions of this section shall not apply in relation to any sale unless the Commissioners of Inland Revenue so direct, and where such a direction is given all such adjustments shall be made, whether by additional assessment, repayment of tax or otherwise, as are necessary to give effect to the direction.

- (4) Nothing in this section shall be construed as affecting the operation of Rule 6 or Rule 7 of the Rules applicable to Cases I and II of Schedule D, or of any of the provisions of the Income Tax Act, 1945, or of Part IV of the Finance Act, 1944.
- (5) In this section, "body of persons" includes a partnership and "control" has the meaning ascribed to it by subsection (1) of section sixty-eight of the Income Tax Act, 1945, and, for the purposes of this section, a sale shall be deemed to take place at the time of completion or at the time when possession is given, whichever is the earlier.
- (6) The preceding provisions of this section shall, with the necessary adaptations, have effect in relation to lettings and hirings of property, grants and transfers of rights, interests or licences and the giving of business facilities of whatever kind as they have effect in relation to sales, and the references in the said preceding provisions to sales, sellers, buyers and prices shall be deemed to be extended accordingly:

Provided that nothing in this subsection shall apply to any letting of any lands, tenements, hereditaments or heritages charged to income tax under No. I of Schedule A.
- (7) Rule 7 of the General Rules shall cease to have effect, except as respects transactions taking place before the tenth day of April, nineteen hundred and fifty-one.

38 Extension of time in relation to relief from income tax and the profits tax for capital expenditure on rehabilitation

Subsection (1) of section twenty-four of the Finance Act, 1947 (which allows relief from income tax and the profits tax for certain capital expenditure on rehabilitation), shall have effect as if in the proviso thereto (which, as set out in section thirty-three of the Finance Act, 1948, extends in certain cases till not later than the end of March, nineteen hundred and fifty-two, the period within which the expenditure must have been incurred if the relief is to be given) for the words "the end of March, nineteen hundred and fifty-two," there were substituted the words "the end of March, nineteen hundred and fifty-four. "

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

Section seventy-eight of the Finance Act, 1948 (which extends the time in relation to relief from excess profits tax for terminal expenses), shall have effect as if for the words "the end of March, nineteen hundred and fifty-two," there were substituted the words "the end of March, nineteen hundred and fifty-four. "

40 Extension of time for proceedings for penalties in case of fraud or wilful default in connection with excess profits tax or the profits tax

- (1) Subject to the provisions of this section, the time limited by the Eighth Schedule to the Finance Act, 1943, for commencing proceedings for the recovery from any person of any penalty incurred (whether before or after the passing of this Act) under the enactments relating to excess profits tax or the profits tax shall, where any form of fraud or wilful default has been committed by him or on his behalf in connection with or in relation to the tax for the chargeable accounting period in question, be extended so as to authorise the commencement of such proceedings at any time within three

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years from the final determination of the amount of the tax with which he ought to be charged in respect of that chargeable accounting period.

- (2) Nothing in this section shall extend the time for the bringing of—
- (a) any proceedings to recover any penalty incurred more than six years before the passing of this Act; or
 - (b) any proceedings against the personal representatives of any person by whom or on whose behalf any form of fraud or wilful default has been committed.

41 Exemption for staffs of High Commissioners, etc., not to extend to persons employed for trading purposes

The exemption from income tax and land tax conferred by section twenty-six of the Finance Act, 1925, on persons having or exercising employments to which section nineteen of the Finance Act, 1923, applies shall not extend, and shall be deemed never to have extended, to any person employed in any trade, business or other undertaking carried on for the purposes of profit.

42 Exemption from stamp duties of transfers of International Bank stock

- (1) Transfers of any stock of the International Bank for Reconstruction and Development shall be exempt from all stamp duties.
- (2) This section shall have effect as from the twenty-sixth day of April, nineteen hundred and fifty-one.

43 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 fifty-two, shall be the sum of five hundred and thirty-five 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.

44 Short title, construction, extent and repeals

- (1) This Act may be cited as the Finance Act, 1951.
- (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 nothing in the said Part I shall be construed as extending to 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
 - (c) so far as it relates to purchase tax shall be construed as one with Part V of the Finance (No. 2) Act, 1940;

and in the said Part I the expression " the Commissioners " means the Commissioners of Customs and Excise.

- (3) Part II of this Act, and Part V thereof so far as it relates to income tax, shall be construed as one with the Income Tax Acts.
- (4) Part III of this Act, and Part V thereof so far as it 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.
- (5) Part IV of this Act shall be construed as one with Part I of the Finance Act, 1894.
- (6) Anything required or authorised under this Act to be done by, to or before the Board of Trade may be done by, to or before the President of the Board or any person authorised by him in that behalf.
- (7) 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 or applied by or under any other enactment, including this Act.
- (8) 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.
- (9) The enactments specified in the Seventh Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.

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SCHEDULES

FIRST SCHEDULE

Section 2.

ENTERTAINMENTS: FULL RATES OF DUTY

<i>Amount of Payment</i>					<i>Rate of Duty</i>		
Where the amount of the payment, excluding the amount of duty—							
	s.	d.		s.	d.	s.	d.
exceeds		7	and does not exceed		8		1
exceeds		8	and does not exceed		8 ½		1 ½
exceeds		8 ½	and does not exceed		10		2
exceeds		10	and does not exceed		10 ½		4 ½
exceeds		10 ½	and does not exceed	1	0		6
exceeds	1	0	and does not exceed	1	1		8
exceeds	1	1	and does not exceed	1	1 ½		10 ½
exceeds	1	1 ½	and does not exceed	1	2 ¼		10 ¾
exceeds	1	2 ¼	and does not exceed	1	5	1	0
exceeds	1	5	and does not exceed	1	6	1	1

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<i>Amount of Payment</i>					<i>Rate of Duty</i>		
exceeds	1	6	and does not exceed	1	9	1	3
exceeds	1	9	and does not exceed	1	9 ½	1	3 ½
exceeds	1	9 ½	and does not exceed	1	10	1	6
exceeds	1	10	and does not exceed	1	10 ½	1	6 ½
exceeds	1	10 ½	and does not exceed	2	1	1	9
exceeds	2	1	and does not exceed	2	1 ½	1	9 ½
exceeds	2	1 ½	and does not exceed	2	3	1	10
exceeds	2	3	and does not exceed	2	3 ½	1	10 ½
exceeds	2	3 ½	and does not exceed	2	7	2	3
exceeds	2	7	and does not exceed	2	7 ½	2	3 ½
exceeds	2	7 ½	and does not exceed	3	1	2	9
exceeds	3	1	and does not exceed	3	1 ½	2	9 ½
exceeds	3	1 ½	and does not exceed	3	6	2	11
exceeds	3	6	and does not exceed	3	6 ½	2	11 ½

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		<i>Amount of Payment</i>				<i>Rate of Duty</i>	
exceeds	3	6 ½	and does not exceed	3	9	3	3
exceeds	3	9	and does not exceed	4	0	3	6
exceeds	4	0	and does not exceed	4	3	3	8
exceeds	4	3	and does not exceed	4	3 ½	3	8 ½
exceeds	4	3 ½	and does not exceed	4	6	4	0
exceeds	4	6	and does not exceed	4	9	4	3
exceeds	4	9	and does not exceed	5	0	4	6
exceeds	5	0	and does not exceed	5	7	4	11
exceeds	5	7	and does not exceed	6	0	5	4
exceeds	6	0	and does not exceed	6	6	5	6
exceeds	6	6	and does not exceed	6	8	5	10
exceeds	6	8				5s. 10d. for the first 6s. 8d. and 3d. for every 3d. or part of 3d. over 6s. 8d.	

SECOND SCHEDULE

Section 6.

VALUE OF IMPORTED GOODS

- 1 (1) The value of any imported goods shall be taken to be the normal price, that is to say the price which they would fetch, at the time when they are entered for home

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consumption (or, if they are not so entered, the time of importation), on a sale in the open market between buyer and seller independent of each other.

- (2) The normal price of any imported goods shall be determined on the following assumptions:—
- (a) that the goods are treated as having been delivered to the buyer at the port or place of importation ; and
 - (b) that the seller will bear freight, insurance, commission and all other costs, charges and expenses incidental to the sale and the delivery of the goods at that port or place ; but
 - (c) that the buyer will bear any duty or tax chargeable in the United Kingdom.
- 2 A sale in the open market between buyer and seller independent of each other pre-supposes—
- (a) that the price is the sole consideration ; and
 - (b) that the price made is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him (other than the relationship created by the sale of the goods in question); and
 - (c) that no part of the proceeds of the subsequent re-sale, use or disposal of the goods will accrue either directly or indirectly to the seller or any person associated in business with him.
- 3 (1) Where the goods to be valued—
- (a) are manufactured in accordance with any patented invention or are goods to which any registered design has been applied; or
 - (b) are imported under a foreign trade mark, or are imported for sale (whether or not after further manufacture) under a foreign trade mark;
- the normal price shall be determined on the assumption that the price covers the right to use the patent, design or trade mark in respect of the goods.
- (2) For this purpose the expression " trade mark " includes a trade name and a get-up, and a foreign trade mark is a trade mark used for the purpose of indicating that goods in relation to which it is used are those of—
- (a) a person by whom the goods to be valued have been grown, produced, manufactured, selected, offered for sale or otherwise dealt with outside the United Kingdom ; or
 - (b) a person associated in business with any such person as is referred to in paragraph (a) of this sub-paragraph ; or
 - (c) a person to whom any such person as is mentioned in paragraph (a) or (b) of this sub-paragraph has assigned the goodwill of the business in connection with which the trade mark is used.
- 4 Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other, or both have a common interest in any business or property, or some third person has an interest in the business or property of both of them.

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THIRD SCHEDULE

Section 7.

PROVISIONS TO GIVE EFFECT TO UNESCO AGREEMENT

Duty-free importations for blind welfare

- 1 (1) Where the Board of Trade are satisfied that any goods imported or proposed to be imported after the coming into force of this paragraph (being goods consigned or proposed to be consigned to any such body as is mentioned in sub-paragraph (3) of this paragraph) consist of articles specially designed for the educational, scientific or cultural advancement of the blind, they may recommend to the Treasury that the goods shall be exempted from any of the following duties of customs which may be chargeable in respect of their importation, that is to say—
- (a) the duties chargeable under Part I of the Import Duties Act, 1932;
 - (b) the duties chargeable on silk or artificial silk or articles made wholly or in part of silk or artificial silk;
 - (c) the duties chargeable under the Safeguarding of Industries Act, 1921.
- (2) On receiving a recommendation under the foregoing sub-paragraph about any goods, the Treasury may give a direction that the goods shall be exempted accordingly and that any of the said duties paid on their importation shall be repaid.
- (3) The bodies referred to in sub-paragraph (1) of this paragraph are—
- (a) any local authority or joint board exercising for the welfare of the blind the powers conferred by section twenty-nine of the National Assistance Act, 1948, or by section fourteen of the Welfare Services Act (Northern Ireland), 1949, or any enactment of the Parliament of Northern Ireland replacing or amending the said section fourteen; and
 - (b) any organisation appearing to the Board of Trade to have for its sole or principal object or among its principal objects the promotion of the welfare of the blind.
- (4) The Board of Trade shall not make a recommendation under this paragraph about any goods except on a written application made by the importer before delivery of the goods to him.

Duty-free importations of news film for copying

- 2 (1) There shall be exempted from any duty chargeable under Part I of the Import Duties Act, 1932, or under the Safeguarding of Industries Act, 1921, any news film which is shown to the satisfaction of the Commissioners to be imported primarily for the purpose of preparing from it copies for the use of exhibitors in the United Kingdom or Isle of Man, and to be so imported by a registered person:

Provided that where a registered person imports as aforesaid more than two lengths of news film which are duplicates of each other, only two of those lengths shall be entitled to exemption under this paragraph.

- (2) The Board of Trade shall keep a register for the purpose of this paragraph, and the Board shall register therein any person or body of persons applying to be so registered and satisfying the Board that he or they are regularly engaged, in the ordinary course of a business carried on by him or them independently of any other registered person, in importing news film for the purpose of preparing from it such copies as aforesaid, and the Board may remove from the register the entry relating to any person or body

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of persons if, after reasonable enquiry, the Board are no longer satisfied that he or they are so engaged.

- (3) The Commissioners as a condition for admitting any news film free of duty under this paragraph may require the importer to give security for payment of the duty if it should subsequently appear that the film was not entitled to exemption under this paragraph.
- (4) For the purposes of this paragraph—
- (a) the expression " registered person " means a person or body of persons for the time being registered under sub-paragraph (2) of the paragraph ;
 - (b) the expression " news film" means any exposed cinematograph film shown to the satisfaction of the Commissioners to consist wholly of photographs (with or without sound track) which at the time of importation are means of communicating news;
 - (c) the expressions " exposed cinematograph film" and " duplicate" have the same meanings as in the Third Schedule to the Finance Act, 1939 (which relates to the additional duty under Part I of the Import Duties Act, 1932, on cinematograph film);
 - (d) two or more lengths of film which are, or would but for this paragraph be, chargeable by virtue of paragraph 7 of the said Third Schedule (which relates to sets of duplicates for producing a coloured picture) as a set with the duty that would be chargeable if one length only were being imported shall be treated as the same film and not as separate lengths.
- (5) Where an order of the Treasury under the Import Duties Act, 1932, or under paragraph 12 of the said Third Schedule varies or revokes any provision of that Schedule, it may in connection therewith vary or replace paragraphs (c) and (d) of the last foregoing sub-paragraph.

FOURTH SCHEDULE

Section 8.

UNITED KINGDOM—PAKISTAN TRADE AGREEMENT

“The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "The United Kingdom Government") and the Government of Pakistan ;

Affirming their common determination to maintain and foster the economic relations between the two countries ;

Recognising that it is to their mutual advantage that trade between the two countries should be encouraged to flow at the highest possible level;

Have agreed as follows:

Article I

The United Kingdom Government undertake, in respect of the goods grown, produced or manufactured in Pakistan enumerated in Schedule 1 to the present Agreement, that the difference between the rates of customs duties on such goods on importation into the United Kingdom when consigned from any part of the Commonwealth, the Irish Republic or Burma and the rates of customs duties on like goods grown, produced or manufactured in any country (other than

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a part of the Commonwealth, the Irish Republic or Burma) shall not be less than the rates set out in that Schedule.

Article II

The United Kingdom Government undertake that, in the event of any greater preference than the preference accorded by the present Agreement being accorded in respect of goods of the kinds specified in Schedule 1, grown, produced or manufactured in any other part of the Commonwealth, in the Irish Republic or in Burma, such greater preference shall be extended to like goods grown, produced or manufactured in Pakistan and consigned from any part of the Commonwealth, the Irish Republic or Burma.

Article III

The United Kingdom Government undertake to extend to Pakistan any tariff preferences which are accorded to Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, India, Ceylon, Southern Rhodesia, the Irish Republic or Burma for so long as such preferences remain in force in respect of any of these countries.

Article IV

The United Kingdom Government undertake that the customs duties charged on goods grown, produced or manufactured in Pakistan shall not exceed the customs duties charged on like goods grown, produced or manufactured in any other country when imported into the United Kingdom.'

Article V

The United Kingdom Government will request the Governments of the territories for whose international relations they are responsible (except Southern Rhodesia) to extend to Pakistan any tariff preferences which are accorded by those territories to any other part of the Commonwealth or to the Irish Republic or to Burma.

Provided that the operation of this Article shall not extend to any preferences accorded by Northern Rhodesia to the Union of South Africa, Southern Rhodesia, Basutoland, Bechuanaland Protectorate and Swaziland.

Article VI

The Government of Pakistan undertake, in respect of goods grown, produced or manufactured in the United Kingdom enumerated in Schedule II to the present Agreement, that the difference between the rates of customs duties on such goods on importation into Pakistan when consigned from the United Kingdom and the rates of customs duties on like goods grown, produced or manufactured in any country (other than a part of the Commonwealth, the Irish Republic or Burma) shall not be less than the rates set out in that Schedule.

Article VII

The Government of Pakistan undertake that, in the event of any greater preference than the preference accorded by the present agreement being accorded in respect of goods of the kinds specified in Schedule 1I, grown, produced or manufactured in any other part of the

Commonwealth or in the Irish Republic, such greater preference shall be extended to like goods grown, produced or manufactured in the United Kingdom.

Provided that the operation of this Article shall not extend to special arrangements contemplated under Paragraph 11 of Article XXIV of the General Agreement on Tariffs and Trade.

Article VIII

The Government of Pakistan undertake to extend to the United Kingdom any tariff preferences which are accorded to Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, India, Ceylon, Southern Rhodesia or the Irish Republic for so long as such preferences remain in force in respect of any of these countries.

Provided that the operation of this Article shall not extend to special arrangements contemplated under Paragraph 11 of Article XXIV of the General Agreement on Tariffs and Trade.

Article IX

The Government of Pakistan undertake that the customs duties charged on goods grown, produced or manufactured in the United Kingdom shall not exceed the customs duties charged on like goods grown, produced or manufactured in any other country (except Burma) when imported into Pakistan.

Provided that the operation of this Article shall not extend to special arrangements contemplated under Paragraph 11 of Article XXIV of the General Agreement on Tariffs and Trade.

Article X

The Government of Pakistan undertake to accord to the territories for whose international relations the United Kingdom Government are responsible (except Southern Rhodesia) preferences on the goods enumerated in Schedule III to the present Agreement grown, produced or manufactured in any of those territories on importation into Pakistan, at the rates set out in that Schedule.

Provided that the Government of Pakistan shall not be bound to continue to accord any preferences to any of those territories which either (i) accords to Pakistan no preferences or (ii) accords to some other part of the Commonwealth, to the Irish Republic or to Burma (excepting, in the case of Northern Rhodesia, to the Union of South Africa, Southern Rhodesia, Basutoland, Bechuanaland Protectorate and Swaziland) preferences not accorded to Pakistan.

Provided also that should any of the preferences enumerated in Schedule III cease at any time to be accorded to Ceylon, the Government of Pakistan shall be free to cease to accord any such preferences to the territories for whose international relations the United Kingdom are responsible.

Article XI

The Government of Pakistan undertake that the customs duties charged on goods grown, produced or manufactured in any of the territories for whose international relations the United Kingdom is responsible (except Southern Rhodesia) shall not exceed the customs duties charged on like goods, grown, produced or manufactured in any country (other than a part of the Commonwealth, the Irish Republic or Burma) when imported into Pakistan.

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

Provided that the Government of Pakistan shall not be bound to accord the treatment provided for in this Article to goods grown, produced or manufactured in any territory which does not accord the like treatment to goods grown, produced or manufactured in Pakistan when imported into that territory.

Article XII

Nothing in the present Agreement shall be construed to require either Government to take any action which is inconsistent with the obligations they may have under the General Agreement on Tariffs and Trade.

Article XIII

The United Kingdom Government and the Government of Pakistan enter into the present Agreement in the expectation that the volume and pattern of trade between the two countries will remain substantially unaltered. If, however, the volume and pattern of trade receiving preferences should depart substantially from that envisaged at the date of signature of the present Agreement then the two Governments will consult together.

Article XIV

The present Agreement shall come into force on 2nd April, 1951. On the coming into force of the present Agreement, the Agreement concluded between the United Kingdom Government and the Government of India in London on the 20th March, 1939, shall cease to have effect in relation to Pakistan. The present Agreement shall remain in force until 1st October, 1952. Unless six months before 2nd October, 1952, notice of termination shall have been given by either Government to the other the present Agreement shall remain in force until the expiry of six months from the date on which a notice of termination is given.

Done in duplicate, at Karachi, this 2nd day of April, 1951.

Signed on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland:

L. B. GRAFFERTY-SMITH.

Signed on behalf of the Government of Pakistan:

FAZLUR RAHMAN.

SCHEDULE I

(See Articles I and II)

- (a) Preferences at the rate of 10 per cent. ad valorem—
Bones.

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

Goatskins, raw, dried, salted or pickled but not further treated, of varieties supplied by Pakistan to the United Kingdom.

Leather, undressed—hides, other than sole leather.

Leather, undressed—skins.

Oil-seed cake and meal.

(b) Preferences at the rate of 15 per cent. ad valorem—

Leather, dressed—

(i) Box and willow calf, box and willow sides, and other chrome tanned calf, kip and hide leather, but not including:

(a) Patent leather or machinery belting;

(b) scrap or waste of chrome tanned calf, kip and hide leather, imported in skins or pieces weighing less than 4 lbs. each, being leather of a kind not used in the uppers of boots and shoes.

(ii) Reptile leather of the following descriptions—

snake, lizard, crocodile and alligator skins, not shaped or subjected to any process other than dressing or dressing and colouring.

(c) Preferences at the undermentioned rates—

Carpets, carpeting and floor rugs, wholly or mainly of wool, cotton or jute and not containing any silk or artificial silk—

(i) Hand made, knotted	4s. 6d. per square yard exclusive of fringes.
(ii) Other kinds	20 per cent. ad valorem

(d) Preference at a specific rate of 2d. per lb.—

Tea.

(e) Preferences at the undermentioned rates—

Appliances, apparatus, accessories and requisites (other than apparel and footwear), and parts thereof, not containing silk or artificial silk, for the following sports and games:—

(i) Tennis (including lawn tennis), badminton and rackets (including squash rackets)—

(a) Rackets, exceeding 9 ozs. in weight.	5s. per racket or 25 per cent. ad valorem whichever is the greater.
--	---

(b) Unstrung racket frames...	3s. per frame or 25 per cent. ad valorem whichever is the greater.
-------------------------------	--

(c) Other appliances, apparatus, accessories and requisites and parts thereof.	25 per cent. ad valorem
--	-------------------------

(ii) Cricket 25 per cent. ad valorem

(iii) Football 25 per cent. ad valorem

(iv) Hockey 25 per cent. ad valorem

(v) Croquet 25 per cent. ad valorem

(vi) Polo 25 per cent. ad valorem

(vii) Lacrosse 25 per cent. ad valorem

(viii) Fishing—

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

- (a) Rods, wholly or mainly of iron and steel. 15 per cent. ad valorem
 (b) Reels 15 per cent. ad valorem
 (c) Other fishing tackle 25 per cent. ad valorem

SCHEDULE II

(See Articles VI and VII)

Tariff Item	Article	Margin of Preference
Ex 22 (5) (b)	Drugs and medicines, the following:— Penicillin Mepacrine and its salts, pama-quin and other synthetic anti-malarial drugs Sulphonamides Caustic soda Disinfectants, insecticides, weed killers, sheep and cattle dips and the like products Liver extracts (medicinal) Organo-arsenical compounds Ammonium chloride (muriate) Barbituric acid and its derivatives Vitamins Acetyl-salicylic acid Phenacetin Insulin Emetine and its salts Alkaloids other than those dutiable under Tariff Items 28 (11) and 28 (12) and emetine Caffeine and its salts Bromides Acetone Sodium nitrite in so far as they contain spirit	

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

Tariff Item	Article	Margin of Preference
Ex 28	(i) entered in such a manner as to indicate that the strength is not to be tested.	Rs. 4 per imperial gallon
	(ii) not so entered	Rs. 3 per imperial gallon of the strength of London proof
	Chemicals, drugs and medicines, the following:—	
	Penicillin	6 per cent. ad valorem
	Mepacrine and its salts, pamaquin and other synthetic anti-malarial drugs	10 per cent. ad valorem
	Sulphonamides	6 per cent. ad valorem
	Caustic soda	10 per cent. ad valorem
	Disinfectants, insecticides, weed killers, sheep and cattle dips and the like products	10 per cent. ad valorem
	Liver extracts (medicinal)	10 per cent. ad valorem
	Organo-arsenical compounds	10 per cent. ad valorem
	Ammonium chloride (muriate)	10 per cent. ad valorem
	Barbituric acid and its derivatives excluding phenobar-bitone.	10 per cent. ad valorem
	Phenobarbitone	6 per cent. ad valorem
	Vitamins	6 per cent. ad valorem
	Acetyl-salicylic acid	6 per cent. ad valorem
	Phenacetin	10 per cent. ad valorem
	Insulin	10 per cent. ad valorem
Emetine and its salts	10 per cent. ad valorem	
Alkaloids other than those dutiable under Tariff Items 28 (11) and 28 (12) and emetine.	10 per cent. ad valorem	
Caffeine and its salts	10 per cent. ad valorem	
Bromides excluding hyoscine hydrobromide.	10 per cent. ad valorem	
Hyoscine hydrobromide	6 per cent. ad valorem	
Acetone	10 per cent. ad valorem	
Sodium nitrite	10 per cent. ad valorem	

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

Tariff Item	Article	Margin of Preference
Ex 30	Paints, colours and painters' materials, all sorts not otherwise specified, excluding paints, solutions and compositions containing dangerous petroleum within the meaning of the Petroleum Act, 1934, and litho-pone.	10 per cent. ad valorem
30(2)	Lithopone Paints, colours and painters' materials, the following, namely:— (a) Red lead, genuine dry, genuine moist and reduced moist (b) White lead, genuine dry (c) Zinc white, genuine dry (d) Paints, other sorts, coloured, moist.	6 per cent. ad valorem 10 per cent. ad valorem
48(1)	Ultramarine blue Fabrics, not otherwise specified containing more than 90 per cent. of artificial silk.	6 per cent. ad valorem 10 per cent. ad valorem
48(3)	Cotton fabrics, not otherwise specified, containing more than 90 per cent. of cotton:— (a) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves) (b) Printed piecegoods and printed fabrics (c) Cotton piecegoods and fabrics not otherwise specified	5 per cent. ad valorem 6 per cent. ad valorem 5 per cent. ad valorem
48 (5)	Fabrics, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk:— (a) containing 50 per cent. or more cotton	10 per cent. ad valorem

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

Tariff Item	Article	Margin of Preference
	(b) containing no cotton or containing less than 50 per cent. cotton	10 per cent. ad valorem
48(9)	Cotton fabrics, namely sateens including Italians of sateen weave, velvets and velveteens and embroidered all-overs:—	
	(a) Printed fabrics	6 per cent. ad valorem
	(b) Other fabrics	5 per cent. ad valorem
63 (3)	Iron or steel (other than alloy, tool or special steel) bar and rod.	Rs. 29 per ton if duty is leviable at the specific rate or 10 per cent. if duty is leviable ad valorem.
63 (6)	Cast iron pipes and tubes, also cast iron fittings therefor, i.e., bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like.	The amount equivalent to Rs. 57/8 less the amount of duty at 10 per cent. ad valorem on one ton.
63 (10)	Steel, tinplates and tinned sheets, including tin taggers, and cuttings of such plates, sheets or taggers.	Rs. 21 per ton
63 (14)	Iron or steel hoops and strips	10 per cent. ad valorem
Ex 63 (19)	Iron or steel plates excluding cast iron plates:—	
	(a) not fabricated whether or not coated with other metals.	Rs. 25 per ton if duty is leviable at the specific rate, otherwise the amount equivalent to Rs. 30J less the amount of duty at 10 per cent. ad valorem on one ton.
63 (20)	Iron or steel sheets other than high silicon electrical steel sheets:—	
	(a) not fabricated:	
	(1) not galvanised	Rs. 21 per ton if duty is leviable at the specific rate, otherwise the amount equivalent to Rs. 37½ less the amount of duty at 10 per cent. ad valorem on one ton.
	(2) galvanised	Rs. 30 per ton if duty is leviable at the specific rate, otherwise the amount

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

Tariff Item	Article	Margin of Preference
		equivalent to Rs. 45 1/3 less the amount of duty at 10 per cent. ad valorem on one ton.
	(b) fabricated:	
	(1) not galvanised	Rs. 23 per ton if duty is leviable at the specific rate, otherwise the amount equivalent to Rs. 41 less the amount of duty at 10 per cent. ad valorem on one ton.
	(2) galvanised	Rs. 33 per ton if duty is leviable at the specific rate, otherwise the amount equivalent to Rs. 50 less the amount of duty at 10 per cent. ad valorem on one ton.
63 (24)	Iron or steel barbed or stranded wire and wire rope.	10 per cent. ad valorem
64	Copper, wrought, and manufactures of copper, all sorts not otherwise specified.	10 per cent. ad valorem
72 (5)	Domestic refrigerators	6 per cent. ad valorem
72 (11)	Sewing machines and parts thereof.	10 per cent. ad valorem
73	Electrical instruments, apparatus and appliances not otherwise specified, excluding telegraphic and telephonic.	10 per cent. ad valorem
73 (1)	The following electrical instruments, apparatus and appliances, namely: —Electrical control gear and transmission gear, namely, switches (excluding switchboards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than 10 amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts: bare or insulated copper wires and cables, any one core of which, not being one	10 per cent. ad valorem

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

Tariff Item	Article	Margin of Preference
73 (4)	<p>73 (4) specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection, with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified.</p>	<p>10 per cent. ad valorem when most favoured nation rate is 60 per cent. ad valorem or above: 8 per cent. ad valorem when most favoured nation rate exceeds 50 per cent. ad valorem, but is less than 60 per cent. ad valorem:</p>
75 (3)	<p>(i) Wireless reception instruments and apparatus and component parts thereof, including all electric valves, amplifiers and loud speakers, which are not specifically designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.</p> <p>(ii) Wireless reception instruments and apparatus whose landed cost is more than Rs. 150.</p>	<p>6 per cent. ad valorem when most favoured nation rate does not exceed 50 per cent. ad valorem.</p>
75 (3)	<p>75 (3) Motor omnibuses; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories, not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars.</p>	<p>7 ½ per cent. ad valorem</p>
77	<p>77 Instruments, apparatus and appliances other</p>	<p>10 per cent. ad valorem</p>

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

Tariff Item	Article	Margin of Preference
	than electrical, all sorts, not otherwise specified, including photographic.	

SCHEDULE III

(See Article X)

Preferences at the undermentioned rates—

Asphalt	9 per cent. ad valorem
Soda ash, including calcined natural soda and manufactured sesqui-carbonates.	10 per cent. ad valorem
Gum arabic	10 per cent. ad valorem
Gum benjamin, ras and cowrie	10 per cent. ad valorem
Gum dammer	10 per cent. ad valorem
Dammer batu unrefined	10 per cent. ad valorem
Cutch	10 per cent. ad valorem
Gambier, all sorts	10 per cent. ad valorem
Vegetables, fresh	10 per cent. ad valorem
Vegetables, dried, salted or preserved	10 per cent. ad valorem
Vegetables, dehydrated, all sorts other than tomatoes, onions, potatoes and cauliflowers.	6 per cent. ad valorem
Fruit and vegetables, canned and bottled except asparagus (canned) and the following: —	10 per cent. ad valorem
(i) Canned fruits the following, namely, apricots, berries, grapes, plums and prunes and fruit salads composed of not less than 80 per cent. in quantity and value of the above named fruits.	6 per cent. ad valorem
(ii) Pineapples, canned	8 per cent. ad valorem
(iii) Vegetables, canned, all sorts other than tomatoes, potatoes, onions and cauliflowers.	6 per cent. ad valorem
Fruit juices other than of apricots, berries, grapes, pineapples, plums and prunes.	10 per cent. ad valorem
Fruit juices of apricots, berries, grapes, pineapples, plums and prunes.	6 per cent. ad valorem
Sisal and aloe fibre	10 per cent. ad valorem
Ivory, unmanufactured	10 per cent. ad valorem
Sago (but not sago flour)	10 per cent. ad valorem

Tapioca and tapioca flour	10 per cent. ad valorem
Artificial teeth	10 per cent. ad valorem
Fresh fruits excepting the following: apples, pears, prunes and grapes.	10 per cent. ad valorem
Fresh fruits, apples, pears, prunes and grapes	6 per cent. ad valorem
Dried, salted or preserved fruits (except currants).	10 per cent. ad valorem
Betelnuts	6 pies per lb.
Unground spices excepting cassia lignea	7½ per cent. ad valorem
Unground spices, cassia lignea	5 per cent. ad valorem
Cardamoms, cinnamon, cloves, nutmegs and pepper—ground.	7½ per cent. ad valorem
Cassia lignea—ground	5 per cent. ad valorem
Bitters	Rs. 3-12 per gallon
Coffee	1 anna per lb.
Rum	Rs. 3-12 per proof gallon
So far as preferences are granted to the United Kingdom on drugs and medicines the same preferences as are applicable to like goods from the United Kingdom.	
Citronella oil	10 per cent. ad valorem
Cinnamon oil	10 per cent. ad valorem
Cinnamon leaf oil	10 per cent. ad valorem
Coconuts, husked, unhusked and other kinds, copra or coconut kernel, coir fibre, coir yarn, coir mats and matting.	10 per cent. ad valorem
Fish, dry, unsalted	10 per cent. ad valorem
Oil seeds (other than essential)	10 per cent. ad valorem
Vegetable oils (other than essential) excluding tung oil.	10 per cent. ad valorem
Plumbago and graphite	10 per cent. ad valorem
Tea	2 annas per lb.

LETTER NO. 1

LETTER FROM MR. ARTHUR G. BOTTOMLEY, M.P., UNITED KINGDOM SECRETARY FOR OVERSEAS TRADE, TO THE HONOURABLE MR. FAZLUR RAHMAN, PAKISTAN MINISTER OF COMMERCE, ON THE QUESTION OF DUTY FREE ENTRY OF GOODS GROWN, PRODUCED OR MANUFACTURED IN PAKISTAN.

London, 2nd April, 1951.

DEAR MINISTER,

In connection with our discussions of the Trade Agreement which has been signed to-day, to replace the United Kingdom/India Agreement, 1939, I am writing to confirm the assurance which I gave you that the United Kingdom Government have no present intention of imposing duties on goods grown, produced or manufactured in Pakistan, which now are admitted free of duty, but should it become necessary to impose such duties, they will give the Pakistan Government prior notice of their intentions. You will understand that in accordance with Article III of the Agreement, any such duty would apply equally to similar goods from other Commonwealth countries, and that Pakistan goods would continue to be admitted on equal terms.

Yours sincerely,
A. G. BOTTOMLEY.

The Honourable Mr. Fazlur Rahman,
Minister of Commerce,
Government of Pakistan,
Karachi.

LETTER NO. 2

LETTER FROM MR. ARTHUR G. BOTTOMLEY, M.P., UNITED KINGDOM
SECRETARY FOR OVERSEAS TRADE, TO THE HONOURABLE MR. FAZLUR
RAHMAN, PAKISTAN MINISTER OF COMMERCE, ON THE SUBJECT OF TEA.

London, *2nd April*, 1951.

DEAR MINISTER,

During the course of our discussions I have noted that tea is the principal commodity of export in which Pakistan is interested in getting preferential treatment in the United Kingdom and that if the export of tea to the United Kingdom fell appreciably below the present level, the advantages to Pakistan under the Agreement would be considerably reduced. I have, therefore, recognised that it is important that the present level of import of tea into the United Kingdom from Pakistan should be maintained, and the United Kingdom Government will use their good offices with commercial interests to this end. I should add that as tea is strictly rationed because of the shortage of supplies in the United Kingdom, His Majesty's Government in the United Kingdom are anxious that as much tea as possible from Pakistan should be offered for sale.

Yours sincerely,
A. G. BOTTOMLEY.

The Honourable Mr. Fazlur Rahman,
Minister of Commerce,
Government of Pakistan,
Karachi.”

FIFTH SCHEDULE

Section 15.

PURCHASE TAX (AMENDMENTS OF SCHEDULE OF CHARGEABLE GOODS)

PART I

AMENDMENTS EFFECTIVE FROM 11TH APRIL 1951

- 1 In Group 4, there shall be added at the end the following paragraphs:—
-
- | | |
|--|----------|
| “(f) laces of a kind used for fastening garments or footwear | Exempt |
| (g) sewing and darning needles, knitting needles, bodkins, crochet hooks, pins of base metal except hair pins, thimbles, finger shields for needlework and tape measures | Exempt |
| (h) paper patterns | Exempt”. |
-
- 2 In Group 5, there shall be inserted after the words " not being utility articles " in paragraph (d) the words " or articles comprised in the next following paragraph ", and after the said paragraph (d) there shall be added the following paragraphs:—
-
- | | |
|---|----------|
| “(e) air pillows, air cushions, water beds, water pillows and water cushions | Exempt |
| (f) scourers, dish cloths, floor cloths and similar cleaning cloths, being woven articles, unbleached and uncoloured, of cotton or of cotton and jute, with weft of cotton waste and not exceeding 30 inches in length or width | Exempt |
| (g) woven cotton polishing cloths, piece dyed in a single colour, whether impregnated or not, with warp or weft of cotton waste, not exceeding 30 inches in length or width | Exempt |
| (h) cotton dusters, woven in a single piece and having, except for a border on each of the four sides, an over-all check pattern of coloured yarns, and not exceeding 24 inches in length or width | Exempt |
| (i) knitted cleaning cloths of unbleached and uncoloured cotton waste, not exceeding 30 inches in length or width | Exempt”. |
-
- 3 In Group 6, there shall be added at the end the following paragraph:—

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

“(p) knitted cotton cloth, unbleached and uncoloured, made with at least one needle omitted in every fifty needles Exempt”.

- 4 Group 11 shall be amended as follows:—
- (a) in paragraph (f) (which specifies invalid chairs as exempt) there shall be added at the end of the first column the words " commode chairs, commode stools and over-bed tables ";
 - (b) in paragraph (i) (which lists certain vessels as not chargeable under the Group unless made of certain specified materials) there shall be substituted for the words " and fids for use with such vessels " the words " fids for use with vessels so designed, serving trays, bread boards, bowls and jugs and ewers ";
 - (c) for paragraph (k) (which lists as exempt dustbins, buckets, pails and sanitary pans and lids therefor) there shall be substituted the following paragraph:—

“(k) dustbins, buckets, pails, sanitary pans, chambers, urinals, commode pans, and lids for any of those articles, pedal-operated sanitary bins, coal hods and coal scuttles Exempt”;

- (d) for paragraph (r) (which specifies certain baths as exempt) there shall be substituted the following paragraphs:—

“(r) baths, wash tubs, wash boards, ironing boards, shields and stands for smoothing irons or pressing irons, clothes line posts, clothes pegs, clothes props and clothes airers (other than heated airers) Exempt

(s) hot-water bottles and stoppers therefor Exempt

(t) metal pot scourers and steel wool Exempt

(u) pastry boards and rolling pins Exempt

(v) coal or cinder sieves and sifters Exempt”.

- 5 (1) In Group 12 (which comprises domestic appliances and apparatus, and paragraph (a) of which charges at the first rate any goods not falling within some other paragraph), for the said paragraph (a) there shall be substituted the following paragraph:—

“(a) appliances and apparatus not comprised in any of the following paragraphs of this Group:—

(i) articles designed for operation by electricity or gas, except clocks and clock movements, sewing machines and motors therefor, hair drying machines, lighting Second

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

appliances, electric blankets, electric
warming pads, electric bed warmers and gas
pokers

(ii) articles not comprised in the foregoing First”.
sub-paragraph

(2) At the end of Group 12, there shall be added the following paragraphs:—

“(j) kitchen scales and kitchen weighing Exempt
machines, hand operated wringers and hand
operated mangles

(k) vaporisers (not being toilet requisites) and Exempt”.
fumigating lamps

6 In paragraph (a) of Group 18 (which comprises certain wireless receiving sets, kits
of parts for the assembly of such sets and valves for use therewith), for the word "
First" in the second column there shall be substituted the word " Second ".

7 In Group 20 (which among other articles excepted from the Group specifies
bicycles and tricycles) after the word " bicycles " there shall be inserted the words
" bicycle sidecars, bicycle and sidecar combinations ".

8 At the end of Group 23, there shall be added the following paragraph:—

“(f) shoulder satchels of a kind Exempt”.
designed for use by school children

9 In Group 31, in paragraph (a) for the word " paragraph " there shall be substituted
the word " paragraphs " , in paragraph (b) the words " toilet paper " shall be omitted,
and at the end of the Group there shall be added the following paragraph:—

“(c) toilet paper Exempt”.

10 Group 35 shall be amended as follows:—

(a) in paragraph (a) (which charges at the first rate certain road vehicles) the
word " First" in the second column shall be omitted and there shall be added
at the end the following sub-paragraphs:—

“(i) mechanically propelled vehicles Second

(ii) vehicles not mechanically propelled First”.

(b) for paragraph (b) (which charges at the first rate bicycles and tricycles
for the carriage of passengers), there shall be substituted the following
paragraph:—

“(b) bicycles, bicycle sidecars, bicycle
and sidecar combinations and tricycles
constructed or adapted solely or mainly
for the carriage of passengers:—

(i) mechanically propelled tricycles, Second
being road vehicles

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

(ii) articles not comprised in the First”.
 foregoing sub-paragraph

PART II

AMENDMENTS EFFECTIVE FROM 25TH JUNE 1951

- 11 In Group 4, after the paragraphs added by Part I of this Schedule there shall be added the following paragraph :—
-
- “(i) insoles, except insoles made wholly Exempt”.
 or partly of fur skin (including any skin
 with fur, hair or wool attached)
-
- 12 In Group 6, after the paragraph added by Part I of this Schedule there shall be added the following paragraph :—
-
- “(q) lining socks and seat socks, Exempt”.
 being shaped pieces of fabric for
 incorporation in footwear
-
- 13 In Group 31, in paragraph (b), after the word " brushes," there shall be inserted the words " (except toothbrushes), " and after the paragraph added by Part I of this Schedule there shall be added the following paragraph :—
-
- “(d) toothbrushes Exempt”.

SIXTH SCHEDULE

Section 28.

TRANSITIONAL PROVISIONS IN CONNECTION WITH INCREASE IN RATE OF PROFITS TAX

Miscellaneous Transitional Provisions

- 1 (1) In the case of any trade or business, the amount on which a distribution charge is chargeable at forty per cent. for any chargeable accounting period shall not, when added to the total of the amounts (if any) on which distribution charges at forty per cent. have fallen to be made for previous chargeable accounting periods, exceed the total of the amounts on which reliefs for non-distribution have been given at forty per cent. for previous chargeable accounting periods ; and in so far as this sub-paragraph excludes the application to a distribution charge of paragraph (b) of subsection (1) of section twenty-eight of this Act, the rate of the charge shall be twenty per cent.:

Provided that the amount on which a distribution charge is chargeable at twenty per cent. for any chargeable accounting period shall not, when added to the total of the amounts (if any) on which distribution charges at twenty per cent. have fallen to be made for previous chargeable accounting periods, exceed the total of the amounts on which reliefs for non-distribution have been given at twenty per cent. for previous chargeable accounting periods ; and in so far as this proviso excludes the application of the rate of twenty per cent. to a distribution charge, the rate of the charge shall be fifteen per cent.

- (2) Where, in the case of any body corporate, society or other body, the net relevant distributions to proprietors for any chargeable accounting period ending after the end of the year nineteen hundred and fifty are, under subsection (3) of section thirty-six of the Finance Act, 1947, as amended by section seventy of the Finance Act, 1948, to be treated as reduced by reference to a loan repaid whether before, during or after that period, the reduction shall be determined by reference to tax at forty per cent. instead of twenty per cent. or fifteen per cent.:

Provided that if a distribution charge is or would but for that subsection be chargeable for that period, then the reduction shall be calculated—

- (a) by reference to tax at twenty per cent. up to the amount (if any) on which the distribution charge would, but for the reduction, be chargeable at twenty per cent.; and
 - (b) by reference to tax at fifteen per cent. up to the amount (if any) on which the distribution charge would, but for the reduction, be chargeable at fifteen per cent.
- (3) Where under either of the following provisions of the Finance Act, 1947, that is to say—
- (a) subsection (4) of section thirty-six (which relates to schemes of amalgamation or reconstruction); and
 - (b) subsection (2) of section thirty-eight (which relates to companies having subsidiaries),

a difference in respect of which a non-distribution relief was given to or in respect of any body corporate is to be treated (in whole or in part) as if it had been a difference arising in relation to another body corporate on which non-distribution relief had been given to that body, then, for the purposes of sub-paragraph (1) of this paragraph, relief shall be treated as having been given to the second mentioned body on the difference or the relevant part thereof at the rate or rates at which it was given on the difference to or in respect of the first mentioned body.

- (4) The provisions set out in the third column of the Schedule to the Profits Tax Act, 1949, which modified the application of certain enactments in relation to accounting periods divided by subsection (1) of section one of that Act, shall have effect so as to modify the application of those enactments also in relation to accounting periods divided by subsection (1) of section twenty-eight of this Act:

Provided that, as respects double taxation relief—

- (a) the reference in the said Schedule to paragraph 3 of Part I of the Ninth Schedule to the Finance Act, 1947, shall be deemed to include a reference to paragraph 1 of Part II of the Sixth Schedule to the Finance Act, 1950; and
- (b) any foreign tax which, but for this paragraph of this proviso, would, under paragraph 7 of the said Part I, as amended by paragraph 2 of the said Part II, have gone to reduce the profits of the trade or business for the first of the two chargeable accounting periods shall instead be apportioned between the two chargeable accounting periods by reference to the number of months or fractions of a month in each of them respectively and the profits of each reduced accordingly.

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Increases of Dividend

- 2 (1) If, in the case of any accounting period of a body corporate, unincorporated society or other body beginning before the end of the year nineteen hundred and fifty, the total of the dividends assignable to that period exceeds the governing total, any such dividends declared after the ninth day of April, nineteen hundred and fifty-one, shall, to the extent of the excess—
- (a) in determining the gross relevant distributions to proprietors for the chargeable accounting period beginning at the end of the year nineteen hundred and fifty or for that in which they are paid, whichever is later, be included as a distribution for that chargeable accounting period ; and
 - (b) in determining those for any chargeable accounting period other than the one last mentioned, be left out of account.
- (2) The governing total for the purposes of sub-paragraph (1) of this paragraph is, in relation to any accounting period of a body corporate, society or other body, the total of the dividends assignable to the immediately preceding accounting period thereof :
- Provided that—
- (a) where the amount of any class of paid up share capital on which dividends assignable to the preceding accounting period are paid is less than the amount of that class of paid up share capital on which dividends assignable to the succeeding accounting period are paid, then (subject to sub-paragraph (3) of this paragraph) the dividends on that class of capital assignable to the said preceding period shall, if the person carrying on the trade or business so elects, be treated for the purposes of this sub-paragraph as correspondingly increased.; and
 - (b) where the preceding accounting period is longer or shorter than the succeeding accounting period, the total dividends assignable to the said preceding period shall be treated for the purposes of this sub-paragraph as correspondingly reduced or increased.
- (3) For the purposes of paragraph (a) of the proviso to sub-paragraph (2) of this paragraph, any increase in the amount of any class of paid up share capital on which dividends are paid shall be disregarded in so far as it represents shares which were previously unissued or not paid up but which have since been issued, or been treated as paid up, wholly or partly in consideration of the retention by the body or society, by way of set-off or otherwise, of sums distributable by way of dividend.
- (4) For the purposes of this paragraph, the dividends assignable to any accounting period are those expressed to be paid in respect of that period or any part thereof, but in the case of an accounting period ending after the ninth day of April, nineteen hundred and fifty-one, include also any dividends which are declared after that date and paid during the period and are not expressed to be paid in respect of any period.
- (5) In this paragraph, " dividend " includes an interim dividend, and a dividend shall be treated as being declared—
- (a) in the case of a dividend declared by a body or society in general meeting, at the date of the declaration ;
 - (b) in any other case, at the date on which it is paid:

Provided that—

- (i) where a dividend is declared in general meeting in accordance with a recommendation of the directors and the directors' decision to make that

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recommendation was, with the authority of the directors, publicly announced at an earlier date, the dividend shall, for the purposes of this paragraph, be treated as declared at that earlier date; and

- (ii) where a dividend not so declared is paid in accordance with a decision of the directors and that decision was, with their authority, publicly announced at an earlier date, the dividend shall, if the body or society so elects, for the purposes of this paragraph be treated as declared at that earlier date.

SEVENTH SCHEDULE

Section 44.

ENACTMENTS REPEALED

Session and Chapter	Short Title	Extent of Repeal
11 & 12 Geo. 5. c. 47.	The Safeguarding of Industries Act, 1921.	Section sixteen.
16 & 17 Geo. 5. c. 22.	The Finance Act, 1926	Subsection (1) of section ten.
22 & 23 Geo. 5. c. 8.	The Import Duties Act, 1932	Subsections (3) and (4) of section fifteen.
25 & 26 Geo. 5. c. 24.	The Finance Act, 1935	Section ten.
26 Geo. 5. & 1 Edw. 8. c. 34.	The Finance Act, 1936	Subsection (1) of section five.
7 & 8 Geo. 6. c. 23.	The Finance Act, 1944	Section four.
9 & 10 Geo. 6. c. 64.	The Finance Act, 1946	Section one.
10 & 11 Geo. 6. c. 35.	The Finance Act, 1947	Subsections (1) and (2) of , section seven.
11 & 12 Geo. 6. c. 49.	The Finance Act, 1948	Subsection (1) of section eight.
12 & 13 Geo. 6. c. 47.	The Finance Act, 1949	Section seven, except subsection (3); the Fifth Schedule.
14 Geo. 6. c. 15.	The Finance Act, 1950	Section four; section fourteen, except as respects entertainments held before the fifth day of August, or payments for admission made before the eleventh day of April, nineteen hundred and fifty-one.

TABLE OF STATUTES REFERRED TO IN THIS ACT

Short Title	Session and Chapter
Excise Licences Act, 1825	6 Geo. 4. c. 81.

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Short Title	Session and Chapter
Post Office Savings Bank Act, 1861	24 & 25 Vict. c. 14.
Court of Session Act, 1868	31 & 32 Vict. c. 100.
Building Societies Act, 1874	37 & 38 Vict. c. 45.
Sinking Fund Act, 1875	38 & 39 Vict. c. 45.
Customs Tariff Act, 1876	39 & 40 Vict. c. 35.
Customs Consolidation Act, 1876	39 & 40 Vict. c. 36.
Customs and Inland Revenue Act, 1890	53 & 54 Vict. c. 8.
Finance Act, 1894	57 & 58 Vict. c. 30.
Finance (No. 2) Act, 1915	5 & 6 Geo. 5. c. 89.
Finance Act, 1916	6 & 7 Geo. 5. c. 24.
Income Tax Act, 1918	8 & 9 Geo 5. c. 40.
Finance Act, 1920	10 & 11 Geo. 5. c. 18.
Safeguarding of Industries Act, 1921	11 & 12 Geo. 5. c. 47.
Finance Act, 1923	13 & 14 Geo. 5. c. 14.
Finance Act, 1925	15 & 16 Geo. 5. c. 36.
Finance Act, 1926	16 & 17 Geo. 5. c. 22.
Finance Act, 1927	17 & 18 Geo. 5. c. 10.
Finance Act, 1928	18 & 19 Geo 1 c. 17.
Finance (No. 2) Act, 1931	21 & 22 Geo. 5. c. 49.
Import Duties Act, 1932	22 & 23 Geo. 5. c. 8.
Finance Act, 1932	22 & 23 Geo. 5. c. 25.
Ottawa Agreements Act, 1932	22 & 23 Geo. 5. c. 53.
Local Government Act, 1933	23 & 24 Geo. 5. c. 51.
Finance Act, 1935	25 & 26 Geo. 5. c. 24.
Finance Act, 1937	1 Edw. 8. & 1 Geo. 6. c. 54.
Finance Act, 1938	1 & 2 Geo. 6. c. 46.
London Government Act. 1939	2 & .3 Geo 6 c. 40.
Finance Act, 1939	2 & 3 Geo. 6. c. 41.
Finance (No. 2) Act, 1940	3 & 4 Geo. 6. c. 48.
Finance Act, 1943	6 & 7 Geo. 6. c. 28.
Income Tax (Employments) Act, 1943	6 & 7 Geo. 6. c. 45.
Finance Act, 1944	7 & 8 Geo. 6. c. 23.
Income Tax Act, 1945	8 & 9 Geo. 6. c. 32.
Finance (No. 2) Act. 1945	9 & 10 Geo 6 c. 11.

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Short Title	Session and Chapter
Finance Act, 1946	9 & 10 Geo. 6. c. 64.
Indian Independence Act, 1947	10 & 11 Geo. 6. c. 30.
Finance Act, 1947	10 & 11 Geo. 6. c. 35.
Local Government (Scotland) Act. 1947	10 & 11 Geo. 6 c. 43.
National Assistance Act, 1948	11 & 12 Geo. 6. c. 29.
Companies Act, 1948	11 & 12 Geo. 6. c. 38.
Finance Act, 1948	11 & 12 Geo 6 c. 49.
Finance Act, 1949	12, 13 & 14 Geo. 6. c. 47.
Profits Tax Act, 1949	12, 13 & 14 Geo. 6. c. 64.
Finance Act, 1950	14 Geo. 6. c. 15.
Reserve and Auxiliary Forces (Training) Act, 1951	14 & 15 Geo. 6. c. 23.