

Finance Act 1950

1950 CHAPTER 15

PART II

INCOME TAX

22 Charge of income tax for 1950-51

- (1) Income tax for the year 1950-51 shall be charged at the standard rate of nine shillings in the pound, and, in the case of an individual whose total income exceeds two thousand pounds, at such higher rates in respect of the excess over two thousand pounds as Parliament may hereafter determine.
- (2) All such enactments as had effect with respect to the income tax charged for the year 1949-50 shall have effect with respect to the income tax charged for the year 1950-51.

Higher rates of income tax for 1949-50

Income tax for the year 1949-50 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 1948-49.

Increase in reduced rate relief and consequential alteration in marginal relief for small incomes

- (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, and section twenty-eight of the Finance Act, 1948, provides for the relief from income tax commonly known as the reduced rate relief), the words "thirteen-eighteenths" shall throughout be substituted for the words "two-thirds" and the words "four-ninths" shall throughout be substituted for the words "one-third".
- (2) 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 three-tenths of the excess), the words "one-quarter "shall be substituted for the words "three-tenths".

(3) The additional relief afforded by this section for the year 1950-51 shall not be deemed to have affected the amount of tax deductible or repayable before the eighth day of June, nineteen hundred and fifty.

Relaxation of conditions for grant of " age relief " under the Finance Act, 1925, s. 15(2)

In subsection (2) of section fifteen of the Finance Act, 1925 (which provides, in certain cases, for a relief from income tax for a person who proves that, at the commencement of the year of assessment, he or his wife living with him had attained the age of sixty-five years), for the words " at the commencement of the year of assessment," there shall be substituted the words " at any time during the year of assessment."

26 Surtax to be charged on consideration for certain restrictive covenants, etc.

(1) Where—

- (a) an individual who holds, has held or is about to hold an office or employment gives, in connection with his holding thereof, an undertaking (whether absolute or qualified and whether legally valid or not) the tenor or effect of which is to restrict him as to his conduct or activities; and
- (b) in respect of the giving of that undertaking by him, or of the total or partial fulfilment of that undertaking by him, any sum is paid either to him or to any other person; and
- (c) apart from this section, the sum paid would neither fall to be treated as income of any person for the purposes of income tax for any year of assessment nor fall to be taken into account as a receipt in computing, for the purposes of income tax for any year of assessment, the amount of any income of, or loss incurred by, any person,

the same results shall follow in relation to surtax for the year of assessment in which the said sum is paid as would have followed if the said sum had been paid to the said individual (and not to any other person) as and for the net amount of an annual payment to which the said individual was entitled, being an annual payment chargeable to income tax from the gross amount of which tax at the standard rate for that year had been duly deducted under Rule 19 or Rule 21 of the General Rules:

Provided that where the individual has died before the payment of the said sum, so much of the preceding provisions of this subsection as relates to the results which are to follow from the matters specified in paragraphs (a) to (c) of this subsection shall have effect as if the said sum had been paid immediately before the death.

- (2) Where valuable consideration otherwise than in the form of money is given in respect of the giving of, or of the total or partial fulfilment of, any undertaking, the preceding provisions of this section shall apply as if a sum had instead been paid equal to the value of that consideration.
- (3) The preceding provisions of this section shall apply to surtax for the year 1949-50 or any subsequent year of assessment, and, in relation to surtax for any of the said years, shall be deemed always to have had effect, and all such assessments and additional assessments shall be made as are necessary to give effect to the provisions of this subsection:

Provided that—

- (a) the said preceding provisions shall not apply to any sums paid or consideration given if either—
 - (i) the undertaking in question was given on or before the sixth day of April, nineteen hundred and forty-eight; or
 - (ii) the sum or consideration is or was paid or given at or after the time of the retirement of the individual in question from the service of the person under whom the office or employment in question was held and is or was so paid or given in pursuance of a provision in that behalf which expressly provides for the payment or giving thereof at or after that time and is embodied in a contract made in writing on or before the eighteenth day of April, nineteen hundred and fifty, or reduced to writing on or before that date; or
 - (iii) the sum or consideration is or was paid or given in pursuance of an express provision in that behalf embodied in a contract made in writing on or before the eighteenth day of April, nineteen hundred and fifty, or reduced to writing on or before that date, being a contract the main purpose of which was to provide for the transfer of a trade or part of a trade or for the transfer of the controlling interest in any body corporate; and
- (b) no person shall be liable to any penalty by reason that, in any return or particulars of income made or furnished before the passing of this Act, any amount has not been included which ought to have been included in view of the said preceding provisions.

For the purposes of this subsection, a director of a company shall be deemed to be in the service of that company and to hold his office as such under that company.

(4) Where any sum is paid or valuable consideration given to any person in any year of assessment in respect of the giving of, or of the total or partial fulfilment of, an undertaking given after the sixth day of April, nineteen hundred and forty-eight, and satisfying the conditions specified in paragraph (a) of subsection (1) of this section (not being a sum from which tax is duly deducted under any provision of the Income Tax Acts), it shall, subject to the provisions of this subsection, be the duty of the person paying over the sum or giving the consideration to deliver particulars thereof in writing to the surveyor not later than one month after the end of that year, identifying the recipient of the payment or consideration, the undertaking in connection with which it was made or given and the individual who gave that undertaking; and the provisions of section one hundred and seven of the Income Tax Act, 1918 (which relates to failure to deliver lists, declarations and statements) shall apply in relation to the particulars required to be delivered under this subsection as they apply in relation to any list, declaration or statement required to be delivered by any such notice as is referred to in that section.

This subsection applies to any sum paid or consideration given in the year 1949-50 or any subsequent year of assessment, but where the payment or giving of the sum or consideration took place during the year 1949-50, the time for delivering the particulars shall not expire until one month after the passing of this Act.

(5) In this section, the expression "office or employment" means any office or employment whatsoever such that the emoluments thereof, if any, are or would be chargeable to income tax under Schedule E for any year of assessment; and references in this section to the giving of valuable consideration do not include references to the

mere assumption of an obligation to make over or provide valuable property, rights or advantages, but do include references to the doing of anything in or towards the discharge of such an obligation.

27 Payments for wayleaves, etc., for electric lines

(1) Subsection (1) of section twenty-one of the Finance Act, 1934 (which, amongst other things, charges certain rents to tax under Schedule D and provides for the deduction of tax therefrom on payment thereof) shall apply to rent in respect of any easement enjoyed in the United Kingdom in connection with any electric, telegraphic or telephonic wire or cable (not being such an easement as is mentioned in that section) as it applies to rent in respect of easements enjoyed in connection with any of the concerns specified in Rules 1, 2 and 3 of No. Ill of Schedule A, not being rent rendered in produce of the concern:

Provided that—

- (a) any payment of rent to which this subsection applies which does not exceed two pounds ten shillings per year—
 - (i) may, if the payer so elects, be treated as not affected by so much of subsection (1) of the said section twenty-one as provides that the rent shall, for the purpose of such of the provisions of the Income Tax Acts as refer to royalties paid in respect of the user of a patent, be treated as if it were such a royalty; and
 - (ii) shall in that event be made without deduction of tax accordingly; and
- (b) any payment of rent to which this subsection applies which is made without deduction of tax (whether by virtue of the preceding provisions of this proviso or otherwise) shall, unless tax is assessed thereon under Rule 21 of the General Rules, be chargeable to tax under Case III of Schedule D as if it were mentioned in Rule 1 of the Rules applicable to that Case.
- (2) This section shall he deemed always to have had effect and references to the said section twenty-one in any provisions of the Income Tax Acts other than this section (including the reference in subsection (2) of the said section twenty-one itself) shall be construed as including, and as having always included, references to that section as extended by this section:

Provided that where, before the nineteenth day of April, nineteen hundred and fifty, any payment of any rent to which subsection (1) of this section applies has been made without deduction of tax, nothing in this section shall affect—

- (a) any determination of any Commissioners made before the said date as respects the chargeability of that payment to tax; or
- (b) any appeal from or case stated in respect of any such determination; or
- (c) any agreement which, under section fifty-one of the Finance Act, 1949, has the effect of such a determination; or
- (d) any appeal against any assessment the effect of which is to charge that payment to tax, if notice of the appeal was given before that date, and the appeal remains undetermined at that date.
- (3) In this section, the expressions "rent" and "easement" have the same meanings as in the said section twenty-one, and the reference to easements enjoyed in connection with any electric, telegraphic or telephonic wire or cable includes (without prejudice to the generality of that expression) references to easements enjoyed in connection

with any pole or pylon supporting any such wire or cable or with any apparatus used in connection with any such wire or cable, including any transformer so used.

28 Continuation of period for which mills, factories allowances may be given

Subsection (2) of section seven of the Income Tax Act, 1945 (which provides that the allowances under section fifteen of the Finance Act, 1937, in respect of mills, factories and other similar premises shall cease in all cases after the year 1950-51) shall have effect and be deemed always to have had effect as if for the words "the next four years of assessment", in both places where those words occur, there were substituted the words "the next nine years of assessment".

29 Contributions under Superannuation Act (Northern Ireland) 1949, not to qualify for income tax relief

- (1) Relief from income tax shall not be allowed to any person under section thirty-two of the Income Tax Act, 1918 (which provides relief for, amongst other things, contributions to secure deferred annuities to widows and provision for children) or under any other provision of the Income Tax Acts providing for relief for income tax purposes, in respect of any contributions made by him under any enactments of the Parliament of Northern Ireland corresponding to Parts I and II of the Superannuation Act, 1949, and, in particular, under Parts I and II of the Superannuation Act (Northern Ireland), 1949.
- (2) This section shall have effect, and be deemed always to have had effect, for the purposes of income tax for the year 1949-50 and all subsequent years of assessment.

30 General rule as to income tax on husbands and wives

- (1) Subject to the following provisions of this Part of this Act, a woman's income chargeable to income tax shall, so far as it is income for a year of assessment or part of a year of assessment during which she is a married woman living with her husband, be deemed for income tax purposes to be his income and not to be her income:
 - Provided that the question whether there is any income of hers chargeable to income tax for any year of assessment, and, if so, what is to be taken to be the amount thereof for income tax purposes, shall not be affected by the provisions of this subsection.
- (2) Any tax falling to be assessed in respect of any income which, under subsection (1) of this section, is to be deemed to be the income of a woman's husband shall, instead of being assessed on her, or on her trustee, guardian, curator or committee, or on her executors or administrators, be assessable on him or, in the appropriate cases, on his trustee, guardian, curator or committee, or on his executors or administrators:
 - Provided that nothing in this subsection shall affect the operation of Rule 10 of the Rules applicable to Cases I and II of Schedule D (which relates to the method by which partnership income is to be assessed).
- (3) The personal reliefs allowed in the case of a man for any year of assessment shall be so allowed that an amount not less than the total of the following, that is to say—
 - (a) any deduction falling to be made under subsection (2) of section eighteen of the Finance Act, 1920 (which grants a special relief where the income of a man includes earned income of his wife);

- (b) so much of any deduction falling to be made under subsection (1) of section fifteen of the Finance Act, 1925 (which relates to earned income relief) as could not have been made but for the existence of earned income of his wife; and
- (c) any deduction falling to be made by virtue of subsections (2) to (7) of section twenty-eight of the Finance Act, 1948 (which increases the reduced rate relief in certain cases where a man's income includes earned income of his wife),

goes to reduce the tax chargeable on the earned income of his wife.

- (4) References in this section to a woman's income include references to any sum which, apart from the provisions of this section, would fall to be included in computing her total income, and this subsection has effect in relation to any such sum notwithstanding that some enactment (including, except so far as the contrary is expressly provided, an enactment passed after the passing of this Act) requires that that sum should not be treated as income of any person other than her.
- (5) This section has effect subject to the provisions of Rule 17 of the General Rules (which relates to the right of spouses to separate assessment to income tax) and subsection (9) of section forty-two of the Finance Act, 1927 (which relates to the right of spouses to separate assessment to surtax).
- (6) In this and the next following section, the expression "personal relief" means any relief under sections eighteen to twenty-two of the Finance Act, 1920, under section fifteen of the Finance Act, 1925, under subsection (2) of section forty of the Finance Act, 1927, under subsection (1) or subsection (2) of section nineteen of the Finance Act, 1935, under section fifteen of the Finance Act, 1943, or under section thirty-two of the Income Tax Act, 1918.

Consequences, as respects personal allowances, of exercise of option by husband or wife for separate assessment

- (1) The provisions of this section shall have effect as respects personal reliefs where, by virtue of an application under Rule 17 of the General Rules, income tax for any year is to be assessable and chargeable on the incomes of a husband and a wife as if they were not married.
- (2) The total relief given to the husband and the wife by way of personal reliefs shall be the same as if the application had not had effect with respect to the year and, subject to the provisions of this subsection and of the next following subsection, the reduction of tax flowing from the personal reliefs shall be allocated to the husband and the wife—
 - (a) so far as it flows from relief under subsection (1) of section fifteen of the Finance Act, 1925, in respect of earned income, in proportion to the amounts of their respective earned incomes;
 - (b) so far as it flows from relief under subsection (2) of section fifteen of the Finance Act, 1925 (which relates to persons who, or whose wives, have attained a certain age), in proportion to the amounts of their respective total incomes;
 - (c) so far as it flows from relief under section thirty-two of the Income Tax Act, 1918 (which relates to life insurance premiums and other payments), to the husband or the wife according as he or she made the payment giving rise to the relief;
 - (d) so far as it flows from relief in respect of a dependent relative under section twenty-two of the Finance Act, 1920, or relief in respect of a child under

- subsection (2) of section twenty-one of that Act, to the husband or the wife according as he or she maintains the relative or child;
- (e) as to the balance, in proportion to the amounts of tax which would have been payable by them respectively if the only personal reliefs allowable had been the reliefs referred to in paragraphs (a) and (b) of this subsection:

Provided that, subject to the provisions of the next following subsection, the amount of reduction of tax allocated to the wife by virtue of paragraphs (a) to (e) of this subsection shall not be less than the minimum amount which, if no application under the said Rule 17 had had effect for that year, would, under subsection (3) of the last preceding section, have had to go to reduce the tax chargeable in respect of her earned income, and the amount of reduction of tax allocated to the husband shall be correspondingly reduced.

- (3) Where the amount of reduction of tax allocated to the husband under subsection (2) of this section exceeds the tax (other than surtax) chargeable on the income of the husband for the year of assessment, the balance shall be applied to reduce the tax chargeable on the income of the wife for that year, and where the amount of reduction of tax allocated to the wife under the said subsection (2) exceeds the tax (other than surtax) chargeable on her income for the year of assessment, the balance shall be applied to reduce the tax chargeable on the income of the husband for that year.
- (4) Returns of the total incomes of the husband and the wife may be made for the purposes of this section either by the husband or by the wife, but, if the Commissioners of Inland Revenue are not satisfied with any such return, they may obtain a return from the wife or the husband, as the case may be.
- (5) The Commissioners of Inland Revenue may require returns for the purposes of this section to be made at any time, and the provisions of the Income Tax Acts relating to penalties for neglect or refusal to deliver, or for delay in delivering, true and correct statements of profits or gains shall, with the necessary modifications, apply in the case of the neglect or refusal to make, or wilful delay in making, any such return.

32 Collection from wife of tax assessed on husband attributable to her income

- (1) Where—
 - (a) after the passing of this Act, an assessment to income tax (hereinafter in this section referred to as "the original assessment") has been made for the year 1950-51 or any subsequent year of assessment on a man, or on a man's trustee, guardian, curator or committee, or on a man's executors or administrators; and
 - (b) the Commissioners of Inland Revenue, in the case of an assessment to income tax other than surtax, or the Special Commissioners, in the case of an assessment to surtax, are of opinion that, if an application for separate assessment under Rule 17 of the General Rules or under subsection (9) of section forty-two of the Finance Act, 1927, had been in force with respect to that year of assessment, an assessment in respect of, or of part of, the same income would have fallen to be made on, or on the trustee, guardian, curator or committee of, or on the executors or administrators of, a woman who is the said man's wife or was his wife in that year of assessment; and
 - (c) the whole or part of the amount payable under the original assessment has remained unpaid at the expiration of twenty-eight days from the time when it became due.

the Commissioners of Inland Revenue, or, as the case may be, the Special Commissioners, may serve on her, or, if she is dead, on her executors or administrators, or, if such an assessment as is referred to in paragraph (b) of this subsection could, in the event therein referred to, have been made on her trustee, guardian, curator, or committee, on her or on her. trustee, guardian, curator, or committee, a notice—

- (i) giving particulars of the original assessment and of the amount remaining unpaid thereunder; and
- (ii) giving particulars, to the best of their judgment, of the assessment which would have fallen to be made as aforesaid,

and requiring the person on whom the notice is served to pay the amount which would have been payable under the last mentioned assessment if it conformed with those particulars, or the amount remaining unpaid under the original assessment, whichever is the less.

- (2) The same consequences as respects—
 - (a) the imposition of a liability to pay, and the recovery of, the tax, with or without interest; and .
 - (b) priority for the tax in bankruptcy or in the administration of the estate of a deceased person; and
 - (c) appeals to the General or Special Commissioners and the stating of cases for the opinion of the High Court; and
 - (d) the ultimate incidence of the liability imposed,

shall follow on the service of a notice under subsection (1) of this section on a woman, or on her trustee, guardian, curator or committee, or on her executors or administrators, as would have followed on the making on her, or on her trustee, guardian, curator or committee, or on her executors or administrators, as the-case may be, of such an assessment as is referred to in paragraph (b) of subsection (1) of this section, being an assessment which—

- (i) was made on the day of the service of the notice; and
- (ii) charged the same amount of tax as is required to be paid by the notice; and
- (iii) fell to be made and was made by the authority who made the original assessment; and
- (iv) was made by that authority to the best of their judgment,

and the provisions of the Income Tax Acts relating to the matters specified in paragraphs (a) to (d) of this subsection shall, with the necessary adaptations, have effect accordingly:

Provided that, where an appeal against the original assessment has been heard in whole or in part by the Special Commissioners, any appeal from the notice shall be an appeal to the Special Commissioners, and" where an appeal against the original assessment has been heard in whole or in part by the General Commissioners for any division, any appeal from the notice shall be an appeal to the General Commissioners for that division.

(3) Where a notice is given under subsection (1) of this section, tax up to the amount required to be paid by the notice shall cease to be recoverable under the original assessment and, where the tax charged by the original assessment carried interest under section eight of the Finance (No. 2) Act, 1947, such adjustment shall be made of the amount payable under that section in relation to that assessment, and such repayments shall be made of any amounts previously paid under that section in relation thereto, as are necessary to secure that the total sum, if any, paid or payable under that section

in relation to that assessment is the same as it would have been if the amount which ceases to be recoverable had never been charged.

- (4) Where the amount payable under a notice given under subsection (1) of this section is reduced as the result of an appeal or of the stating of a case for the opinion of the High Court—
 - (a) the Commissioners of Inland Revenue shall, if, in. the light of that result, they are satisfied that the original assessment was excessive, cause such relief to be given by way of repayment or otherwise as appears to them to be just; but
 - (b) subject to any relief so given, a sum equal to the reduction in the amount payable under the notice shall again become recoverable under the original assessment.
- (5) The Commissioners of Inland Revenue, the Special Commissioners, and the surveyor or other proper officer of the Crown shall have the like powers of obtaining information with a view to the giving of, and otherwise in connection with, a notice under subsection (1) of this section as they would have had with a view to the making of, and otherwise in connection with, such an assessment as is referred to in paragraph (b) of subsection (1) of this section if the necessary conditions had been fulfilled for the making of such an assessment.
- (6) Any notice under subsection (1) of this section may be served by post.

Right of husband to disclaim liability for tax on deceased wife's income

(1) Where a woman dies who, at any time before her death, was a married woman living with her husband, he or, if he is dead, his executors or administrators may, not later than two months from the date of the grant of probate or letters of administration in respect of her estate or, with the consent of her executors or administrators, at any later date, serve on her executors or administrators and on the surveyor a notice in writing declaring that, to the extent permitted by this section, he or they disclaims or disclaim responsibility for unpaid income tax in respect of all income of hers for any year of assessment or part of a year of assessment during which he was her husband and she was living with him:

Provided that a notice under this section shall not be deemed to be validly served on the surveyor unless it specifies the names and addresses of the woman's executors or administrators.

- (2) Where such a notice has been duly served on a woman's executors or administrators and on the surveyor—
 - (a) it shall be the duty of the Commissioners of Inland Revenue and the Special Commissioners to exercise such powers as they may then or thereafter be entitled to exercise-under section thirty-two of this Act in connection with any assessment made on or before the date when the service of the said notice is completed, being an assessment in respect of any of the income to which the said notice relates; and
 - (b) the assessments (if any), whether to income tax other than surtax Or to surtax, which may be made after that date shall, in all respects and in particular as respects the persons assessable and the tax payable, be the assessments which would have fallen to be made if—
 - (i) an application for separate assessment under Rule 17 of the General Rules or under subsection (9) of section forty-two of the Finance Act,

1927, as the case may be, had been in force in respect of the year of assessment in question; and

- (ii) all assessments previously made had been made accordingly.
- (3) Any notice under this section may be served by post.
- (4) In this section, the expression "the surveyor "means, in relation to a notice, any surveyor who might reasonably be considered by the person serving the notice to be likely to be concerned with the subject-matter thereof or who declares himself ready to accept service of the notice.
- (5) In the application of this section to Scotland, the reference to the date of the grant of probate or letters of administration shall be construed as a reference to the date of confirmation.

Construction of references to married women living with their husbands, and special provisions as to certain spouses geographically separated

- (1) A married woman shall be treated for income tax purposes as living with her husband unless either—
 - (a) they are separated under an order of a court of competent jurisdiction or by deed of separation; or
 - (b) they are in fact separated in such circumstances that the separation is likely to be permanent.
- (2) Where a married woman is living with her husband and either—
 - (a) one of them is, and one of them is not, resident in the United Kingdom for a year of assessment; or
 - (b) both of them are resident in the United Kingdom for a year of assessment but one of them is, and one of them is not, absent from the United Kingdom throughout that year,

the same consequences shall follow for income tax purposes as would have followed if, throughout that year of assessment, they had been in fact separated in such circumstances that the separation was likely to be permanent:

Provided that where this subsection applies and the net aggregate amount of income tax (including surtax) falling to be borne by the husband and the wife for the year is greater than it would have been but for the provisions of this subsection, the Commissioners of Inland Revenue shall cause such relief to be given (by the reduction of such assessments on the husband or the wife or the repayment of such tax paid (by deduction or otherwise) by the husband or the wife as those Commissioners may direct) as will reduce the said net aggregate amount by the amount of the excess.

35 Repeal of certain provisions as to married women

The following enactments or parts of enactments, that is to say—

- (a) Rule 16 of the General Rules (which contains a general provision as to married women); and
- (b) section twenty-five of the Finance Act, 1920, and the proviso to subsection (3) of section fifteen of the Finance Act, 1925 (which relate to the effect on reliefs of claims for separate assessment); and

- (c) so much of the definition of the expression "incapacitated person" in section two hundred and thirty-seven of the Income Tax Act, 1918, as requires a married woman, as such, to be treated as an incapacitated person; and
- (d) section one hundred and seventy-one of the Income Tax Act, 1918 (which enables a man to be made liable in certain cases for tax assessed on his wife); and
- (e) in paragraph (e) of subsection (1) of section one hundred and three of the Income Tax Act, 1918 (which relates to the information to be given by trustees, agents, receivers and others) the words "living with her husband, or a married woman whose husband is not accountable for the payment of any tax charged on her,"

are hereby repealed.