



# Finance Act 1940

## CHAPTER 29

### FINANCE ACT 1940

#### PART I

##### CUSTOMS AND EXCISE.

- 1 Beer.
- 2 Spirits.
- 3 Tobacco.
- 4 Matches.
- 5 Mechanical lighters.
- 6 Extension of period of stabilisation of Imperial preference in case of sugar, and c.
- 7 Drawback of duties under Safeguarding of Industries Act, 1921.
- 8 Excise licences for vehicles belonging to members of forces on leave.
- 9 Reduction of duty on certain mechanically propelled vehicles used for agricultural purposes.
- 10 Exemption from duty in respect of trailers used for refuse collection by local authorities and their contractors.

#### PART II

##### INCOME TAX.

##### *Charge of Tax.*

- 11 Income tax for 1940-41.
- 12 Higher rates of income tax for 1939-40.

*Status: This is the original version (as it was originally enacted).*

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*Rents and annual payments in respect of land.*

- 13 Application and interpretation of provisions as to rents and annual payments.
- 14 Modifications of relief from Schedule A in case of unoccupied houses.
- 15 Taxation of excess rents of immediate lessors arising under certain short leases.
- 16 Taxation of excess rents arising under other short leases.
- 17 Rents under long leases and other annual payments in respect of land.
- 18 Information.

*Miscellaneous.*

- 19 Extension of classes of income from foreign possessions taxable though not received in the United Kingdom.
- 20 Provisions as to dividends paid without full deduction of tax.
- 21 Amendment of provisions relating to tax-free income.
- 22 Deduction for wear and tear of hired machinery and plant.
- 23 Extension to 1940-41, and amendment, of s. 11 of Finance (No. 2) Act, 1939.
- 24 Double claims for children relief.
- 25 Postponement of quinquennial revaluation for purposes of Schedules A and B.

**PART III**

EXCESS PROFITS TAX AND NATIONAL DEFENCE CONTRIBUTION.

- 26 Raising of rate of excess profits tax.
- 27 Provisions to replace s. 13 (7) of Finance (No. 2) Act, 1939.
- 28 New provisions as to inter-connected companies.
- 29 Investments held by members of groups of bodies corporate.
- 30 Relief in respect of excess profits tax in dominions, and c.
- 31 Miscellaneous amendments as to standard profits.
- 32 Disallowance, in computing profits, of certain expenses.
- 33 Miscellaneous amendments as to computation of profits for excess profits tax.
- 34 Miscellaneous amendments as to computation of capital.
- 35 Computation of profits and capital in the case of trades and businesses not falling within Case I of Schedule D.
- 36 Provisions as to computation of losses.
- 37 Amendments as to deficiencies of profits.
- 38 Successions and amalgamations.
- 39 Amendments as to relation of excess profits tax to national defence contribution.
- 40 Amendments as to national defence contribution.
- 41 Definition of ordinary share capital.
- 42 Date from which amendments are to operate.

**PART IV**

ESTATE DUTY.

*General.*

- 43 Disposition or determination of life interests, and c.

- 44 Purchases of annuities, and c, from relatives.
- 45 Gifts by way of creation of burden or release of right.

*Estate duty in respect of deceased's benefits from certain companies.*

- 46 Charge on company's assets in respect of deceased's benefits therefrom.
- 47 Matters to be treated as benefits to deceased from company.
- 48 Surrender of title to, or of power to obtain, benefits.
- 49 Determination of net income of company.
- 50 Determination of value of assets of company.
- 51 Limitation on, and prevention of duplication of, charge.
- 52 Aggregation.
- 53 Duty to give information to Commissioners on death.
- 54 Collection and incidence of duty under s. 46.

*General provisions as to certain companies.*

- 55 Valuation for estate duty of shares and debentures of certain companies.
- 56 Limitation of exceptions for consideration, and for exclusion of deceased, where company concerned.
- 57 Information for purposes of s. 46 and s. 55.

*Interpretation and definitions.*

- 58 Interpretation of estate duty provisions.
- 59 Definitions for purposes of Part IV.

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- 60 Extension of power of Treasury to attach exemptions from taxation to securities.
- 61 Provisions as to permanent annual charge for the National Debt.
- 62 Amendment as to deficit for 1939-40.
- 63 Suspension of enactments relating to Post Office Fund.
- 64 Remission of death duties in cases of members of the crews of vessels killed in war.
- 65 Short title, construction, extent and repeal.

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SCHEDULES.

FIRST SCHEDULE — Beer (Rates of Duty and Drawback).

PART I — RATE OF EXCISE DUTY.

PART II — RATE OF EXCISE DRAWBACK.

PART III — RATE OF CUSTOMS DUTY IN CASE OF BEER BEING AN EMPIRE PRODUCT.

PART IV — RATE OF CUSTOMS DUTY IN CASE OF BEER NOT BEING AN EMPIRE PRODUCT.

PART V — RATE OF CUSTOMS DRAWBACK IN CASE OF BEER BEING AN EMPIRE PRODUCT.

PART VI — RATE OF CUSTOMS DRAWBACK IN CASE OF BEER NOT BEING AN EMPIRE PRODUCT.

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SECOND — Spirits (Rates of Ordinary Customs Duty).  
SCHEDULE

THIRD SCHEDULE — Tobacco (Rates of Duty and Drawback).  
PART I — CUSTOMS DUTIES.  
PART II — EXCISE DUTIES.  
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FOURTH SCHEDULE — Matches (Rates of Duty).  
PART I — RATES OF CUSTOMS DUTIES.  
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FIFTH SCHEDULE — Provisions as to Excess Profits Tax and National Defence  
Contribution in the case of interconnected companies.  
PART I

*Assessment of excess profits tax.*

- 1 (1) If, for any period after the end of March,...
  - 2 Every assessment to excess profits tax made in respect of...
  - 3 Paragraph 1 of Part III of the Fifth Schedule to...
- PART II

*The group standard period and the group standard profits.*

- 1 (1) This Part of this Schedule shall have effect with...
  - 2 (1) If the trade or business of any of the...
  - 3 (1) If the group is one to which the last...
  - 4 (1) Whether the group is or is not such a...
- PART III

*Ascertainment of standard profits of members and  
ascertainment of excesses and deficiencies of profits.*

- 1 The standard profits of a body corporate which is a...
  - 2 (1) If the group is such a group as is...
  - 3 (1) If the group is not such a group as...
  - 4 If by virtue of an election of the principal company...
  - 5 (1) If in the case of the trade or business...
- PART IV

*Miscellaneous Provisions.*

- 1 (1) Subsection (1) of section seventeen of the Finance (No....
- 2 (1) In this paragraph, the expression " the borrowed money...
- 3 (1) This paragraph applies to a subsidiary member of a...
- 4 (1) In this paragraph— (a) the expression " period of...
- 5 If at any time after the thirty-first day of March,...
- 6 (1) Subject to the provisions of sub-paragraph (2) of this...
- 7 (1) Neither section nineteen of the Finance (No. 2) Act,...
- 8 (1) For each subsidiary member of a group of companies,...
- 9 (1) Section eighteen of the Finance (No. 2) Act, 1939,...
- 10 (1) In the case of a member of a group...
- 11 Any appeal from any assessment to, or determination with respect...
- 12 Any dispute arising between any bodies corporate with respect to...

13 (1) In this Schedule, the expression " new subsidiary," in...

SIXTH SCHEDULE — Additional provisions as to assessment and collection of excess profits tax and the national defence contribution.

- 1 On an appeal against an assessment to excess profits tax...
- 2 Where an appeal is pending against an assessment to excess...
- 3 The provisions of paragraphs 1 and 2 of this Schedule...
- 4 Where, for any period, excess profits tax would be assessable...
- 5 Any payment made under an assessment to excess profits tax...
- 6 In this Schedule the expression " subsisting assessment " means...
- 7 Where the chargeable accounting periods for the purposes of excess...
- 8 Any apportionment required to be made by the last preceding...

SEVENTH — Provisions supplementary to section forty-six and succeeding  
SCHEDULE provisions of part iv.

*Amounts to be taken into account in respect of benefits,  
and time when benefits are to be treated as accruing.*

- 1 (1) The provisions of this paragraph shall have effect for...
- 2 (1) The provisions of this paragraph shall have effect for...

*Adjustments as to Distributed Assets and Additions to Assets.*

- 3 (1) Where the assets of the company passing on the...
- 4 (1) Where the principal value of the assets of the...

*Prevention of duplication of charge in respect of benefits and charge in respect of shares.*

- 5 For the purposes of subsection (2) of section fifty-one of...

*" Accounting year. "*

- 6 (1) The expression " accounting year " means if the...

EIGHTH SCHEDULE — Enactments Repealed.