



# Finance Act 1940

1940 CHAPTER 29 3 and 4 Geo 6

## PART III.

EXCESS PROFITS TAX AND NATIONAL DEFENCE CONTRIBUTION.

### **30 Relief in respect of excess profits tax in dominions, &c**

- (1) His Majesty may by Order in Council declare that—
- (a) under the law in force in any part of His Majesty's dominions outside the United Kingdom excess profits tax is payable in respect of any profits in respect of which excess profits tax is, or, of there were no national defence contribution, would be, payable also under the law in force in the United Kingdom; and
  - (b) arrangement have been made with the Government of that Part of His Majesty's dominions providing for the giving of relief from double taxation in respect of such profits in accordance with the following principles—
    - (i) that there shall be computed the amount of excess profits tax which would be payable in each territory if excess profits tax in the other territory, and national defence contributions in the United Kingdom, were disregarded except in computing capital;
    - (ii) that such amount of relief from tax shall be given in each territory as bears to the lower of the two amounts so computed the same proportion as the amount so computed for that territory bears to the sum of the two amounts so computed; and
    - (iii) that where the amount so computed for either territory is found to have been incorrect (whether by reason of a subsequent deficiency of profits or for any other reason) the amount so computed shall be recalculated and the relief in both territories varied accordingly.
- (2) Where any such Order in Council is made, then, if the Commissioners are satisfied that any case is one which falls within the arrangements to which the Order relates, they shall, in lieu of allowing, in computing profits for the purpose of excess profits tax or the national defence contribution, any deduction in respect of excess profits tax charged in the part of His Majesty's dominions outside the United Kingdom to

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*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 1940, Section 30. (See end of Document for details)*

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which the Order relates, make such adjustment of the excess profits tax payable in the United Kingdom or the national defence contribution as may be necessary to give effect to the arrangements, and allow any necessary relief accordingly by repayment or otherwise, [<sup>F1</sup>so, however that the effect of the adjustment taken in conjunction with any adjustment in the said part of His Majesty's dominions outside the United Kingdom, shall not be less favourable to the tax-payer than the effect of allowing the deduction].

- (3) Where under the provisions of subsection (2) of this section any adjustment of excess profits tax or national defence contribution is made for any period, a corresponding adjustment shall be made in computing for the purposes of section nineteen of the Finance (No. 2) Act, 1939, (which makes provisions as to the relation between excess profits tax and the national defence contribution) both the excess profits tax chargeable for that period and the national defence contribution for that period.
- (4) Where it appears to the Commissioners that, under the arrangements to which any such Order as aforesaid relates, any relief provided for by the arrangements falls to be recalculated (whether by reason of a subsequent deficiency of profits or otherwise), the adjustments made under subsection (2) and (3) of this section shall be varied accordingly and any necessary further relief given by repayment or otherwise and, where the effect of recalculation is to show that too much relief had been given, any necessary additional assessments shall be made.
- (5) The obligation as to secrecy imposed by paragraph 6 of Part II of the Fifth Schedule to the <sup>M1</sup>Finance Act, 1937, and subsection (2) of section twenty-one of the Finance (No. 2.) Act, 1939, shall not prevent any authorised officer of the Commissioners from disclosing, to any authorised officer of the Government with which arrangements are declared by an Order in Council under this section to have been made, such facts as may be necessary to enable effect to be given to the arrangements.
- (6) This section shall apply in relation to—
  - (a) any British Protectorate or protected state; and
  - (b) any territory in respect of which mandate on behalf of the League of Nations has been accepted by His Majesty, and is being exercised by His Majesty's Government in the United Kingdom or the Government of any Dominion,
as it applies to a part of His Majesty's dominions outside the United Kingdom.

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**Textual Amendments**

**F1** Words substituted by [Finance Act 1941 \(c. 30\), s. 41](#)

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**Marginal Citations**

**M1** 1 Edw. 8. & 1 Geo. 6. c. 54.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1940, Section 30.