



Finance Act 1940

1940 CHAPTER 29 3 and 4 Geo 6

PART III.

EXCESS PROFITS TAX AND NATIONAL DEFENCE CONTRIBUTION.

31 Miscellaneous amendments as to standard profits.

(1) For subsection (2) of section thirteen of the Finance (No. 2.) Act, 1939, there shall be substituted the following subsection—

“(2) The minimum amount referred to in subsection (1) of this section is one thousand pounds, or, in the case of a trade or business carried on by a single individual, or by a partnership, or by a company the directors whereof have a controlling interest therein, such greater sum, not exceeding six thousand pounds, as is arrived at by allowing one thousand five hundred pounds for each working proprietor in the trade or business :

Provided that if, in the case of a trade or business carried on by a single individual, a partnership or such company as aforesaid, the Commissioners, having regard to the nature of the business and the size of the business as shown by the value of the assets employed therein, are satisfied that the greater sum is inadequate, they may, if they think fit, direct that there shall be allowed in respect of not more than four working proprietors such additional sum, not exceeding one thousand pounds for each individual working proprietor or four thousand in the aggregate, as may be specified in the direction.

In this subsection—

- (a) the expression “working proprietor” means a proprietor who has, during more than one-half of the chargeable accounting period in question, worked full time in the actual management or conduct of the trade or business;
- (b) the expression “proprietor” means, in the case of a trade or business carried on by a partnership, a partner therein, and, in the case of a company, any director thereof owning more than one-twentieth of the share capital of the company.”

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1940, Section 31. (See end of Document for details)*

- (2) The following paragraphs shall be substituted for paragraph (b) of subsection (9) of the said section thirteen (which defines the statutory percentage) :—
- “(b) in relation to a trade or business carried on by a partnership of which one or more of the partners is a body corporate which is not a company the directors whereof have a controlling interest therein, such a rate per cent. as is equivalent to—
 - (i) eight per cent. on so much of the average amount of the capital employed in the trade or business in the chargeable accounting period as represents the share of any such body corporate; and
 - (ii) ten per cent. on the remainder of that amount;
 - (c) in relation to a trade or business to which neither of the foregoing paragraphs of this subsection applies, ten per cent.”

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1940, Section 31.