



Finance Act 1944

1944 CHAPTER 23

An Act to grant certain duties, to alter other duties, and to amend the law relating to the Public Revenue and the National Debt, and to make further provision in connection with Finance. [13th July 1944.]

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 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 King'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 AND EXCISE.

1 Beer.

- (1) Section one of the Finance (No. 2) Act, 1939 (which imposes duties of excise and customs in respect of beer) shall have effect as if Parts I, III and IV of the First Schedule to this Act were respectively substituted for Parts I, III and IV of the First Schedule to that Act.
- (2) In the case of beer in respect of which it is shown to the satisfaction of the Commissioners that the increased duty chargeable by virtue of this section has been paid, the provisions of the said section one relating to drawback shall have effect as if Parts II, V and VI of the First Schedule to this Act were respectively substituted for Parts II, V and VI of the First Schedule to the Finance (No. 2) Act, 1939.

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- (3) This section shall be deemed to have had effect as from the twenty-sixth day of April, nineteen hundred and forty-four.

2 Sugar preferences.

- (1) Subsection (1) of section seven of the Finance Act, 1926 (which, as amended by section seven of the Finance Act, 1942, provides, inter alia, for the stabilisation of rates of imperial preference in the case of the duties of customs charged on sugar, molasses, glucose and saccharin, during a period ending with the thirty-first day of August, nineteen hundred and forty-four) shall, in so far as it relates to the said duties, have effect as if the said period were extended so as to expire at the end of August, nineteen hundred and forty-six.
- (2) The maximum quantity of sugar in respect of which quota certificates may be issued under section one of the Finance Act, 1934 (which, inter alia, provides a special preference in respect of colonial sugar), shall, as respects the financial year ending with the thirty-first day of March, nineteen hundred and forty-five, and subsequent financial years, be increased from three hundred and sixty thousand tons to four hundred thousand tons.

3 Entertainments duty on season tickets, and c.

Where—

- (a) the payment for admission to an entertainment is made by means of a lump sum paid as a subscription or contribution to any club, association or society, or for a season ticket or for the right of admission to a series of entertainments or to any entertainment during a certain period of time ; and
- (b) the person making the payment could have obtained the same rights of admission to entertainments (being entertainments in respect of which entertainments duty is payable) by making separate payments of ascertained amounts in respect of all those entertainments,

the duty chargeable in respect of the lump sum payment shall not exceed the total sums which would have been payable by way of entertainments duty if, in lieu of making the lump sum payment, he had made those separate payments.

4 Bottling of vintage port in bond.

- (1) Notwithstanding anything in section ninety-five of the Customs Consolidation Act, 1876, wine which the Commissioners are satisfied is vintage port may, subject to and in accordance with any regulations made by the Commissioners, be bottled for home consumption in a warehouse.
- (2) If any person contravenes any regulation made by the Commissioners under this section, he shall be liable to a customs penalty of fifty pounds and the wine in respect of which the offence is committed shall be forfeited.

5 Amendment of s. 6 (2) of Finance Act, 1927.

The power of the Commissioners under subsection (2) of section six of the Finance Act, 1927, to make regulations for relieving from excise duty sweets intended for exportation or shipment as stores shall include power to make regulations for relieving

from that duty sweets intended for use as ingredients of goods intended for exportation or shipment as stores.

6 Repeal of armorial bearings and carriage duties.

- (1) The duties of excise chargeable under the Revenue Act, 1869, in respect of armorial bearings and the Customs and Inland Revenue Act, 1888, in respect of carriages and hackney carriages, respectively, shall cease to be chargeable, and no licence shall be required to be taken out under the first-mentioned Act in respect of the wear or use of armorial bearings or the keeping of a carriage or hackney carriage.
- (2) This section shall come into operation on the first day of January, nineteen hundred and forty-five.

7 Repeal of provisions as to church-door notices and provision of forms.

Section seven of the Dog Licences Act, 1867, and sections twenty and twenty-one of the Revenue Act, 1869 (both as originally enacted and as amended or applied by any subsequent enactment) are hereby repealed.

8 Licensed premises : continuance in force of term licences pending confirmation of re-grant.

Paragraph 5 of Part I of the Sixth Schedule to the Finance Act, 1942 (which provides that a justices' licence granted for a term and in force for all purposes after being suspended under section ten of that Act shall continue in force until the fifth day of April next following the expiration of a period beginning on the last day of the term equal to the period of suspension) shall, where a re-grant of such a licence is made before the said fifth day of April and application is made to the confirming authority for confirmation thereof in the same year, have effect, and be deemed always to have had effect, as if for the reference to the said fifth day of April there were substituted a reference to the date on which confirmation of the re-grant is granted or refused.

9 Licensed premises : provision as to war damage occurring while licence suspended.

- (1) Where under subsection (2) of section ten of the Finance Act, 1942, the Commissioners have certified that the business carried on in any licensed premises has been temporarily discontinued by reason of war circumstances not including the destruction of the premises or serious damage thereto, and the licence has been suspended accordingly, then if the holder of the licence satisfies the Commissioners that at any time during the suspension of the licence, whether before or after the passing of this Act, the premises have been affected by war circumstances consisting of the destruction thereof or serious damage thereto, the Commissioners shall certify accordingly ; and where a certificate is given under this subsection the provisions of the said section ten and the Sixth Schedule to the said Act shall, as respects the period after the time when the destruction or damage occurred during which the licence is in suspense, have effect as if the certificate by virtue of which the licence was suspended had certified that the war circumstances to which it related included the destruction of the premises, or serious damage thereto.
- (2) This section shall be construed as one with the said section ten.

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PART II

PURCHASE TAX.

10 Amendment as to purchase tax in respect of imported chargeable goods.

- (1) The following section shall be substituted for section eighteen of the Finance (No. 2) Act, 1940—
- (1) A tax, to be called purchase tax, shall be charged, subject to and in accordance with the provisions of this Part of this Act, on the wholesale value of all chargeable goods bought under chargeable purchases.
 - (2) A chargeable purchase is any purchase made from a wholesale merchant or manufacturer (other than one who is not required by this Part of this Act to be registered) selling by wholesale, so far as regards,—
 - (a) in the case of a purchase of ascertained goods, goods bought under the purchase which are in the United Kingdom at the time of the purchase,
 - (b) in the case of a purchase of unascertained goods, goods appropriated to the purchase which are in the United Kingdom at the time of the appropriation,with the exception of a purchase made by a registered wholesale merchant or a registered manufacturer of goods as stock for his business in the case of a wholesale merchant or as materials in the case of a manufacturer.
 - (3) Tax chargeable in respect of any goods by virtue of a purchase shall become due on the delivery of the goods under the purchase, and the seller under the purchase shall be accountable therefor.
 - (4) The tax shall also be charged, subject to and in accordance with the provisions of this Part of this Act, on the wholesale value of all chargeable goods imported into the United Kingdom, with the exception of goods imported for a registered wholesale merchant or a registered manufacturer as stock for his business or as materials.”
- (2) Imported goods shall be deemed to be imported for a registered wholesale merchant or a registered manufacturer as stock for his business or as materials if the Commissioners are satisfied, on a representation to that effect made to them in the prescribed manner and at the prescribed time by a person claiming to be the holder of a certificate of registration, that he is the holder of such a certificate and that he intends to sell the goods or to use them as materials.
- (3) The Commissioners may, as respects any imported chargeable goods deemed in consequence of such a representation as aforesaid to be imported as aforesaid, from time to time require the person by whom the representation was made to account for the goods, and, unless he proves that he has sold the goods under a chargeable purchase or to a registered wholesale merchant as stock for his business or to a registered manufacturer as materials, or has used them as materials, or has appropriated or applied them as mentioned in section twenty-five of the Finance (No. 2) Act, 1940, or the goods are otherwise accounted for to the satisfaction of the Commissioners, the exception which had effect in consequence of the representation from the tax that apart from the representation would have been chargeable by virtue of the importation of the goods shall be deemed to have ceased to have effect on the making of the

requirement, and that tax shall be deemed to have become payable thereupon and shall be recoverable as a debt due to His Majesty from that person.

- (4) In subsection (1) of section twenty-five of the Finance (No. 2) Act, 1940 (which provides for treating as chargeable purchases certain appropriations and applications by registered persons of goods acquired by them as stock or as materials) there shall be inserted, after the words "acquired under a purchase of goods as stock for his business or as materials", the words "or which were imported for him as stock for his business or as materials".
- (5) The consequential and transitional provisions set out in Parts I and II respectively of the Second Schedule to this Act shall have effect in relation to the provisions of this section.

11 Application of customs enactments to imported chargeable goods.

- (1) The Customs Consolidation Act, 1876, and enactments amending that Act and other enactments (including provisions of regulations or other instruments having statutory effect) relating to Customs generally shall have effect, subject to the provisions of this section and with such exceptions and adaptations as may be prescribed, in relation to chargeable goods imported into the United Kingdom, whether liable to any duty of customs or not, as if all such goods were liable to duties of customs and as if those duties included tax chargeable by virtue of importation :

Provided that nothing in this subsection shall be construed as—

- (a) applying the Provisional Collection of Taxes Act, 1913, to the tax ; or
 - (b) extending the meaning of the expression "the United Kingdom" in any of the enactments relating to the tax so as to include the Isle of Man.
- (2) Subsection (1) of section twenty-one of the Finance (No. 2) Act, 1940 (which prescribes the basis on which the wholesale value of goods in respect of which tax is chargeable is to be determined) shall have effect in relation to tax chargeable by virtue of importation to the exclusion of section ten of the Finance Act, 1935, and subsections (2) and (3) of the said section twenty-one (which relate to the determination by arbitration of questions as to the wholesale value of goods and to the deposit of tax pending a reference to arbitration) shall have effect in relation to tax chargeable by virtue of importation to the exclusion, so far as regards any such question, of sections thirty and thirty-one of the Customs Consolidation Act, 1876.
 - (3) Where it is shown to the satisfaction of the Commissioners that any chargeable goods are being imported solely with a view to the re-exportation thereof—
 - (a) after undergoing a process in the United Kingdom which will not change the form or character of the goods; or
 - (b) after transit through the United Kingdom, or by way of transhipment;the Commissioners may, subject to such conditions as they think fit to impose for securing the re-exportation of the goods, allow the goods to be imported without payment of any tax chargeable by virtue of the importation of the goods.
 - (4) Section six of the Customs and Inland Revenue Act, 1879 (which relates to re-importation) shall be excepted from the enactments which are to have effect as mentioned in subsection (1) of this section, but tax shall not be chargeable by virtue of an importation into the United Kingdom of chargeable goods where it is shown to the satisfaction of the Commissioners that the goods had been previously exported from

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the United Kingdom and are in substantially the same state as they were in at the time of their exportation, and—

- (a) that before their exportation the goods had been the subject of a purchase being a chargeable purchase, or of such an appropriation or application as is mentioned in section twenty-five of the Finance (No. 2) Act, 1940, or of an importation effected after the passing of this Act and not being an importation of the goods for a registered person as stock for his business or as materials ; and
 - (b) if tax was chargeable by virtue of the goods being the subject of that purchase, appropriation or application or importation, and has become payable, that that tax has been duly paid, that subsection (1) of section twenty-nine of the said Act did not have effect in relation to the exportation and that no right to the payment of an allowance for any tax payable arose on the exportation ; and
 - (c) if tax was chargeable by virtue of that importation, that the goods whilst in the United Kingdom before their exportation were not there in any such circumstances as to render that tax not payable.
- (5) Section sixteen of the Finance Act, 1934 (which relates to the prevention of smuggling in Northern Ireland) shall have effect, in its application by virtue of subsection (1) of this section, as if references to the importation of goods were references to the importation thereof in such circumstances that tax is chargeable by virtue of the importation.
- (6) The following enactments shall be excepted from the enactments which are to have effect as mentioned in subsection (1) of this section, that is to say, section one hundred and fifty-six of the Customs Consolidation Act, 1876 (which relates to the importation of goods from the Channel Islands), and the provisions of the Schedule to the Customs Tariff Act, 1876, and of subsection (1) of section seven of the Finance Act, 1901, as to parts and ingredients of imported goods.
- (7) Regulations made under subsection (2) of section fourteen and section fifteen of the Post Office (Parcels) Act, 1882 (which authorise the making of provision as to the application of customs enactments to certain postal packets, and otherwise in relation thereto) may make special provision in relation to chargeable goods and to tax chargeable by virtue of importation.

12 Power to except a person from registration where tax on his purchases would be not less than tax on his sales.

- (1) Notwithstanding anything in subsection (1) of section twenty-three of the Finance (No. 2) Act, 1940 (which requires the registration of wholesale merchants and manufacturers whose businesses include the selling of chargeable goods), if the Commissioners are satisfied in the case of any such merchant or manufacturer, on a comparative estimate of—
- (a) the amount of the tax which, apart from any exercise of the power conferred on the Commissioners by this section, will become chargeable by virtue of purchases from him as being a person required to be registered, and of appropriations and applications such as are mentioned in section twenty-five, of that Act made by him as being a person so required, and
 - (b) the amount of the tax which, if he is not registered, will become chargeable by reason of the fact that the provisions of the enactments relating to the tax as to purchases by, sales to and importations for, a registered person as stock for his business or as materials will not in that event apply to him,

that the latter amount will on the average be not less than the former, they may, if he is not already registered, refrain from registering him so long as they are so satisfied, or, if he is already registered, cancel his registration and thereafter refrain from registering him so long as they are so satisfied.

- (2) As respects any period during which the Commissioners refrain under this section from registering a person who would otherwise be required by the said subsection (1) to be registered, he shall be treated for the purposes of the enactments relating to the tax, other than the provisions of subsection (2) of the said section twenty-three, as being a person not required by the said subsection (1) to be registered.
- (3) The provisions of subsection (8) of the said section twenty-three as to service by the Commissioners of notice of their intention to cancel a registration shall have effect, as respects a cancellation under this section, only where such a cancellation is effected without the assent of the registered person.

13 Amendment as to exclusion from registration of small businesses.

- (1) The Treasury shall have power by an order made under subsection (9) of section twenty-three of the Finance (No. 2) Act, 1940, to direct that the proviso to subsection (1) of that section (which excludes from registration wholesale merchants and manufacturers whose gross takings from sales of chargeable goods do not exceed the amount therein mentioned) shall be suspended during the continuance in force of the order, and to revoke an order made under that subsection.
- (2) In subsection (3) of the said section twenty-three (which requires a person carrying on business in such circumstances that he is required to be registered to make an application for registration to the Commissioners), the following paragraphs shall be substituted for paragraphs (a) and (b) respectively, that is to say—
 - “(a) if he is carrying on business in such circumstances as aforesaid at the passing of the Finance Act, 1944, and is not then registered, before the expiration of fourteen days from the passing thereof ; or
 - (b) if he begins to carry on business in such circumstances as aforesaid, or if the circumstances become such as aforesaid (whether by reason of a change in the circumstances of his business or otherwise) after the passing of that Act, before the expiration of fourteen days from the date when he begins so to carry on business, or when the circumstances become such as aforesaid, as the case may be”.

14 Power to require security for tax as condition of holding a certificate of registration.

- (1) The Commissioners may, where it appears to them to be requisite for the security of the revenue so to do, impose, as a condition of issuing a certificate of registration to a registered person or of the continuance in effect of such a certificate issued to such a person, or as a condition of a person's having the benefit of the proviso to subsection (1) of section twenty-four of the Finance (No. 2) Act, 1940 (which relates to treating certain purchases as purchases excepted from being chargeable purchases), a requirement that he shall give security up to an amount and in a manner approved by the Commissioners for the payment of tax for which he may be or become accountable.

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- (2) The fact that a person who is required to be registered is by virtue of this section not for the time being entitled to a certificate of registration shall not be treated as derogating in any respect from the effect of that requirement.

15 Relief against double charge of purchase tax.

- (1) If a wholesale merchant or a manufacturer proves to the satisfaction of the Commissioners, in the case of any goods in respect of which tax has become chargeable by virtue of a purchase made from him or by virtue of such an appropriation or application as is mentioned in section twenty-five of the Finance (No. 2) Act, 1940, made by him, that tax also became chargeable in respect thereof on a previous occasion by virtue of a purchase thereof, or of such an appropriation or application thereof, made by him, or of an importation thereof effected by him at a time when he was not the holder of a certificate of registration, the Commissioners may remit payment of the first mentioned tax, or if it has been paid may repay it, up to an amount not exceeding the amount of the last mentioned tax.
- (2) If a manufacturer proves to the satisfaction of the Commissioners that he has used as materials for goods in respect of which tax has become chargeable by virtue of a purchase made from him or by virtue of such an appropriation or application as is mentioned in section twenty-five of the Finance (No. 2) Act, 1940, made by him, goods in respect of which tax became chargeable on a previous occasion by virtue of a purchase thereof, or of such an appropriation or application thereof, made by him, or of an importation thereof effected by him at a time when he was not the holder of a certificate of registration, the Commissioners may remit payment of the first mentioned tax, or if it has been paid may repay it, up to an amount not exceeding the amount of the last mentioned tax.

16 Penalties for certain offences in relation to purchase tax.

The penalty for a failure to comply with any requirement imposed by or under regulations made under Part V of the Finance (No. 2) Act, 1940 (which relate to the ascertainment of chargeable purchases and the amounts of tax chargeable by virtue thereof, the furnishing of information affecting liability to registration, the keeping of accounts of the amounts of tax for which persons are accountable, and other matters), shall in lieu of fifty pounds be one hundred pounds, together, in the case of a failure to comply with a requirement so imposed that any act shall be done at a specified time, or within a specified period, with a further penalty of ten pounds for each day after that time or after the end of that period, as the case may be, during which failure to do the act in question continues.

17 Fraudulent evasion of purchase tax.

- (1) If any person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion, by him or any other person, of tax in respect of any goods, he shall be liable to a penalty of five hundred pounds or treble the amount of the tax, whichever is the greater, or to imprisonment for a term not exceeding two years, or to both such a penalty and such imprisonment.
- (2) If any person acquires possession of or deals with any goods, having reason to believe that tax chargeable in respect thereof has been or will be evaded, he shall be liable

to a penalty of five hundred pounds or treble the amount of the tax, whichever is the greater.

- (3) Subsection (3) of section twelve of the Finance Act, 1943 (which, where in pursuance of subsection (1) or (2) of that section a person is ordered by a court of summary jurisdiction both to be imprisoned for a term and to pay a penalty, and is also ordered to be imprisoned for a further term in default of payment or satisfaction of the penalty, limits the aggregate of the two terms of imprisonment to two years) shall apply to orders of a court of summary jurisdiction made in pursuance of subsection (1) of this section as it applies to such orders made in pursuance of subsection (1) or (2) of the said section twelve.
- (4) Section seventy-six of the Excise Management Act, 1827, as applied by paragraph 1 of the Ninth Schedule to the Finance (No. 2) Act, 1940, shall have effect as if purchase tax were a duty of excise.

18 Definition of " registered " and " holder of certificate of registration ".

In subsection (1) of section forty-one of the Finance (No. 2) Act, 1940 (which relates to interpretation) after the definition of " purchase " the following definitions shall be inserted, that is to say :—

“ registered ' means registered under this Part of this Act, ' registration ' has a corresponding meaning, and ' holder of a certificate of registration ' means the holder of a certificate of registration which is in effect for the time being”.

PART III

INCOME TAX (CHARGE OF TAX AND MISCELLANEOUS).

19 Income tax for 1944-45.

- (1) Income tax for the year 1944-45 shall be charged at the standard rate of ten shillings in the pound, and in the case of an individual whose total income exceeds one thousand five hundred pounds, at such higher rates in respect of the excess over one thousand five hundred pounds as Parliament may hereafter determine.
- (2) Subject to the provisions of the Income Tax (Employments) Act, 1943, and the Income Tax (Offices and Employments) Act, 1944 all such enactments as had effect with respect to the income tax charged for the year 1943-44, other than such enactments as by their terms relate only to tax for that year, shall have effect with respect to the income tax charged for the year 1944-45.

20 Higher rates of income tax for 1943-44.

Income tax for the year 1943-44 shall be charged at rates exceeding the standard rate in the case of individuals whose total incomes exceed two thousand pounds and in respect of the excess of their total incomes over that sum ; and the said rates shall be rates in the pound which respectively exceed the standard rate for the year 1943-44 by the amounts specified in the second column of the Table in subsection (1) of section seven of the Finance (No. 2) Act, 1940.

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21 Extension to 1944-45 of s. 11 of Finance (No. 2) Act, 1939.

Section eleven of the Finance (No. 2) Act, 1939 (which grants relief in respect of diminution of earned income owing to circumstances directly or indirectly connected with the present war) shall apply in relation to tax for the year 1944-45 as it applied in relation to tax for the year 1939-40, with the adaptation that references to the year 1939-40 shall be construed as references to the year 1944-45 and references to the year 1938-39 shall be construed as references to the year 1943-44.

22 Increased house allowance to clergymen and ministers.

In sub-paragraph (b) of paragraph (i) of Rule 2 of the General Rules (which provides, in the case of a clergyman or minister of any religious denomination, for the deduction from any profits, fees or emoluments of his profession or vocation of a part, not exceeding one-eighth, of the rent or annual value of a dwelling-house any part of which is used mainly and substantially for the purposes of his duty as a clergyman or minister) for the words " one-eighth " there shall be substituted the words " one-quarter. "

23 Amendment of s. 24 of Finance Act, 1920.

- (1) For the purposes of the proviso to subsection (1) of section twenty-four of the Finance Act, 1920 (which provides for the granting of reliefs from income tax to certain individuals not resident in the United Kingdom, subject to certain limitations on the amount of the relief) Dominion income tax relief shall be left out of account in computing—
- (a) the amount of the income tax payable by an individual; and
 - (b) the amount which would be payable by him by way of income tax if the tax were chargeable on his total income from all sources, including income which is not subject to income tax charged in the United Kingdom.
- (2) In this section the expression " Dominion income tax relief " means the relief provided for by section twenty-seven of the Finance Act, 1920.

24 Sale of copyrights for lump sum.

- (1) Where—
- (a) the author of a literary, dramatic, musical or artistic work assigns the copyright therein wholly or partially or grants any interest in the copyright by licence ; and
 - (b) the consideration for the assignment or grant consists wholly or partially of a lump sum payment the whole amount of which would, but for this section, be included in computing the amount of his profits or gains for a single year of assessment; and
 - (c) the author was engaged on the making of the work for a period of more than twelve months,
- he shall be entitled to claim that effect shall be given to the subsequent provisions of this section in connection with that payment.
- (2) If the period for which he was engaged on the making of the work does not exceed twenty-four months, then, for all the purposes of the Income Tax Acts, one half only of the amount of the payment shall be treated as having become receivable on the date on

which it actually became receivable, and the remaining half shall be treated as having become receivable twelve months before that date.

- (3) If the period for which he was engaged on the making of the work exceeds twenty-four months, then, for all the purposes of the Income Tax Acts, one third only of the amount of the payment shall be treated as having become receivable on the date on which it actually became receivable, and one third shall be treated as having become receivable twelve months, and one third twenty-four months, before that date.
- (4) A claim under subsection (1) of this section must be made to the Commissioners of Inland Revenue not later than twelve months from the end of the year of assessment mentioned in that subsection, and section nineteen of the Finance Act, 1925 (which relates to the making and allowing of claims for certain reliefs and to rights of appeal), shall apply in relation to claims under the said subsection (1) as it applies in relation to the claims mentioned in that section.
- (5) Where, on a claim made under this section, liability to tax falls to be adjusted in accordance with subsection (2) or subsection (3) of this section, such additional assessments, reductions of assessments and repayments shall be made as are necessary to give effect to the provisions of this section.
- (6) In this section, the expression " author " includes a joint author, and the expression " lump sum payment " includes an advance on account of royalties which is not returnable.

25 Maintenance orders.

- (1) In this section, the expression " small maintenance payments " means payments under an order made by a court in the United Kingdom—
 - (a) to or for the benefit of a woman for her maintenance ; or
 - (b) to any person for the benefit of, or for the maintenance or education of, a person under sixteen years of age,being payments which—
 - (i) are for the time being required by the order (whether as originally made or as varied) to be made weekly at a rate not exceeding two pounds a week in the first-mentioned case and not exceeding one pound a week in the last-mentioned case ; and
 - (ii) would, apart from this section, fall within Rule 19 or Rule 21 of the General Rules (which provide for the deduction of tax from interest, annuities and other annual payments) ;and the expression " small maintenance order " means an order providing for the making of small maintenance payments.
- (2) Notwithstanding anything in Rule 19 or Rule 21 of the General Rules, the following payments shall be made without deduction of tax, that is to say,—
 - (a) any small maintenance payment under an order made after the passing of this Act; and
 - (b) any small maintenance payment falling due after the fifth day of April, nineteen hundred and forty-five, under an order made before the passing of this Act.
- (3) Any sums paid in or towards the discharge of payments required by this section to be made without deduction of tax shall be chargeable under Case III of Schedule D as if

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they were mentioned in Rule 1 of the Rules applicable to that Case, but the tax shall be computed in all cases" on the payments falling due in the year of assessment, so far as paid in that or in any other year.

(4) A claimant shall be entitled, in computing his total income for any year of assessment for any of the purposes of the Income Tax Acts, to deduct sums paid by him in or towards the discharge of any such small maintenance payments required by this section to be made without deduction of tax as fall due in that year, and effect shall be given to this deduction by reducing any assessment made on him or by repayment, as the case may require ; and for the purposes of section seventeen of the Income Tax Act, 1918 (which provides that relief is not to be given in respect of charges on income) any amount which can be deducted under this subsection in computing the total income of a person shall be treated as if it were income the tax on which that person is entitled to charge against another person.

(5) Where a court—

- (a) make a small maintenance order ; or
- (b) vary an order so that it becomes or ceases to be a small maintenance order; or
- (c) change the persons who are entitled to small maintenance payments ;

the court shall furnish to the Commissioners of Inland Revenue, in such form as those Commissioners may prescribe, particulars of the order or variation, as the case may be, the names of the persons affected by the order and, so far as known to the court, the addresses of those persons.

(6) In this section, the expression " persons affected ", in relation to a small maintenance order, means the person liable to make the payments under the order and any person for the time being entitled to the payments, references to the making of an order include references to the revival of an order, and references to the variation of an order include references to the making of an order changing the persons entitled to the payments thereunder.

26 Simplification of procedure.

(1) The provisions of this section shall have effect as respects—

- (a) the year 1945-46 and subsequent years of assessment ; and
- (b) any additional assessment for the year 1944-45 or any previous year signed or signed and allowed after the fifth day of April, nineteen hundred and forty-five.

(2) Section one hundred and eighteen of the Income Tax Act, 1918 (which relates to the entry in books of abstracts of particulars contained in lists and statements) shall not have effect except in relation to assessments under Schedule A.

(3) In subsection (1) of section one hundred and twenty-two of the Income Tax Act, 1918 (which requires the Additional Commissioners to cause certificates of assessments to be made out and entered in books provided for the purpose) for the words ," made out and entered " there shall be substituted the word " embodied ".

(4) So much of sub-paragraph (2) of paragraph 7 of Part I of the Tenth Schedule to the Finance Act, 1942, as relates to the numbering of pages in each book of assessment and adding up the sums on each page shall not have effect except in relation to assessments under Schedule A.

- (5) All notices of assessment under Schedules B and D shall be prepared and issued by the surveyor.
- (6) The proviso to sub-paragraph (3) of paragraph 7 of Part I of the Tenth Schedule to the Finance Act, 1942 (which relates to the preparation in the division of the City of London of particulars of sums to be collected) shall not have effect except in relation to assessments under Schedule A.

PART IV

INCOME TAX (EXPENDITURE ON SCIENTIFIC RESEARCH).

27 Allowances for expenditure on scientific research not of a capital nature and on payments to research associations, universities, &c.

Notwithstanding anything in Rule 3 of the Rules applicable to Cases I and II of Schedule D, where, after the appointed day, a person carrying on a trade—

- (a) incurs expenditure not of a capital nature on scientific research related to that trade and directly undertaken by him or on his behalf ; or
- (b) pays any sum to any scientific research association for the time being approved for the purposes of this section by the appropriate Research Council or Committee, being an association which has as its object the undertaking of scientific research related to the class of trade to which the trade he is carrying on belongs ; or
- (c) pays any sum to be used for such scientific research as is mentioned in the last preceding paragraph to any such university, college, research institute or other similar institution as is for the time being approved for the purposes of this section by the appropriate Research Council or Committee,

the expenditure incurred or sum paid, as the case may be, may be deducted as an expense in computing the profits or gains of the trade for the purposes of income tax.

28 Allowances for capital expenditure on scientific research.

- (1) Subject to the provisions of the next succeeding section, where, after the appointed day, a person—
 - (a) while carrying on a trade, incurs expenditure of a capital nature on scientific research related to that trade and directly undertaken by him or on his behalf; or
 - (b) incurs expenditure of a capital nature on scientific research directly undertaken by him or on his behalf and thereafter sets up and commences a trade connected with that research,

a deduction equal to one fifth of the expenditure shall be allowed in charging the profits or gains of the trade for each of the five years of assessment mentioned in the succeeding provisions of this section.

- (2) If the expenditure is incurred before the end of the year of assessment in which the trade was set up and commenced, the five years shall be that and the next four years of assessment.

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- (3) If the expenditure is incurred after the end of the year of assessment in which the trade was set up and commenced but not later than twelve months from the setting up and commencement of the trade, the five years shall be the year of assessment next following that in which the trade was set up and commenced and the next four years of assessment.
- (4) If the expenditure is incurred after twelve months from the setting up and commencement of the trade, and during the basis year for any year of assessment, the five years shall be that and the next four years of assessment:

Provided that—

- (a) where two basis years overlap, any expenditure incurred in the period common to both shall be deemed for the purposes of this subsection to have been incurred in the first basis year only ; and
- (b) where there is an interval between the end of the basis year for one year of assessment and the beginning of the basis year for the next year of assessment, any expenditure incurred during the interval shall be deemed for the purposes of this subsection to have been incurred in the second basis year; and
- (c) any expenditure which is incurred before the end of, but after the end of the basis year for, the last complete year of assessment before the permanent discontinuance of the trade shall be deemed for the purposes of this subsection to have been incurred in the said basis year.

In this subsection, the expression " basis year " means, in relation to a year of assessment, the period the profits or gains of which are, under section thirty-four of the Finance Act, 1926, to be taken to be the profits or gains of the year preceding that year of assessment.

29 Provisions as to assets representing capital expenditure.

- (1) Where an asset representing scientific research expenditure of a capital nature incurred by the person carrying on a trade ceases to be used by that person for scientific research related to that trade—
- (a) no allowance shall be made under the last preceding section for any year of assessment after that in which the cessation takes place ; and
- (b) if the amounts, if any, allowed under the last preceding section in respect of the expenditure, added to the value of the asset immediately before the cessation, are less than the said expenditure, there shall be allowed in charging the profits and gains of the trade for the year of assessment in which the cessation takes place an additional deduction equal to the difference ; and
- (c) if in any subsequent year of assessment a claim is, or would but for this subsection be, admissible by the person carrying on the trade to a deduction in respect of the asset for wear and tear, obsolescence, depreciation or exceptional depreciation and the amount of that deduction is dependent upon the actual cost to that person of the asset, the cost of the asset, or the net cost of the asset, then the actual cost, cost or net cost, as the case may be, shall, for the purpose of ascertaining whether any and if so what deduction is admissible, be treated as reduced by the amount of any deductions allowed in respect of the asset under this or the last preceding section.
- (2) Where an asset representing scientific research expenditure of a capital nature in respect of which an allowance or allowances has or have been made under this or

the last preceding section in charging the profits or gains of a trade ceases to be used by the person carrying on the trade for scientific research related to that trade and is then or thereafter sold by him without having been used in the meantime for other purposes, then—

- (a) if an additional allowance, or a greater additional allowance, would have been made under the last preceding subsection for the year of assessment in which the cessation occurred if the proceeds of sale of the asset had been taken to be the value of the asset, an amount equal to the additional allowance which would have been made or, as the case may be, to the difference between the additional allowance which would have been made and the additional allowance which was made for that year shall be allowed in charging the profits or gains of the trade for the year of assessment in which the sale occurs or, if the sale occurs on or after the date on which the trade is permanently discontinued, for the last year of assessment in which the trade is carried on before the discontinuance ;
 - (b) in any other case, if the proceeds of sale plus the total amount of the allowances made under this and the last preceding section in respect of the expenditure exceed the amount of the expenditure, the excess or the amount of the allowances so made, whichever is the less, shall be treated as a trading receipt of the trade accruing at the time of the sale, or, if the sale occurs on or after the date on which the trade is permanently discontinued, accruing immediately before the discontinuance.
- (3) Where an asset is destroyed by fire or any similar cause, it shall for the purposes of the last preceding subsection be treated as if it had been sold immediately before the destruction thereof and any insurance moneys or other compensation of any description received by the person carrying on the trade in respect of the destruction and any moneys received by him for the remains of the asset shall be treated as if they were proceeds of that sale.
- (4) Where a deduction is allowed for any year under this or the last preceding section in respect of expenditure represented wholly or partly by any assets, no deduction shall be allowed under any provision of the Income Tax Acts other than this Part of this Act in respect of wear and tear, obsolescence, depreciation or exceptional depreciation of those assets for any year of assessment during any part of which they are used by the person carrying on the trade for scientific research related to the trade.

30 Carrying forward of allowances.

Paragraph (3) of Rule 6 of the Rules applicable to Cases I and II of Schedule D (which relates to the carrying forward of deductions allowable in respect of wear and tear) and section nineteen of the Finance Act, 1932 (which provides for the carrying forward of losses for which relief cannot be given owing to the grant of relief given in respect of wear and tear) shall apply in relation to deductions allowable under either of the two last preceding sections as they apply in relation to deductions allowable in respect of wear and tear.

31 Supplementary provisions.

- (1) In this Part of this Act, the following expressions have the meanings hereby respectively assigned to them, that is to say—
- " the appointed day " means such day as Parliament may hereafter determine ;

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" scientific research " means any activities in the fields of natural or applied science for the extension of knowledge ;

" scientific research expenditure " means expenditure incurred on scientific research ;

references to expenditure incurred on scientific research do not include any expenditure incurred in the acquisition of rights in, or arising out of, scientific research, but, save as aforesaid, include all expenditure incurred for the prosecution of, or the provision of facilities for the prosecution of, scientific research ;

references to scientific research related to a trade or a class of trades include—

- (a) any scientific research which may lead to or facilitate an extension of that trade or, as the case may be, of trades of that class ;
- (b) any scientific research of a medical nature which has a special relation to the welfare of workers employed in that trade or, as the case may be, trades of that class ;

" the appropriate Research Council or Committee " means the Committee of the Privy Council for Scientific and Industrial Research, the Medical Research Council established under the Committee of the Privy Council for Medical Research, or the Agricultural Research Council established under the Committee of the Privy Council for Agricultural Research, according as may be appropriate in relation to the activities in question;

" asset " includes a part of an asset ;

references to the setting up and commencement of a trade and to the permanent discontinuance of a trade include references to the occurring of any event which, under any of the provisions of the Income Tax Acts, is to be treated as equivalent to the setting up and commencement of a trade or, as the case may be, to the permanent discontinuance thereof.

- (2) For the purposes of this Part of this Act, expenditure shall not be regarded as incurred by a person in so far as it is, or is to be, met directly or indirectly by the Crown or by any Government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the first-mentioned person.
- (3) The same expenditure shall not be taken into account for any of the purposes of this Part of this Act in relation to more than one trade.
- (4) If any question arises under this Part of this Act as to whether, and if so to what extent, any activities constitute or constituted, or any asset is or was being used for, scientific research, the Commissioners of Inland Revenue shall refer the question to the appropriate Research Council or Committee for decision, and the decision of the Council or Committee shall be final.

PART V

EXCESS PROFITS TAX.

32 Increase of standard profits in certain cases.

- (1) Subject to the provisions of this section, if, in relation to any chargeable accounting period beginning at or after the end of March, nineteen hundred and forty-four, the standard profits of a trade or business are ascertained otherwise than by reference to the profits of the standard period, the standard profits shall, in relation to that chargeable accounting period, be increased by one thousand pounds :

Provided that, in relation to a chargeable accounting period which is less than twelve months, the said increase shall be proportionately reduced so as to correspond with the length of the period.

- (2) Where—
- (a) a trade or business is carried on by a partnership or by a company the directors whereof have a controlling interest therein; and
 - (b) the standard profits of the trade or business are ascertained by reference to the minimum amount specified in subsection (2) of section thirteen of the Finance (No. 2) Act, 1939; and
 - (c) there are three or more working proprietors in the trade or business;
- subsection (1) of this section shall have effect as if for the reference to one thousand pounds there were substituted a reference to such greater sum, not exceeding two thousand pounds, as is arrived at by allowing five hundred pounds for each working proprietor in the trade or business.
- (3) The preceding provisions of this section shall not apply to any member of a group of companies other than the principal company and, in the case of the principal company of a group of companies, the condition set out in subsection (1) of this section that the standard profits of the trade or business must be ascertained otherwise than by reference to the profits of the standard period shall not be deemed to be complied with in relation to a chargeable accounting period if—
- (a) the standard profits of the group for any relevant period consisting of or comprising the whole or any part of that chargeable accounting period are ascertained by aggregating the profits and losses arising in the standard period of the group in the trades or businesses of all the members of the group, other than new subsidiaries, or by aggregating those profits and losses and halving the amount arrived at ; or
 - (b) the standard profits of any new subsidiary for any chargeable accounting period coinciding with or falling wholly or partly within the said chargeable accounting period of the principal company are ascertained by reference to the profits of the standard period of that new subsidiary.

Expressions used in this subsection have the same meanings as they have in the Fifth Schedule to the Finance Act, 1940 (which relates to groups of companies).

- (4) Where a deficiency of profits occurring in a chargeable accounting period beginning at or after the end of March, nineteen hundred and forty-four, is greater than it would have been if this section had not been passed, the amount of the increase shall not be available (whether under section fifteen of the Finance (No. 2) Act, 1939, or paragraph 6 of Part IV of the Fifth Schedule to the Finance Act, 1940) to reduce profits for any

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chargeable accounting period ending at or before that date ; but where by virtue of this subsection the whole of a deficiency occurring in a chargeable accounting period cannot be applied in reducing profits for previous chargeable accounting periods, the amount which cannot be applied shall, for the purposes of paragraph (b) of subsection (2) of the said section fifteen, be treated as part of the balance which, under that paragraph, is to be applied in reducing profits in subsequent chargeable accounting periods.

- (5) The following provisions shall have effect in relation to chargeable accounting periods falling partly before and partly after the end of March, nineteen hundred and forty-four :—
- (a) the standard profits for the whole period shall be computed, first on the basis that the foregoing provisions of this section do not apply to such periods as aforesaid and secondly as if the said foregoing provisions applied to such periods as aforesaid as they apply to periods beginning at or after the said end of March, and it shall then be ascertained, on each basis, whether there are excess profits or a deficiency of profits for the whole period, and if so what is the amount thereof ;
 - (b) there shall be deemed to be for the first part of the period, excess profits or a deficiency of profits, as the case may be, equal to an apportioned part of the excess profits or deficiency of profits ascertained under paragraph (a) of this subsection on the first basis mentioned therein, and there shall be deemed to be, for the second part of the period, excess profits or a deficiency of profits, as the case may be, equal to an apportioned part of the excess profits or deficiency of profits ascertained under paragraph (a) of this subsection on the second basis mentioned therein;
 - (c) for the purposes of this section, the first part of the whole period and the second part of the whole period shall each be treated as if it were a separate chargeable accounting period.

Any apportionment required to be made by paragraph (b) of this subsection shall be made by reference to the number of months or fractions of months in each of the parts of the whole period.

In this subsection, references to the whole period, the first part of the period and the second part of the period shall be construed respectively as references to the whole of the chargeable accounting period falling partly before and partly after the said end of March, so much thereof as falls before the said end of March and so much thereof as falls after the said end of March, and the expression " excess profits " means the amount by which the profits for any period exceed the standard profits therefor.

33 Tax avoidance.

- (1) Section thirty-five of the Finance Act, 1941 (which relates to transactions designed to avoid liability to excess profits tax), shall have effect, and shall, subject to the provisions of this section, be deemed always to have had effect, as amended by the subsequent provisions of this section.
- (2) In subsection (1) of the said section, for the words " the main purpose for which any transaction or transactions was or were effected" there shall be substituted the words " the main purpose or one of the main purposes for which any transaction or transactions was or were effected ", and in subsection (3) of the said section, for the words " on the ground that the main purpose of the transaction or transactions was not the avoidance

or reduction of liability to tax" there shall be substituted the words " 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 ".

- (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 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,

that, having regard to the provisions of the law relating to excess profits tax, other than the said section thirty-five and 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 during the currency of excess profits tax was avoidance or reduction of liability to the tax, the avoidance or reduction of liability to excess profits tax shall be deemed for the purposes of the said section thirty-five to have been the main purpose or one of the main purposes of the transaction or transactions.

- (4) A direction under the said section thirty-five as amended by this section may be given notwithstanding that a direction has been given under that section before the passing of this Act in relation to the transaction or transactions in question or some of them :

Provided that in any case where a direction so given has, before the twenty-fifth day of April, nineteen hundred and forty-four, been cancelled or varied on appeal by the Special Commissioners, no direction given by virtue of this section in relation to the transaction or transactions in question shall affect any chargeable accounting periods ending before the first day of April, nineteen hundred and forty-four.

34 Amendment of s. 21 of Finance Act 1943.

Section twenty-one of the Finance Act, 1943, shall have effect and be deemed always to have had effect as if the word "coal" were inserted after the second word " to " in the fifth line thereof.

PART VI

ESTATE DUTY.

Basis of charge in respect of deceased's benefits from certain companies.

35 Amendment of basis of charge on company's assets in respect of deceased's benefits from the company.

In section forty-six of the Finance Act, 1940 (which provides that, where the deceased has made to a company to which that section applies a transfer of any property and any benefits accruing to him from the company accrued to him in the three years ending with his death, the assets of the company shall be deemed for the purposes of estate duty to be included to a certain extent in the property passing on his death), for subsection (2) there shall be substituted the following subsection :—

- “(2) The extent to which the assets of the company are to be deemed to be included as aforesaid shall be the proportion ascertained by comparing the aggregate

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amount of the benefits accruing to the deceased from the company in the last three accounting years with the aggregate amount of the net income of the company for the said years :

Provided that—

- (a) where, in any of the said accounting years, the company sustained a loss, the amount of that loss shall be deducted in ascertaining the said aggregate net income of the company;
- (b) where the company came into existence in the last but one, or in the last, of the said accounting years, the references in this subsection to the said accounting years shall be construed as references to the last two, or, as the case may be, the last, of those years”.

36 Amendment of s. 59 of Finance Act, 1940.

In section fifty-nine of the Finance Act, 1940, for the definition of " Average rate" there shall be substituted the following definition—

“Average rate ' means, in relation to a company, a rate per cent. per annum, the percentage being ascertained by—

- (a) computing the aggregate amount of the net income of the company for the relevant accounting years (a deduction being made, where the company sustained a loss in any of those years, of the amount of the loss);
- (b) dividing that amount by the number of those years ; and
- (c) comparing the result with the principal value of the assets of the company passing on the death of the deceased by virtue of section forty-six of this Act after making the allowances to be made under section fifty of this Act”.

37 Computation of losses.

Section forty-nine of the Finance Act, 1940, shall, with the necessary adaptations, apply to the determination, for the purposes of Part IV of that Act, of any loss sustained by a company as it applies to the determination for the purposes thereof of the net income of a company.

*Amendment as to avoidance of duplication of charge
where deceased has received benefits from a company.*

38 Amendment of s. 51 of Finance Act, 1940.

For subsection (2) of section fifty-one of the Finance Act, 1940 (which contains provisions for preventing the duplication of charge of estate duty in certain cases) there shall be substituted the following subsections—

- “(2) Where the following conditions are satisfied, that is to say, that any benefits accrued to the deceased from the company by virtue of any interest that he at any time had in shares in or debentures of the company, or by virtue of a power's having at any time been exercisable by him or with his consent in relation to shares in or debentures of the company, and apart from this subsection estate duty would be payable on the death both on the value of those shares or debentures by virtue of any of the enactments relating to that duty other than

section forty-six of this Act and on the proportion of the value of the company's assets that corresponds to the benefits that so accrued to him by virtue of that section, then—

- (a) if the value of the shares or debentures is equal to, or greater than, the said proportion, or if the Commissioners are satisfied that the said proportion would not, if fully ascertained, be found to be substantially in excess of the value of the shares or debentures, duty on the said proportion shall not be payable ;
- (b) in any other case, the amount on which duty is to be charged in respect of the said proportion shall be reduced by the amount of the value of the shares or debentures.

(2A) Where the conditions set out in the last preceding subsection would be satisfied but for the fact that, by reason of an exemption from estate duty (not being an exemption on the ground that the deceased or other person having an interest in the shares or debentures ceasing on the death of the deceased had only an interest as the holder of an office), that duty is not payable on the value of the shares or debentures, paragraphs (a) and (b) of that subsection shall apply as if that exemption did not operate and as if the duty had been payable on the value of the shares and debentures accordingly :

Provided that where—

- (a) the exemption in question depends on a payment of any duty on an earlier death, or does not depend on such a payment but depends wholly or partly on any dispositions having been made ; and
- (b) since the date of that death or disposition, as the case may be, the shares or debentures have been substantially increased in value by reason of a transfer of property to any company by any person or by reason of the extinguishment of, or any alteration of the rights attaching to, shares in or debentures of any company,

then, unless the exemption takes the form of a deduction from the value of the shares or debentures of a fixed amount which is independent of the value of the shares or debentures, the references in paragraphs (a) and (b) of the last preceding subsection to the value of the shares or debentures therein mentioned shall have effect as if they were references to the value thereof reduced to the extent to which, in the opinion of the Commissioners, that value is attributable to that transfer, extinguishment or alteration.

(2B) Where, by reason of an exemption from estate duty, that duty is payable on part only of the value of the shares or debentures, subsection (2) of this section shall, with the necessary adaptations, be applied to the part of the value of the shares or debentures on which duty is payable and subsection (2A) of this section shall be applied to the part of the value of the shares or debentures affected by the exemption ; and, where there are two or more exemptions from estate duty each of which operates on part only of the value of the shares or debentures and the exemptions are such that the said subsection (2A) would operate differently in relation to them, then, whether or not there is any part of the value of the shares or debentures on which estate duty is payable, the said subsection (2A) shall, with the necessary adaptations, be applied separately in relation to the parts of the value of the shares or debentures affected by each exemption.

(2C) In this section the expression " exemption from estate duty " includes any exemption conferred by any provision of the enactments relating to estate duty

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which has the effect of exempting property, in whole or in part, from the duty, whether that provision takes the form that the property is not to be deemed to pass, or the form that the duty is not to be payable, or the form that a deduction is to be made from the value of the property, or any other form ; and the reference in paragraph (b) of the proviso to subsection (2A) of this section to an increase in the value of shares or debentures includes, where those shares or debentures have been acquired in substitution for any other property, any increase in the value of any property which those shares or debentures directly or indirectly represent”.

Computation of net income of company.

39 Computation of net income of company.

In determining under section forty-nine of the Finance Act, 1940, the net income of a company for any accounting year, no deduction from the income of the company shall be made in respect of—

- (a) the amount of any liability, deduction or set-off for which allowance has already been made in computing the amount of the income of the company; or
- (b) the amount of any loss sustained before the beginning of that year, or of any payment which, under section nineteen of the Finance Act, 1928, would be treated as a loss sustained before the beginning of that year ; or
- (c) the amount of any deduction representing the diminished value by reason of wear and tear during any previous year of any machinery or plant.

Relaxation of provisions as to purchases of annuities from relatives.

40 Relaxation of provisions of Finance Act, 1940, as to purchases of annuities, &c., from relatives.

- (1) Subject to the provisions of this section, the relief specified therein shall be granted where, on the death of a person who has made a disposition of property in favour of a relative of his or a company (hereafter in this section referred to as "the disposition"), any estate duty becomes, or would but for this section become, payable by virtue of section forty-four of the Finance Act, 1940 (which relates to purchases of annuities or other interests from relatives).
- (2) The sum on which estate duty would be payable apart from this section on the death in respect of the property which was the subject matter of the disposition or in respect of the property liable to a debt or incumbrance created by the deceased which was the subject matter of the disposition, as the case may be, shall first be computed and, subject to the limitations provided for by subsection (3) of this section, there shall then be allowed as a deduction from that sum—
 - (a) the amount, if any, by which the aggregate of the payments which have been made on account of the annuity or other interest for the period from the date when the annuity or other interest began to accrue in favour of the deceased until his death, exceeds the aggregate of the income derived from the deceased by virtue of the disposition for the period from the date of the disposition until his death ; and
 - (b) simple interest on so much, if any, of the amount aforesaid, and for such period, as, in the opinion of the Commissioners, is in all the circumstances

just, at the rates from time to time payable during that period on death duties in arrear.

In this subsection, the expression " the aggregate of the income derived from the deceased by virtue of the disposition " means—

- (i) in relation to so much of the property which was the subject matter of the disposition as did not consist of a debt or incumbrance created by the deceased, such amount as, in the opinion of the Commissioners, is in all the circumstances equal to a reasonable return from the property ; and
 - (ii) in relation to so much of the property which was the subject matter of the disposition as did consist of a debt or incumbrance created by the deceased, the aggregate amount of the interest paid or payable by the deceased in respect of that debt or incumbrance.
- (3) The amount to be allowed as a deduction under subsection (2) of this section shall, in the circumstances specified in the provisions of the Third Schedule to this Act, be limited to the extent specified in those provisions respectively.

In the said Schedule, the expression " the disposition " has the same meaning as in this section, the expression " the annuity payments " means the payments specified in paragraph (a) of subsection (2) of this section, and the expression " the amount allowed " means the amount to be allowed as a deduction under this section.

- (4) In this section, the expressions " relative " and " annuity " have the meanings assigned to them by section forty-four of the Finance Act, 1940, and sections fifty-eight and fifty-nine of that Act shall apply for the interpretation of this section and the said Third Schedule as they apply for the interpretation of Part IV of that Act.

Application of Part VI.

41 Application of Part VI

The last preceding section shall have effect in the case of all persons dying after the twenty-seventh day of June, nineteen hundred and forty, but save as aforesaid the provisions of this Part of this Act shall have effect in the case only of persons dying after the passing of this Act.

PART VII

MISCELLANEOUS.

42 Trading with the enemy.

The provisions of the Fourth Schedule to this Act shall have effect in relation to income tax and death duties where persons, income or property are or is affected by the law relating to trading with the enemy.

43 Rate of succession and legacy duty payable in certain cases of illegitimate children.

- (1) Where—

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- (a) an illegitimate child or the spouse or issue of an illegitimate child takes any interest in real or personal property under the intestacy of the mother of the child or under a disposition made by her ;
 - (b) the mother of an illegitimate child takes an interest in real or personal property under his intestacy or under a disposition made by him or his issue,
- any succession or legacy duty which, after the passing of this Act, become leviable in respect of the taking of the interest shall be payable at the same rate as if the child had been born legitimate.
- (2) In this section, the expression " disposition " means an assurance of any interest in property by any instrument inter vivos or by will or codicil, and the expression " illegitimate child " does not include a person legitimated whether by the Legitimacy Act, 1926, or otherwise.
 - (3) In the application of this section to Scotland the expression " disposition " means any deed or instrument, whether inter vivos or mortis causa, whereby any interest in property is conveyed or created, the expression " personal property " means moveable property, and the expression " real property " means heritable property.

44 Stamp duty on transfer of shares, stock or marketable securities previously transferable by delivery.

Where after the passing of this Act stamp duty is paid by the transferee on a transfer on sale of any share, stock or marketable security, and the Commissioners of Inland Revenue are satisfied, on an application made by the transferor within one month after the date of the transfer, that,—

- (a) the share, stock or marketable security was previously transferable, in the case of a share or stock, by means of an instrument to bearer, and, in the case of a marketable security, by delivery, and had ceased to be so transferable at any time after the second day of September, nineteen hundred and thirty-nine; and
- (b) stamp duty was chargeable, and was duly paid, on the instrument to bearer or, as the case may be, the security, otherwise than under subsection (2) of section four of the Finance Act, 1899 (which provides for the stamping of instruments to bearer relating to shares and stocks of companies and bodies outside the United Kingdom, not being share warrants or stock certificates to bearer) ; and
- (c) the share, stock or security had not previously been transferred on sale since it ceased to be transferable by means of an instrument to bearer, or by delivery, as the case may be,

the Commissioners shall pay over to the applicant the amount of the duty so paid on the transfer, or, in a case where a maximum duty of ten shillings is chargeable on the transfer by virtue of subsection (1) of section forty-two of the Finance Act, 1920 (which relates to transfers to dealers), the amount of the duty which would have been chargeable On the transfer if that subsection had not applied thereto.

45 Exemption of certain assignments by seamen from stamp duty.

Stamp duty shall not be charged, and shall be deemed never to have been chargeable, on any assignment rendered valid by Regulation forty-seven D of the Defence (General) Regulations, 1939 (which relates to assignments of wages in payment of contributions to certain bodies representing the interests of or providing benefits for seamen).

46 Extension of Barracks Acts, 1890, s. 11.

Section eleven of the Barracks Act, 1890 (which exempts from stamp duty contracts, conveyances and other documents made with a view to carrying into effect the purposes of that Act) shall have effect as if in the preamble to that Act (which defines the purposes of that Act) the reference to military forces included a reference to naval forces.

47 Provisions as to permanent annual charge for the National Debt.

- (1) The permanent annual charge for the National Debt for the financial year ending with the thirty-first day of March, nineteen hundred and forty-five, shall be the sum of four hundred and twenty million pounds instead of the sum of three hundred and fifty-five million pounds.
- (2) The Treasury may at any time, if they think fit, raise money in any manner in which they are authorised to raise money under the National Loans Act, 1939, for providing any sums required during the said financial year for the purposes mentioned in paragraph (a) or paragraph (b) of subsection (4) of section twenty-three of the Finance Act, 1928, and the amount required by the said subsection (4) to be issued from the permanent annual charge for the National Debt for the purposes aforesaid in that year shall be decreased by the amount raised under this subsection.
- (3) Any securities created and issued to raise money under the last preceding subsection shall be deemed for all purposes to have been created and issued under the National Loans Act, 1939

48 Amendment as to deficit for 1943-44.

No issue shall be made out of the Consolidated Fund under section forty-eight of the Finance Act, 1930 (which provides in the case of a deficit in any year for the redemption in the next year of a corresponding amount of debt), in respect of the deficit for the financial year ending with the thirty-first day of March, nineteen hundred and forty-four.

49 Short title, construction, extent and repeals.

- (1) This Act may be cited as the Finance Act, 1944.
- (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 ;
 - (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 in the said Part I the expression "the Commissioners" means the Commissioners of Customs and Excise.
- (3) Part II of this Act shall be construed as one with Part V of the Finance (No. 2) Act, 1940.
- (4) Parts III and IV of this Act shall be construed as one with the Income Tax Acts. .
- (5) Part V of this Act shall be construed as one with Part III of the Finance (No. 2) Act, 1939.

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- (6) Part VI of this Act shall be construed as one with Part I of the Finance Act, 1894.
- (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 by or under any other enactment, including this Act.
- (8) The provisions of the Fourth Schedule to this Act shall, if provision in that behalf is made by an Act of the Parliament of Northern Ireland, apply with any necessary modifications to death duties payable in Northern Ireland as they apply to death duties payable in Great Britain, but save as aforesaid 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 Part I of the Fifth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Part of that Schedule as from the passing of this Act, and the enactments specified in Part II of that Schedule are hereby repealed to the extent mentioned in the third column of that Part of that Schedule as from the first day of January, nineteen hundred and forty-five.

SCHEDULES.

FIRST SCHEDULE

Section 1.

BEER (RATES OF DUTY AND DRAWBACK).

PART I

Rate of Excise Duty.

	£	s.	d.
For every 36 gallons of worts of a specific gravity of 1,027 degrees or less	7	0	7½
For every 36 gallons of worts of a specific gravity exceeding 1,027 degrees—			
For the first 1,027 degrees	7	0	7½
For every additional degree in excess of 1,027 degrees		5	2½
and so in proportion for any less number of gallons.			

PART II

Rate of Excise Drawback.

	£	s.	d.
For every 36 gallons the worts whereof were, before fermentation, of a	7	0	9½

As respects beer the worts whereof were, before fermentation, of a specific gravity of less than 1,027 degrees, the amount of drawback allowable shall not exceed by more than twopence for every 36 gallons the amount of duty which is shown to the satisfaction of the Commissioners to have been paid.

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

	£	s.	d.
specific gravity of 1,027 degrees or less			
For every 36 gallons the worts whereof were, before fermentation, of a specific gravity exceeding 1,027 degrees—			
For the first 1,027 degrees	7	0	9½
For every additional degree in excess of 1,027 degrees		5	2½
and so in proportion for any less number of gallons.			

As respects beer the worts whereof were, before fermentation, of a specific gravity of less than 1,027 degrees, the amount of drawback allowable shall not exceed by more than twopence for every 36 gallons the amount of duty which is shown to the satisfaction of the Commissioners to have been paid.

PART III

Rate of Customs Duty in case of Beer being an Empire Product.

	£	s.	d.
For every 30 gallons the worts whereof were, before fermentation, of a specific gravity of 1,027 degrees or less	7	1	0½
For every 36 gallons the worts whereof were, before fermentation, of a specific gravity exceeding 1,027 degrees—			
For the first 1,027 degrees	7	1	0½
For every additional degree in excess of 1,027 degrees		5	2½

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

	£	s.	d.
and so in proportion for any less number of gallons.			

PART IV

Rate of Customs Duty in case of Beer not being an Empire Product.

	£	s.	d.
For every 36 gallons the worts whereof were, before fermentation, of a specific gravity of 1,027 degrees or less	8	1	0½
For every 36 gallons the worts whereof were, before fermentation, of a specific gravity exceeding 1,027 degrees—			
For the first 1,027 degrees	8	1	0½
For every additional degree in excess of 1,027 degrees		5	2½
and so in proportion for any less number of gallons.			

PART V

Rate of Customs Drawback in case of Beer being an Empire Product.

	£	s.	d.
For every 36 gallons the worts whereof were, before fermentation, of a	7	0	9½

As respects beer the worts whereof were, before fermentation, of a specific gravity of less than 1,027 degrees, the amount of drawback allowable shall not exceed the amount of duty which is shown to the satisfaction of the Commissioners to have been paid, less threepence for every 36 gallons.

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

	£	s.	d.
specific gravity of 1,027 degrees or less			
For every 36 gallons the worts whereof were, before fermentation, of a specific gravity exceeding 1,027 degrees—			
>For the first 1,027 degrees	7	0	9½
For every additional degree in excess of 1,027 degrees		5	2½
and so in proportion for any less number of gallons.			

As respects beer the worts whereof were, before fermentation, of a specific gravity of less than 1,027 degrees, the amount of drawback allowable shall not exceed the amount of duty which is shown to the satisfaction of the Commissioners to have been paid, less threepence for every 36 gallons.

PART VI

Rate of Customs Drawback in case of Beer not being an Empire Product.

	£	s.	d.
For every 30 gallons the worts whereof were, before fermentation, of a specific gravity of 1,027 degrees or less	8	0	9½
For every 36 gallons the worts whereof were, before fermentation, of a specific gravity exceeding 1,027 degrees—			
For the first 1,027 degrees	8	0	9½

As respects beer the worts whereof were, before fermentation, of a specific gravity of less than 1,027 degrees, the amount of drawback allowable shall not exceed the amount of duty which is shown to the satisfaction of the Commissioners to have been paid, less threepence for every 36 gallons.

	£	s.	d.
for every additional degree in excess of 1,027 degrees		5	2½
and so in proportion for any less number of gallons.			

As respects beer the worts whereof were, before fermentation, of a specific gravity of less than 1,027 degrees, the amount of drawback allowable shall not exceed the amount of duty which is shown to the satisfaction of the Commissioners to have been paid, less threepence for every 36 gallons.

SECOND SCHEDULE

Section 10.

PURCHASE TAX (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS RELATING TO AMENDMENT AS TO TAX IN RESPECT OF IMPORTED GOODS).

PART I

Consequential provisions.

<i>Enactment to be amended and subject matter thereof.</i>	<i>Amendment.</i>
<p>The Finance (No. 2) Act, 1940 (3 & 4 Geo. 6. c. 48):—</p> <p>Section twenty, subsection (3). (Date of coming into operation of orders as to tax.)</p>	<p>For the subsection substitute the following subsection—</p> <p>“(3) An order under this section shall specify a date for its coming into operation, and such an order shall, for the purpose of determining whether tax is chargeable by virtue of a purchase of goods of the class to which the order relates and if so at what rate, have effect, subject as provided in subsection (4) of this section, in respect of goods of that class delivered under the purchase on or after the specified date, notwithstanding that the purchase was made before that date”.</p>
<p>Section twenty-two (Person accountable for tax chargeable by virtue of a purchase, and time when such tax becomes due .)</p>	<p>The section shall be repealed.</p>

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

<i>Enactment to be amended and subject matter thereof.</i>	<i>Amendment.</i>
Section twenty-four, subsections (2) and (3). (Penalty, and liability for tax, on false representation in connection with purchase of goods as stock or materials.)	In subsection (2) after " for the purposes of the preceding subsection ", and in subsection (3) after " subsection (1) of this section ", insert " or of subsection (2) of section ten of the Finance Act, 1944 " ; and in subsection (3) after " purchase " insert " or importation " .
Section twenty-nine (Relief from tax in respect of goods exported.)	In subsection (1), for " a purchase which is a chargeable purchase by virtue of paragraph (a) of subsection (2) of section eighteen of this Act " substitute " a chargeable purchase " ; in subsection (2), the words from " by a person " to " materials " and the words " by that person " shall be repealed, and for paragraphs (a) and (b) substitute— <p style="margin-left: 40px;">“(a) that tax has become chargeable, by virtue of a purchase or of an importation, in respect of the goods exported or of goods of the specified class used by the exporter in making the goods exported, and has been or will be paid ;</p> <p style="margin-left: 40px;">(b) that the exporter was the buyer under the purchase by virtue of which tax has become chargeable, or the importer on the importation by virtue of which it has become chargeable, as the case may be, and”;</p> and in subsection (3) for " in paragraph (b) " substitute " in paragraph (a) " .
Section thirty-one (Ascertainment and recovery of tax chargeable.)	In subsection (1), after " Tax becoming due " insert " by virtue of a purchase " ; in subsection (2), after the first " Tax " insert " chargeable by virtue of a purchase " ; in subsection (2), the words from " and where the aggregate amount of tax " to the end of the subsection shall be read, with the omission of the word " and ", as a separate subsection numbered (3) ; and subsections (3) and (4) shall be repealed.
Section forty, subsection (1) (Provisions as to the Isle of Man.)	In paragraph (b) the words " paragraph (a) of subsection (2) of section eighteen of " and the words " the corresponding provisions

<i>Enactment to be amended and subject matter thereof.</i>	<i>Amendment.</i>
Section forty-one, subsection (1). (Interpretation.)	of ", and in paragraph (c) the words " as aforesaid ". shall be repealed.
Eighth Schedule, paragraph 2. (Terms of assumed sale by reference to which valuation is to be made.)	The definitions of " entered for home use" and " importer's purchase " shall be repealed.
Eighth Schedule, paragraph 4. (Provision as to the taking into account in valuation of a right to the use of a trade mark.)	After paragraph (a), insert " (aa) where , the valuation is to be made in relation to an importation, that the seller has paid any duties of customs chargeable on the importation ". For " Where the seller under the purchase in relation to which the valuation is to be made is, or is associated in business with, the proprietor or a registered user of a trade mark " substitute " Where the seller under a purchase of goods to be valued in relation to the purchase, or a foreign supplier of imported goods to be valued in relation to the importation (that is to say, any person by whom those goods have been grown, produced, manufactured, selected, dealt with or offered for sale outside the United Kingdom) is, or is associated in business with, the proprietor or a registered user of a trade mark " ; after " could have sold them under such a trade mark" insert " or have used such a trade mark in connection with the importation " ; and after " the seller under the said purchase " insert " or of the foreign supplier, as the case may be ".
Eighth Schedule, paragraph 5. (Provision as to taking into account in valuation of a right to the use of a particular form of get-up of goods.)	After " of the seller under the purchase in relation to which the valuation is to be made " insert " or of a foreign supplier of imported goods in relation to the importation of which the valuation is to be made, as the case may be ".
The Finance Act, 1942 (5 & 6 Geo. 6. c. 21): —	
Section eighteen, subsection (3). (Charge of tax in respect of account books, etc.)	In paragraph (a) after " delivered " insert " under a purchase " ; in paragraph (a) the words " if the purchase under which the goods are bought is other than an importer's purchase " shall be repealed; and for paragraph (b) substitute— “(b) imported on the date of the passing of the Finance Act, 1944, or (subject to any order under section twenty

*Enactment to be amended
and subject matter thereof.*

Amendment.

of the Finance (No. 2) Act,
1940) thereafter”.

PART II

Transitional provisions.

- 1 A purchase which apart from this provision would be a chargeable purchase by virtue of sub-paragraph (iii) of paragraph (a), or of paragraph (b), of subsection (2) of section eighteen of the Finance (No. 2) Act, 1940, as in force before the passing of this Act (which relate to purchases of certain goods imported) shall not be a chargeable purchase if the goods are entered for home use after the passing of this Act, notwithstanding that the purchase was made before the passing thereof.
- 2 A purchase which, if section ten of this-Act had not been passed, would have been a chargeable purchase by virtue of paragraph (c) of subsection (2) of section eighteen of the Finance (No. 2) Act, 1940, as in force before the passing of this Act (which relates to purchases of certain imported goods purchased after their being entered for home use) shall be a chargeable purchase if the goods were so entered before the passing of this Act, notwithstanding that the goods are delivered, or that the purchase is made, after the passing thereof, and the enactments relating to the tax shall have effect in relation to tax chargeable by virtue of such a purchase as if the said section ten and Part I of this Schedule had not been passed.
- 3 Where goods are delivered after the passing of this Act under a purchase made before the passing thereof which would have been a chargeable purchase by virtue of section ten of this Act if it had been in force at the time of the purchase, the enactments relating to the tax shall have effect in relation to the purchase in like manner as if the said section ten and Part I of this Schedule had been in force at the time of the purchase.

THIRD SCHEDULE

Section 40.

LIMITATIONS ON RELIEF FROM ESTATE DUTY CHARGEABLE UNDER FINANCE ACT, 1940, S. 44.

- 1 (1) The provisions of subsection (1) of section thirty-one of the Finance Act, 1939 (which provides, amongst other things, for the disallowance of debts the consideration for which was property derived from the deceased) shall, in the manner specified in this paragraph, have effect in relation to the computation of the amount allowed.
- (2) Where, if—
 - (a) the annuity payments had formed the consideration for a debt created by the deceased equal to the total amount of those payments ; and
 - (b) subsection (1) of section seven of the Finance Act, 1894 (which provides for an allowance for debts in computing the amount on which estate duty is payable), were applied to that debt,

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the full amount of that debt would not, having regard to the operation of subsection (1) of the said section thirty-one, have been allowable under subsection (1) of the said section seven, the annuity payments shall, for the purpose of ascertaining the amount allowed, be reduced so as not to exceed the amount, if any, which would have been allowable in the circumstances aforesaid under subsection (1) of the said section seven :

Provided that, in applying the said section thirty-one for the purposes of this paragraph, property which is the subject matter of the disposition shall not be treated as property derived from the deceased.

- 2 Where, if section forty-four of the Finance Act, 1940, had not been passed and section three of the Finance Act, 1894 (which relates, amongst other things, to property which the deceased has parted with before his death for consideration) had been applied to the property which was the subject matter of the disposition, a deduction would have been allowable under subsection (2) of that section for partial consideration, the amount allowed shall not exceed the amount of that deduction.
- 3 Where the amount allowed is allowed as a deduction from the value of property liable to a debt or incumbrance created by the deceased, it shall not exceed the amount, if any, which would be allowed under subsection (1) of section seven of the Finance Act, 1894, if section forty-four of the Finance Act, 1940, had not been passed,

FOURTH SCHEDULE

Section 42.

ENEMY PROPERTY.

PART I

INCOME TAX.

Tax on income payable to custodian.

- 1 Where any income which, but for the operation of the law relating to trading with the enemy, would be chargeable to income tax for any year of assessment apart from this paragraph becomes payable to a custodian, the same assessments to income tax (other than surtax) shall be made for that year on the custodian in respect of income from the source from which that income arose as might have been made on any person if the person who, but for the operation of the said law, would have been entitled to the income had been so entitled.
- 2 Where an assessment is made on a custodian under paragraph 1 of this Part of this Schedule in respect of any income, or any income which is paid subject to deduction of income tax is received by a custodian, and, in either case, it is shown to the satisfaction of the Commissioners of Inland Revenue that, but for the operation of the law relating to trading with the enemy, the person who, but for the operation of that law, would have been assessable to, or would have borne, the tax on that income, would, if a claim were made in that behalf, have been granted relief from all or any of the tax, the same relief shall be granted to the custodian by repayment or otherwise.

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

- 3 Where an assessment is made on a custodian under paragraph 1 of this Part of this Schedule in respect of any income, or any income which is paid subject to deduction of income tax is received by a custodian, and, in either case, it appears that, but for the operation of the law relating to trading with the enemy, the income would have been taken into account in computing the total income of an individual for surtax purposes, that income shall be deemed for surtax purposes to be income of that individual and the same assessments to surtax may, without any notice to make a return being served on the custodian or that individual, be made on the custodian in respect of the income as might have been made on that individual or his executors or administrators if it had been his income and, where that individual has other income, if it were treated as the highest part of his total income :

Provided that where, in the case of any individual, assessments to surtax under this paragraph for any year of assessment could, apart from this proviso, be made on two or more custodians, one of those custodians (to be selected by the Special Commissioners) shall be assessed to surtax for that year in respect of all income to which this paragraph applies in relation to that individual.

- 4 Where, in the case of any individual who, but for the operation of the law relating to trading with the enemy, would be entitled to any income which is payable to a custodian, the Special Commissioners, on any information before them, are of opinion that any income (not being income to which the preceding paragraphs of this Part of this Schedule apply) would, if notice to make a return were served on that individual, fall to be included in his total income for surtax purposes, they may, without any notice to make a return being served on him or any notice of assessment, make an assessment to surtax upon that individual in respect of that income.

Payment of tax by custodian.

- 5 A custodian shall, save as expressly provided in this Part of this Schedule, pay or cause to be paid, out of money in his hands to which some other person would be entitled but for the operation of the law relating to trading with the enemy, any income tax (including surtax) assessed on a custodian by virtue of paragraph 1 or paragraph 3 of this Part of this Schedule, which, but for the operation of that law, would have been chargeable on or borne by that other person.
- 6 (1) A custodian shall, on demand of the Commissioners of Inland Revenue as respects tax other than surtax, and on demand of the Special Commissioners as respects surtax, pay or cause to be paid, out of money in his hands to which some other person would be entitled but for the operation of the law relating to trading with the enemy, any sum stated in the demand to be due from that person in respect of income tax other than surtax, or in respect of surtax, as the case may be, for whatever year of assessment (including years before the year 1939-40).
- (2) Any sum paid by a custodian in pursuance of such a demand shall be deemed for the purposes of the Income Tax Acts to have been paid by the person who is stated in the demand to be the person from whom it is due.
- (3) A sum may be included in any such demand as aforesaid notwithstanding that the relevant assessment is, or is still capable of being, the subject of an appeal.

Effect of release of property or income by custodian.

- 7 Where a custodian releases to or for the benefit of, or to the personal representatives of, any person who has ceased to be an enemy or has died everything in the

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custodian's hands to which that person or his personal representatives, as the case may be, would, but for the operation of the law relating to trading with the enemy, be entitled—

- (a) any income which, but for the operation of that law, would have belonged to that person or to some person under whom he claims, shall thereafter be treated for all the purposes of the Income Tax Acts as having been income of the person whose income -it would have been for those purposes but for the operation of the said law ;
- (b) all income tax (including surtax) paid by deduction or otherwise by a custodian in respect of any such income shall thereafter be treated as having been paid by, and .all reliefs allowed to a custodian in respect of any such income shall thereafter be treated as having been allowed to, the last-mentioned person ; and
- (c) appeals may thereafter be brought by the last-mentioned person or his personal representatives against any assessment (including any assessment to surtax) made on a custodian in respect of any such income as if the assessment had been made on him.

8 Where an assessment is made under any of the preceding provisions of this Part of this Schedule on a custodian and, whether before or after the making of the assessment, the income or any part thereof is paid, transferred or released, or permitted to be paid or transferred, to any other person by the custodian, so much, if any, of the tax payable by virtue of the assessment as cannot, under the preceding provisions of this Part of this Schedule, be paid by the custodian shall be a debt due to the Crown—

- (a) in a case to which the last preceding paragraph applies, from the person whose income it is, under that paragraph, treated as having been, or his personal representatives ; and
- (b) in any other case, from the person to whom the income is so paid, transferred or released,

and may be recovered accordingly, and the custodian shall cease to be liable in respect of the tax.

Relaxation of time limits.

9 Notwithstanding anything in the Income Tax Acts limiting the time for making assessments, assessments may be made under paragraphs' i, 3 and 4 of this Part of this Schedule at any time before such date as Parliament may hereafter determine, and any appeal against any such assessment, and any claim made either by a custodian or by virtue of paragraph 7 of this Part of this Schedule to relief from tax, may, notwithstanding anything in the Income Tax Acts restricting the time for bringing appeals or making claims for relief, be brought or made at any time before the said date.

Supplementary.

10 For the purposes of paragraphs 1 to 4 of this Part of this Schedule it shall, except so far as the contrary is proved, be assumed that nothing has occurred since the third day of September, nineteen hundred and thirty-nine, to change the persons who, but for the operation of the law relating to trading with the enemy, would be entitled to any money or property, or to income therefrom, and any assessment under paragraph 1 or paragraph 3 of this Part of this Schedule shall specify the

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person who has been taken to be the person who, but for the operation of the said law, would have been entitled to the relevant income.

11 Where income from any source for any year of assessment would become payable to a custodian but for the fact that no income from that source is available for payment in that year, but, apart from the operation of the law relating to trading with the enemy, income tax would nevertheless be chargeable in respect of income from that source for that year, the provisions of this Part of this Schedule shall have effect as if income from that source had been available for payment in that year and become payable to the custodian.

12 In this Part of this Schedule, the expression " income " means income for the purposes of the Income Tax Acts :

Provided that the said expression includes any rents, profits or other sums arising from any land, and any tax under Schedule A or Schedule B in respect of any land shall be treated as tax in respect of income from that land.

Years to which this Part of this Schedule applies.

13 This Part of this Schedule shall have effect with respect to income tax (including surtax) for the year 1939-40 and subsequent years of assessment and, to the extent expressly provided by paragraph 6 of this Part of this Schedule, with respect also to income tax (including surtax) for previous years of assessment.

PART II

ESTATE DUTY.

1 Property which, but for the operation of the law relating to trading with the enemy, would, for the purposes of the enactments relating to estate duty, pass on the death of a person or be included to a particular extent in property so passing shall, on the death of that person, be deemed for those purposes to pass or to be included to that extent in property so passing, as the case may be.

2 Where, but for the operation of the law relating to trading with the enemy, there would have existed at the death of the deceased a debt for which an allowance would have been made under subsection (1) of section seven of the Finance Act, 1894, by deduction from the value of any property deemed to pass as aforesaid, an allowance of the like amount shall be made, and deducted from the value of that property.

3 On the death of a person who, immediately before his death, would, but for the operation of the law relating to trading with the enemy, have been entitled to any property in the hands of or money payable to a custodian, the custodian shall be accountable for any estate duty in respect of any property of which the deceased would, but for the operation of the said law, have been competent to dispose at his death, but shall not be liable for any duty in excess of the amount which can be raised from, or from the proceeds of, property which is in his hands when he first receives notice of the death or which thereafter comes into his hands, being in either case property of which the deceased would have been competent to dispose as aforesaid.

4 No property shall be deemed for the purposes of section four of the Finance Act, 1894, to be property in which the deceased never had an interest if the deceased

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would at some time have had an interest therein but for the operation of the law relating to trading with the enemy.

5 A custodian shall, on demand of the Commissioners of Inland Revenue, pay or cause to be paid, out of property in his hands or money payable to him, any sum stated in the demand to be due in respect of, or of interest on, estate duty, being duty for the satisfaction of which that property or money is, or would, but for the operation of the law relating to trading with the enemy be, available.

6 Where a custodian releases to the executor of any person everything in his hands to which the executor would, but for the operation of the law relating to trading with the enemy, be entitled, the executor shall be accountable for all estate duty and interest on estate duty for the satisfaction of which the property released is, or but for the operation of the said law would have been, available, in so far as that duty and interest remains unpaid and the custodian shall cease to be accountable therefor.

7 This Part of this Schedule shall have effect, and be deemed always to have had effect, in relation to deaths occurring on or after the third day of September, nineteen hundred and thirty-nine :

Provided that, where before the passing of this Act a trustee or executor has distributed any property, his maximum liability for duty and interest remaining unpaid shall not exceed the amount which can be raised from, or from the proceeds of, property in his hands at the passing of this Act or coming into his hands thereafter, being in either case property which he received as trustee or executor.

PART III

LEGACY DUTY AND SUCCESSION DUTY.

1 For the avoidance of doubt it is hereby declared that, where any money or other property is paid to or vested in a custodian and, but for the operation of the law relating to trading with the enemy, that money or property would have been paid to or become vested in some other person under such circumstances that legacy duty or succession duty would have become payable, the custodian is accountable for the duty, except so far as it is paid by any other person.

2 Where, whether before or after the passing of this Act, a custodian releases to a person property to which that person would, but for the operation of the law relating to trading with the enemy, have become beneficially entitled upon or by virtue of the death of any person, then, whether the death occurred before or after the passing of this Act, the title of the first-mentioned person to the property shall, for the purposes of the enactments relating to legacy duty and succession duty, be deemed to have been created by the same instrument or the same operation of law that would have created it if the law relating to trading with the enemy had not come into operation, the enactments relating to the said duties shall have effect accordingly and, as respects property released after the passing of this Act, the custodian shall be accountable for the duties in the like manner and to the like extent as the person who, if the said law had not come into operation, would have been accountable.

3 Where, whether before or after the passing of this Act, a custodian releases to a person property which thereupon becomes subject to trusts, express or implied, which secure the application or devolution of the property in the manner in which it would have been applied or would have devolved if the law relating to trading with the enemy had not come into operation, any title to property arising by virtue

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of the said trusts shall, for the purposes of the enactments relating to legacy duty and succession duty, be deemed (whether the relevant death took place before or after the passing of this Act) to have been created by the same instrument or the same operation of law that would have created it if the law relating to trading with the enemy had not come into operation, and the said enactments shall have effect accordingly:

Provided that, where before the passing of this Act the trustee has distributed any property, his maximum liability for duty remaining unpaid shall not exceed the amount which can be raised from, or from the proceeds of, property in his hands at the passing of this Act or coming into his hands thereafter, being in either case property which he received as trustee.

- 4 Nothing in the last two preceding paragraphs shall render any legacy duty or succession duty payable in respect of any property in connection with any death if, under paragraph 1 of this Part of this Schedule, legacy duty or, as the case may be, succession duty is payable in respect of that property in connection with that death.

PART IV

GENERAL.

- 1 (1) Any custodian and any person who holds any property to the order of any custodian, on being requested in writing by the Commissioners of Inland Revenue or the Special Commissioners so to do, shall furnish to the Commissioners making the request, within such time, not being less than twenty-eight days, as may be specified therein, such particulars as those Commissioners may require for the purpose of enabling any tax or duty to be charged or recovered in accordance with the provisions of this Schedule.
- (2) If any person other than a custodian fails without reasonable excuse to comply with any request under this paragraph within the time specified in the request he shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.
- 2 In this Schedule the following expressions have the meanings hereby respectively assigned to them, that is to say,—
- " the law relating to trading with the enemy " includes the Trading with the Enemy Act, 1939, the Defence (Trading with the Enemy) Regulations, 1940, and any orders made by the Treasury or the Board of Trade under or by virtue of that Act or those Regulations, and, except in relation to property in enemy territory within the meaning of that Act, includes also any corresponding law of any country or territory outside the United Kingdom ;
- " custodian " means a custodian of enemy property appointed under the said Act;
- " property " has the meaning assigned to it by section seven of the said Act; and any reference in this Schedule to any money, property or income received by or in the hands of a custodian shall be construed as including a reference to money, property or income held to the order of a custodian.
- 3 Part I of this Schedule shall be construed as one with the Income Tax Acts, Part II of this Schedule shall be construed as one with Part I of the Finance Act, 1894, and

Part III of this Schedule shall be construed as one with the enactments relating to legacy duty and succession duty.

FIFTH SCHEDULE

Section 49.

ENACTMENTS REPEALED.

PART I

Miscellaneous enactments repealed as from the passing of this Act.

Session and Chapter.	Short Title.	Extent of Repeal.
30 & 31 Vict. c. 5	The Dog Licences Act, 1867.	Section seven.
32 & 33 Vict. c. 14	The Revenue Act, 1869.	Sections twenty and twenty-one.
10 & 11 Geo. 5. c. 72	The Roads Act, 1920.	In section five, in subsection (6), the words from the beginning to " under this section, and ".
3 & 4 Geo. 6. c. 48	The Finance (No. 2) Act, 1940.	Section twenty-two. In subsection (2) of section twenty-nine, the words from " by a person "to "materials" and the words " by that person ". In section thirty-one, in subsection (2) the word " and ", and subsections (3) and (4). In subsection (1) of section forty, in paragraph (b) the words " paragraph (a) of .section eighteen of " and the words " the corresponding provisions of ", and in paragraph (c) the words " as aforesaid ".
5 & 6 Geo. 6. c. 21	The Finance Act, 1942.	In subsection (1) of section forty-one, the definitions of " entered for home use " and " importer's purchase ". In section eighteen, in subsection (3), in paragraph (a), the words " if the purchase under which

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

Session and Chapter.	Short Title.	Extent of Repeal.
6 & 7 Geo. 6. c. 28	The Finance Act, 1943.	the goods are bought is other than an importer's purchase ". Subsection (1) of section one and Parts I, III and IV of the First Schedule.

PART II

Enactments relating to Armorial Bearings and Carriage Duties repealed as from 1st January, 1945.

Session and Chapter.	Short Title.	Extent of Repeal.
32 & 33 Vict. c. 14	The Revenue Act, 1869.	Part V and Schedule F.
35 & 36 Vict. c. 20	The Customs and Inland Revenue Act, 1872.	Section six.
38 & 39 Vict. c. 23	The Customs and Inland Revenue Act, 1875.	The whole Act.
51 & 52 Vict. c. 8	The Customs and Inland Revenue Act, 1888.	Section four, except the definition of " hackney carriage".
51 & 52 Vict. c. 41.	The Local Government Act, 1888.	In the First Schedule, the words "Carriages" and " Armorial bearings".
57 & 58 Vict. c. 60	The Merchant Shipping Act, 1894.	In subsection (2) of section five hundred and twelve, the words " but a person shall not be liable to pay any duty in respect of any such waggon, cart or horses, by reason only of the use of the same under this section ".
8 Edw. 7. c. 16.	The Finance Act, 1908.	In subsection (4) of section six, the words " carriages (including duties charged under subsection (1) of section eight of the Locomotives on Highways Act, 1896), armorial bearings".
10 & 11 Geo. 5. c. 72.	The Roads Act, 1920.	In subsection (1) of section one, the words " and the excise duties on licences for carriages imposed by section four of the Customs and Inland Revenue Act, 1888".

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

Session and Chapter.	Short Title.	Extent of Repeal.
		In section five, in subsection (1), the words "or under section four of the Customs and Inland Revenue Act, 1888 " ; and subsection (6).