



Finance (No. 2) Act 1945

1945 CHAPTER 13

PART II

INCOME TAX.

15 Income tax for 1946-47.

- (1) Income tax for the year 1946-47 shall be charged at the standard rate of nine shillings in the pound, and, in the case of an individual whose total income exceeds two thousand pounds, shall be charged in respect of the excess at rates in the pound which respectively exceed the standard rate by the amounts specified in the second column of the following Table:—

TABLE

	s.	d.
For every pound of—		
the first five hundred pounds of the excess	2	0
the next five hundred pounds of the excess	2	6
the next one thousand pounds of the excess	3	6
the next one thousand pounds of the excess	4	6
the next one thousand pounds of the excess	5	6
the next two thousand pounds of the excess	6	6

Status: This is the original version (as it was originally enacted).

	s.	d.
the next two thousand pounds of the excess	7	6
the next two thousand pounds of the excess	8	6
the next three thousand pounds of the excess	9	6
the next five thousand pounds of the excess	10	0
the remainder of the excess	10	6

- (2) All such enactments as had effect with respect to the income tax charged for the year 1945-46, 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 1946-47.

16 Higher rates of income tax for 1945-46.

Income tax for the year 1945-46 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 1945-46 by the amounts specified in the second column of the Table in subsection (1) of section seven of the Finance (No. 2) Act, 1940.

17 Increase of certain reliefs for 1946-47 and subsequent years.

- (1) Subsection (2) of section forty of the Finance Act, 1927 (which, as amended by subsequent enactments, provides for the reduction of the tax remaining chargeable after the allowance of other reliefs by a sum equal to seven-twentieths of the amount so remaining chargeable or seven-twentieths of the tax on one hundred and sixty-five pounds, whichever is the less) shall, as respects the year 1946-47 and all subsequent years of assessment, have effect as if the words—

“equal—

- (a) where the amount so remaining chargeable does not exceed the tax at the standard rate on fifty pounds, to two-thirds of that amount; and
- (b) where that amount exceeds the tax at the standard rate on fifty pounds, to two-thirds of the tax at the standard rate on fifty pounds plus— (i) one-third of the excess; or
 - (i) one-third of the excess, or
 - (ii) one-third of the tax at the standard rate on seventy-five pounds,

whichever is the less:”

were substituted for the words " equal to seven-twentieths of the amount so remaining chargeable p/ equal to seven-twentieths the tax at the standard rate on one hundred and sixty-five pounds, whichever is the less. "

- (2) Section eighteen of the Finance Act, 1920 (which, as amended by subsequent enactments, provides, in the case of married persons, for a deduction of tax on one

hundred and forty pounds, and, in the case of single persons, for a deduction of tax on eighty pounds) shall, as respects the year 1946-47 and all subsequent years of assessment, have effect as if—

- (a) the words " one hundred and eighty pounds " were substituted for the words " one hundred and forty pounds "; and
 - (b) in subsection (1) thereof, the words " one hundred and ten pounds " were substituted for the words " eighty pounds ".
- (3) Section nineteen of the Finance Act, 1935 (which, as amended by subsequent enactments, exempts from tax incomes not exceeding one hundred and ten pounds and limits the tax on incomes exceeding one hundred and ten pounds but less than one hundred and thirty-three pounds to three-quarters of the excess) shall, as respects the year 1946-47 and all subsequent years of assessment, have effect as if—
- (a) the words " one hundred and twenty pounds " were substituted for the words " one hundred and ten pounds " in both places where they occur; and
 - (b) the words " one hundred and thirty-five pounds " were substituted for the words " one hundred and thirty-three pounds "; and
 - (c) the words " one-quarter " were substituted for the words " three-quarters ".
- (4) Section seven of the Finance Act, 1941 (which provides for the crediting, after the war, of certain amounts of income tax) shall not apply to tax for the year 1946-47 or any subsequent year of assessment.

18 Appointed day for Part IV of Finance Act, 1944, and Income Tax Act, 1945.

In Part IV of the Finance Act, 1944 (which relates to allowances for expenditure on scientific research) and in the Income Tax Act, 1945, the expression " the appointed day " means the sixth day of April, nineteen hundred and forty-six, and the definitions of that expression in subsection (1) of section thirty-one of the Finance Act, 1944, and subsection (1) of section sixty-eight of the Income Tax Act, 1945, are hereby repealed.

19 Extension to 1945-46 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 1945-46 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 1945-46 and references to the year 1938-39 shall be construed as references to the year 1944-45

20 Tax free annuities, etc..

- (1) The amendments of section twenty-five of the Finance Act, 1941, specified in this section shall have effect—for the purpose of rendering the said section twenty-five (which provides for a reduction of tax free annuities, etc., in years of assessment where the standard rate of income tax is ten shillings in the pound) applicable with modifications to all years of assessment for which the standard rate of income tax is over five shillings and sixpence in the pound.
- (2) In subsection of the said section twenty-five, for the words " is ten shillings " there shall be substituted the words " exceeds five shillings and six pence. "

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

- (3) For the words " twenty twenty-ninths " wherever they occur in the said section twenty-five there shall be substituted the words " the appropriate fraction "; and at the end of the said section twenty-five there shall be inserted the following subsection—

“(6) In this section, the expression ' the appropriate fraction ' means, in relation to any year of assessment, the fraction the denominator of which is twenty-nine and the numerator of which is twenty-nine decreased by one for every complete sixpence in the pound by which the standard rate of income tax for the year exceeds five shillings and six pence in the pound.”

- (4) In sub-paragraph (ii) of paragraph (b) of subsection (4) of the said section twenty-five, for the words " ten shillings in the pound " there should be substituted the words " the standard rate of tax for the year of assessment in which the payment falls to be made. "
- (5) Nothing in this section affects any payments falling to be made before the sixth day of April, nineteen hundred and forty-one.

21 Application of Rules 19 and 21 of the General Rules to interest, etc., payable by local authorities.

- (1) Subject to the provisions of this section, in determining for the purpose of Rules 19 and 21 of the General Rules whether any sum payable by a local authority is payable wholly out of profits or gains brought into charge to tax, all profits or gains of the authority for the year of assessment in question shall, notwithstanding any restriction imposed by law upon the application of moneys belonging to the authority, be treated as being available for the payment of any sums to which those Rules apply which fall to be paid by the authority.
- (2) Subject to the provisions of this section, where, in any year of assessment, a local authority occupy any land and any tax for that year under Schedule A in respect thereof is, or apart from the said Rules would be, ultimately borne by them, there shall be deemed for the purposes of those Rules to be available to them for that year for the payment of any sums to which those Rules apply which fall to be paid by them an amount equal to the net amount on which tax is or would be borne by them as aforesaid.
- (3) Where any sum—
- (a) has been or is to be reimbursed to a local authority by the Crown or by any other person; or
 - (b) is taken into account in computing deficiency which the Crown or any other person is under a legal obligation to make good to a local authority; or
 - (c) is charged to capital,

profits or gains which, apart from the provisions of this section, would not have been treated as available for the payment of that sum shall not be so treated by virtue of this section:

Provided that where any sum taken into account in computing such a deficiency as aforesaid exceeds the amount of the deficiency, this subsection shall not prevent profits or gains from being treated as available for the payment of the excess.

- (4) In this section, the expression " local authority "—
- (a) in relation to England, means any authority being, within the meaning of the Local Loans Act, 1875, an authority having power to levy a rate, and includes

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

any joint board or joint committee all the constituent members of which are such authorities as aforesaid;

- (b) in relation to Scotland, means any county council, town council, or district council, or any other authority within the meaning of the Local Authorities Loans (Scotland) Act, 1891, and includes any joint board or joint committee which is appointed under any enactment, order or scheme, and of which all the constituent authorities are such local authorities as aforesaid; and
- (c) in relation to Northern Ireland, means the council of any county, county or other borough, urban or rural district, a board of guardians, the commissioners of a town, an education authority, and any committee or board appointed wholly or partly by a county or district council or board of guardians, or by several such councils or boards jointly:

Provided that, for the purposes of this section the Mayor and commonalty and citizens of the City of London and the Common Council of the City of London shall be deemed to be one local authority.

- (5) The preceding provisions of this section shall have effect as respects the year 1944-45 and all subsequent years of assessment.
- (6) Rule 6 of the Miscellaneous Rules applicable to Schedule D (which provides for charging the proper officer with the tax payable on any interest of money charged on any rates or assessments not chargeable as profits) is hereby repealed.

22 Amendments as to carrying forward of losses.

- (1) Section thirty-three of the Finance Act, 1926 (which authorises the carrying forward of losses sustained by a person in any trade, profession or vocation, and the deduction or setting off of those losses from or against the amount of profits or gains on which he is assessed under Schedule D in respect of that trade, profession or vocation for the six following years of assessment), and any other enactment extending, amending or applying the said section thirty-three, shall, in its application to any case in which the six following years of assessment include any of the relevant years as hereinafter defined, have effect, and be deemed always to have had effect, as if for any reference to the six following years there were substituted a reference to those six years plus such number of the years of assessment immediately succeeding those six years as is equal to the number of the relevant years which are subsequent to the year in which the loss was sustained.

For the purposes of this subsection, the relevant years are the year 1939-40 and every subsequent year of assessment up to and including the year 1945-46.

- (2) Where, in any year of assessment, relief cannot be given, or cannot be wholly given, in respect of a loss carried forward under the said section thirty-three because the amount of the profits or gains of the trade assessed under Case I of Schedule D for that year is insufficient, any interest or dividends on investments arising in that year, being interest or dividends which would fall to be taken into account as trading receipts in computing the profits or gains of the trade for the purpose of assessment under that Case but for the fact that they have been subjected to tax under other provisions of the Income Tax Acts, shall be treated for the purposes of the application of the said section thirty-three as if they were profits or gains on which the person carrying on the trade was assessed under the said Case I in respect of that trade for that year of assessment, and relief shall be given accordingly by repayment or otherwise:

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

Provided that, for the purpose of determining whether any, and, if So, what, relief can be given under this subsection for any year of assessment, the loss which may be carried forward under the said section thirty-three shall be computed in the case of life assurance business or capital redemption business (as defined for the purposes of section twenty-seven of the Finance Act, 1938) as if it were being computed for the purpose of setting it off against the profits of another business carried on by the same person.

- (3) Any dispute as to whether any, and, if so, what, relief can be given under the last preceding subsection for any year of assessment shall be heard; and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Case I of Schedule D in respect of the trade in question, and the provisions of the Income Tax Acts relating to the statement of a case for the opinion of the High Court on a point of law shall apply.

23 War gratuities.

War gratuities paid in respect of service in connection with the present war either—

- (a) under any Order in Council, Royal Warrant, King's Order, Army Order or Air Ministry Order to members of the armed forces of the Crown or any of the women specified in the First Schedule to the Disabled Persons (Employment) Act, 1944; or
- (b) under arrangements certified by the Treasury to be arrangements providing similar benefits to members of the armed forces of the Crown raised outside the United Kingdom to whom paragraph (a) of this section does not apply or to women employed in or in connection with any such armed forces; or
- (c) under arrangements certified by the Treasury to be arrangements providing similar benefits to—
 - (i) special constables appointed under the Special Constables Act, 1831, or section one hundred and ninety-six of the Municipal Corporations Act, 1882, or under section ninety-six of the Burgh Police (Scotland) Act, 1892, as amended or extended by any subsequent enactment or any similar provision contained in a local Act, or members of the Police War Reserve, the Women's Auxiliary Police Corps or the Police Auxiliary Messenger Service; or
 - (ii) members of the National Fire Service, the Auxiliary Fire Service or the fire brigade of a local authority; or
 - (iii) members of the Civil Defence Reserve or the civil defence ambulance, decontamination, first aid party, first aid post, messenger, report and control, rescue or wardens' services; or
 - (iv) members of the fireguard service; or
 - (v) members of the Royal Observer Corps; or
 - (vi) members of the Auxiliary Coastguard; or
 - (vii) persons in Northern Ireland similar to any of the persons specified in any of the preceding sub-paragraphs; or
 - (viii) ; employees of the Navy, Army and Air Force Institutes serving with the Royal Navy or in the Royal Army Service Corps Expeditionary Force Institutes or in the Auxiliary Territorial Service Expeditionary Force Institutes; or

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

(ix) employees of the War Organisation of the British Red Cross Society and Order of St. John of Jerusalem certified by the Treasury to be employed on conditions of service analogous to those of any of the persons specified in any of the preceding sub-paragraphs,
shall not be regarded as income for any of the purposes of the Income Tax Acts for any year of assessment, including a year of assessment before the year 1945-46.

24 Treatment of certain payments made under redundancy schemes.

- (1) Subject to the provisions of this section, where under any scheme which is for the time being certified or has at any time been certified by the Board of Trade under section twenty-five of the Finance Act, 1935 (which provides for the deduction, in computing the profits or gains of a trade, of contributions paid under redundancy schemes which are certified under that section), any payment is made, on or after the sixth day of April, nineteen hundred and forty-five, to a person carrying on a trade to which the scheme relates, that payment shall be treated for the purposes of the Income Tax Acts as a trading receipt of the trade and shall accordingly be taken into account in computing the profits or gains of the trade for those purposes.
- (2) Where it is shown in accordance with the provisions of Part II of the Fourth Schedule to this Act that the payments which, on or after the said date, have been made under such a scheme in respect of a trade, have been made wholly or partly in respect of damage in respect of which no relief may be given under the Income Tax Acts, then, subject to and in accordance with the provisions of that Schedule, relief shall be given in respect of those payments by reducing the amounts which are to be treated as trading receipts of the trade under the preceding subsection, but, where such relief is given, the said section twenty-five shall, in relation to contributions subsequently paid under the scheme in respect of the trade, have effect subject to the modifications specified in Part III of that Schedule.
- (3) The provisions of this section and of the said Schedule shall apply in relation to any payment made to a person who has ceased to carry on a trade to which any such scheme as aforesaid relates as they apply in relation to payments made to a person carrying on such a trade, subject to the modification that so much of that payment as falls to be treated as a trading receipt by virtue of the said provisions shall be deemed for the purposes of those provisions to have been made to him on the last day on which he was engaged in carrying on the trade.
- (4) In determining, for the purposes of this section and of the said Schedule—
 - (a) whether any trade has ceased to be carried on; or
 - (b) whether any contribution is paid in respect of a trade in respect of which a payment has been made; or
 - (c) whether any payment is made in respect of a trade in respect of which a contribution has been paid,no regard shall be had to any event which, by virtue of any of the provisions of Rule 11 of the Rules applicable to Cases I and II of Schedule D, is to be treated as effecting a discontinuance of a trade.
- (5) In this section and in the said Schedule, the expression " payment " does not include a payment made by way of repayment of contributions.

25 Effect of cancellation of certificates granted under Finance Act, 1935, s. 25.

- (1) Where any certificate granted with respect to a scheme under section twenty-five of the Finance Act, 1935, is cancelled by the Board of Trade after the passing of this Act, and any deductible contributions paid in furtherance of the scheme have not been repaid at the expiration of one year from the cancellation, the body of persons carrying out the scheme shall, for the year of assessment in which the said year expires, be charged to income tax under Case VI of Schedule D upon the aggregate amount of the deductible contributions which have not been repaid at that time:

Provided that the charge shall not be made if the total amount of any contributions, other than deductible contributions, which have been paid under the scheme and have not been repaid before that time is greater than the available resources of the scheme, and shall not in any case be made upon an amount greater than the excess, if any, of those resources over that total amount.

In this subsection the expression " available resources ", in relation to any scheme, means a sum representing the total funds held for the purposes of the scheme at the expiration of one year from the cancellation of the certificate plus a sum representing any funds held for the purposes of the scheme which, during that year, have been applied otherwise than in accordance with the provisions of the scheme as in force when the certificate was granted.

- (2) Where the body of persons carrying out a scheme are charged to income tax by virtue of the preceding subsection, and, after the expiration of the said year, any deductible contribution paid in furtherance of the scheme is repaid, the amount upon which the charge is made shall be reduced by the amount repaid, and all such repayments of tax shall be made as are necessary to give effect to the provisions of this subsection.
- (3) In this section, the expression " contribution " includes a part of a contribution, and the expression " deductible contribution " means a contribution allowed to be deducted under the said section twenty-five, any reduction thereof under Part III of the Fourth Schedule to this Act being left out of account.
- (4) Subsection (5) of the said section twenty-five (which relates to the order in which contributions are to be deemed to be repaid) shall have effect for the purposes of this section as it has effect for the purposes of that section.

26 Statutory redundancy schemes.

- (1) The following provisions, that is to say—
- (a) subsections (4) and (5) of section twenty-five of the Finance Act, 1935 (which provide, in relation to schemes certified under that section, that deductions made for contributions shall be treated as unauthorised deductions if the contributions are repaid); and
 - (b) the two last preceding sections of this Act and the Fourth Schedule to this Act, shall, subject to the adaptations specified in subsection (2) of this section, apply in relation to a statutory redundancy scheme as they apply in relation to a scheme certified under the said section twenty-five.
- (2) The said adaptations are as follows, that is to say—
- (a) for any reference to a contribution allowed to be deducted under the said section twenty-five there shall be substituted a reference to a contribution allowed to be deducted under any of the provisions of the Income Tax Acts;

- (b) any provision that the said section twenty-five shall, in relation to contributions, have effect subject to modifications, shall be construed as a provision that so much of the Income Tax Acts as authorises the deduction of contributions shall, in relation to the contributions in question, have effect subject to the modifications in question;
 - (c) for any reference to the cancellation of a certificate with respect to a scheme there shall be substituted a reference to the scheme ceasing to have effect; and
 - (d) for any reference to the provisions of the scheme as in force when the certificate was granted there shall be substituted a reference to the provisions of the scheme as in force when contributions were first paid thereunder.
- (3) In this section the expression " a statutory redundancy scheme " means a scheme for the elimination or reduction of redundant works, machinery or plant, or for other similar purposes, to which effect is given by or under any Act (whether passed before or after this Act).

27 Adjustment of liability to income tax consequential on adjustments of excess profits tax or the national defence contribution.

- (1) Where any adjustment is made of the liability of any person to excess profits tax or the national defence contribution, any consequential adjustment of the liability of that or any other person to income tax (including surtax) for any year of assessment may be made, whether by way of additional assessment, repayment of tax or otherwise, notwithstanding that the time limited by the Income Tax Acts for the making of assessments or claims for repayment of tax has expired.
- (2) Section forty-one of the Finance Act, 1927 (which contains provisions with respect to the making and determination of claims) shall apply in relation to claims for relief from income tax (other than surtax) consequential on any adjustment as respects excess profits tax or the national defence contribution as it applies in relation to claims for deductions of tax under section forty of that Act:

Provided that any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and subsection (2) of the said section forty-one shall have effect accordingly.

28 Incorrect returns.

If a person delivers to any surveyor a list, declaration or statement on a form prepared for the purpose by direction of the Commissioners of Inland Revenue, he shall be deemed for the purposes of section one hundred and seven of the Income Tax Act, 1918 (which, amongst other things, provides a penalty for certain incorrect returns) to have been required by a particular notice under the Income Tax Acts to prepare and deliver that list, declaration or statement, and the time limited for the delivery thereof shall be deemed for the purposes of the said section to have expired on the date of its delivery to the said surveyor.