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SCHEDULES.

SEVENTH SCHEDULE

PROVISIONS AS TO RELIEF FROM INCOME TAX, EXCESS PROFITS TAX AND THE NATIONAL DEFENCE CONTRIBUTION BY WAY OF CREDIT IN RESPECT OF FOREIGN TAX.

Limits on total credit—income tax.

- 4 (1) The amount of the credit to be allowed for foreign income tax in respect of any income shall not exceed the sum which would be produced by computing the amount of that income in accordance with the Income Tax Acts, and then charging it to income tax for the year of assessment for which the credit is to be allowed, but at the following rate, that is to say—
- (a) in the case of a person whose income is chargeable to income tax at the standard rate only, a rate ascertained by dividing the income tax payable by him for the year by the amount of his total income for the year ;
 - (b) in the case of a person part of whose total income is chargeable to income tax at a rate or rates in excess of the standard rate, the sum of the following rates—
 - (i) the rate which would have been the appropriate rate in his case if his income had been chargeable at the standard rate only ; and
 - (ii) the rate ascertained by dividing the surtax payable by him for the year by the amount of his total income for the year :

Provided that where, under the arrangements, credit is not to be allowed against surtax for the year, the rate shall be calculated in all cases as in the case of persons whose incomes are chargeable to income tax at the standard rate only, and where, under the arrangements, credit is not to be allowed except against surtax for the year, the rate shall be that ascertained by dividing the surtax payable by the person in question for the year by the amount of his total income for the year.

- (2) For the purpose of determining the said rate, the tax payable by any person for any year shall be computed without regard to any relief in respect of life assurance premiums and without any reduction thereof for any credit allowed or to be allowed under any arrangements having effect by virtue of Part V of this Act, but shall be deemed to be reduced by any tax which, otherwise than under Rule 20 of the General Rules, he is entitled to charge against any other person, and the total income of any person shall be deemed to be reduced by the amount of any income the income tax upon which he is entitled to charge as aforesaid.
- 5 Without prejudice to the provisions of the last preceding paragraph, the total credit to be allowed to a person for any year of assessment for foreign income tax under all arrangements having effect by virtue of Part V of this Act shall not exceed the total income tax payable by him for that year of assessment, less any tax which, otherwise than under Rule 20 of the General Rules, he is entitled to charge against any other person.