

SCHEDULES.

FIRST SCHEDULE

Section 1.

CLASSES OF GOODS IN RESPECT OF WHICH PURCHASE TAX IS TO CEASE TO BE CHARGEABLE.

- 1 Domestic cooking, space heating and water heating appliances of the following descriptions, namely,—
 - stoves, grates, ranges and fireplaces ;
 - boiling rings, grillers and hot-plates ;
 - radiators and convectors ;
 - instantaneous water heaters, immersion water heaters and storage water heaters ;
 - wash boilers and wash coppers.
- 2 Parts of such stoves, grates, ranges and fireplaces as aforesaid.
- 3 Domestic refrigerators.

SECOND SCHEDULE

Section 4.

RATES OF EXCISE DUTY ON CERTAIN MECHANICALLY PROPELLED VEHICLES.

PART I

PARAGRAPH TO BE SUBSTITUTED FOR PARAGRAPH 3 OF THE SECOND SCHEDULE TO THE FINANCE ACT, 1920.

“Description of vehicles.	Rate of duty.
(a) Hackney carriages being tramcars	15s.
(b) Other hackney carriages—	
For the purposes of this paragraph— <ol style="list-style-type: none"> (1) The number of persons mentioned does not include the driver of the vehicle; (2) The seating capacity of a vehicle shall be determined in accordance with regulations made under section twelve of the Roads Act, 1920; (3) The expression " hackney carriage" means a mechanically propelled vehicle standing or plying for hire, and includes any mechanically propelled vehicle let for hire by a person whose trade it is to sell mechanically propelled vehicles or to let mechanically propelled vehicles for hire provided that the vehicle is not let for a period amounting to three months or more. 	

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“Description of vehicles. <i>Seating capacity of vehicle.</i> ”		Rate of duty.	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Exceeding.</i>	<i>Not exceeding.</i>	<i>Initial.</i>	<i>Additional for each person in excess of the number of the number in column 1.</i>
—	4 persons	£10	—
4 persons	8 persons	£12	—
8 persons	26 persons	£12	£2
26 persons	32 persons	£48	£1 12S.
32 persons	—	£57 12S.	£1 4S.”

For the purposes of this paragraph—

- (1) The number of persons mentioned does not include the driver of the vehicle;
- (2) The seating capacity of a vehicle shall be determined in accordance with regulations made under section twelve of the Roads Act, 1920;
- (3) The expression "hackney carriage" means a mechanically propelled vehicle standing or plying for hire, and includes any mechanically propelled vehicle let for hire by a person whose trade it is to sell mechanically propelled vehicles or to let mechanically propelled vehicles for hire provided that the vehicle is not let for a period amounting to three months or more.

PART II

RATES OF DUTY ON GOODS VEHICLES CHARGEABLE UNDER SUB-PARAGRAPHS (A), (B) AND (C) OF PARAGRAPH 5 OF THE SECOND SCHEDULE TO THE FINANCE ACT, 1920.

Weight unladen of vehicle.		Rate.	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Exceeding.</i>	<i>Not exceeding.</i>	<i>Initial.</i>	<i>Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 1.</i>
<i>Rates chargeable under sub-paragraph (a) of paragraph 5 (Farmers Vehicles).</i>			
—	12 cwt.	£10	—
12 cwt.	1 ton	£11	—
1 ton	2 ½ tons	£11	10S.
2 ½ tons	3 tons	£14	£1
3 tons	—	£16	10S.
<i>Rates chargeable under sub-paragraph (6) of paragraph 5 (Showmen's Special Vehicles)</i>			
—	12 cwt.	£10	—
12 cwt.	1 ton	£12	—

Weight unladen of vehicle.		Rate.	
1	2	3	4
Exceeding.	Not exceeding.	Initial.	Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 1.
1 ton	—	£12	£1
Rates chargeable under sub-paragraph (c) (i) of paragraph 5 (Other Goods Vehicles electrically propelled).			
—	12 cwt.	£10	—
12 cwt.	1 ton	£15	—
1 ton	2 tons	£15.	£1 5 S.
2 tons	3 tons	£20.	£2 10S.
3 tons	6 tons	£30	£1 5 S.
6 tons	—	£45	£2 10S.
Rates chargeable under sub-paragraph (c) (ii) of paragraph 5 (Other Goods Vehicles propelled by steam or using gas as fuel).			
—	12 cwt.	£10	—
12 cwt.	1 ton	£15	—
1 ton	3 tons	£15	£2 10S.
3 tons	4 tons	£35	£3 15 S.
4 tons	6 tons	£50	£5
6 tons	—	£90	£3 15 S.
Rates chargeable under sub-paragraph (c) (iii) of paragraph 5 (Other Goods Vehicles to which the foregoing Rates do not apply).			
—	12 cwt.	£10	—
12 cwt.	1 ton	£15	—
1 ton	3 tons	£15	£2 10S.
3 tons	4 tons	£35	£3 15 S.
4 tons	—	£50	£5

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PART III

RATES OF DUTY ON GOODS VEHICLES BEING LOCAL AUTHORITIES' WATERING VEHICLES.

Weight unladen of vehicle.		Rate.	
1	2	3	4
Exceeding.	Not exceeding.	Initial.	Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 1.
<i>Rates on Vehicles Electrically Propelled.</i>			
—	1 ¼ tons	£6	—
1 ¼ tons	2 tons	£6	£2 6s. 8d.
2 tons	3 tons	£13	15S.
3 tons	4 tons	£16	16S.
4 tons	5 tons	£19 4S.	12S.
5 tons	—	£24	—
With an additional duty, in any case, if used for drawing a trailer, of £6.			
<i>Rates on Vehicles not Electrically Propelled.</i>			
—	12 cwt.	£10	—
12 cwt.	1 ton	£15	—
1 ton	2 tons	£15	£2 10S.
2 tons	2 ½ tons	£25	£1 10S.
2 ½ tons	3 tons	£28	£2
3 tons	4 tons	£32	£1 12S.
4 tons	5 tons	£38 8S.	£1 4S.
5 tons	—	£48	—
With an additional duty, in any case if used for drawing a trailer, of £6.			

THIRD SCHEDULE

Sections 9 and 11.

SPIRITS.

PART I

PROVISIONS OF THE SPIRITS ACT, 1880, REPLACEABLE BY REGULATIONS.

Sections thirteen to forty-five; sections fifty-six to fifty-eight ; subsection (1) of section sixty-six ; section sixty-seven ; sections seventy-one and seventy-two ; subsection (1) of section one hundred and five ; and the First Schedule.

PART II

MODIFICATIONS OF PROVISIONS RELATING TO CHARGE OF EXCISE DUTY ON SPIRITS.

- 1 The excise duty on spirits made in a distillery shall not be charged by reference to the low wines made therein, and accordingly in subsection (1) of section forty-six of the Spirits Act, 1880, the words " the low wines " and the whole of subsection (3) of that section shall cease to have effect.
- 2 Subsection (5) of the said section forty-six (which relates to wastage in the spirit store) shall cease to have effect.
- 3 Where the excise duty on spirits made in a distillery is charged in respect of the wort or wash, the degree of attenuation may be ascertained by reference to the lowest gravity of the wash as declared by the distiller as if that gravity had been found by the officer before its distillation, and accordingly subsection (2) of the said section forty-six shall have effect as if after the words " the lowest gravity of the wash " there were inserted the words " as declared by the distiller or. "

PART III

ENACTMENTS AS TO ALLOWANCES REPEALED.

Session and Chapter.	Short Title.	Extent of Repeal.
48 & 49 Vict. c. 51.	The Customs and Inland Revenue Act, 1885.	In subsection (1) of section three, the words " In respect of plain British spirits, and spirits of the nature of spirits of wine, an allowance of two-pence, and."
52 & 53 Vict. c. 42.	The Revenue Act, 1889.	In section twenty-one, the words " and spirits of the nature of spirits of wine."
58 & 59 Vict. c. 16.	The Finance Act, 1895	In section six the words from " and where " to the end of the section, and in section seven the words " and to an allowance in respect of

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Session and Chapter.	Short Title.	Extent of Repeal.
2 Edw. 7. c. 7.	The Finance Act, 1902.	methylated spirits exported which is payable under this Act." In subsection (1) of section five, the words " twopence and," the words " and section six of the Finance Act, 1895," and the words " respectively threepence and."
6 Edw. 7. c. 20.	The Revenue Act, 1906.	Subsection (1) of section one.
5 & 6 Geo. 5. c. 62.	The Finance Act, 1915.	Subsection (4) of section eight.
10 & 11 Geo. 5. c. 18.	The Finance Act, 1920.	Section eleven.
11 & 12 Geo. 5. c. 32.	The Finance Act, 1921.	Subsection (2) of section fifteen.
17 & 18 Geo. 5. c. 10.	The Finance Act, 1927.	Subsections (1) and (3) of section fifteen.

FOURTH SCHEDULE

Sections 24, 25 and 26.

INCOME TAX RELIEFS IN CONNECTION WITH REDUNDANCY SCHEMES.

PART I

PRELIMINARY.

1 (1) In this Schedule—

- (a) the expression " scheme " means a 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 ;
- (b) the expression " payment " means a payment made under a scheme on or after the sixth day of April, nineteen hundred and forty-five, being a payment made to a person carrying on a trade to which the scheme relates ;
- (c) the expression " the person chargeable " means, in relation to any such payment, the person liable to pay any income tax which may fall to be paid by reason of the receipt of the payment;
- (d) the expression " damage " includes any loss, liability, expense or other burden, and references to the amount of any damage are references to the sum which would be fair compensation for that damage ;
- (e) the expression " contribution " includes part of a contribution, but does not include any contribution made before the sixth day of April, nineteen hundred and forty-five, 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 this Schedule being left out of account; and

- (f) the expression " asset " includes a part of an asset.
- (2) 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 Schedule as it has effect for the purposes of that section.

PART II

RELIEF IN RESPECT OF CERTAIN PAYMENTS.

- 2 The question whether any, and, if so, what, relief is to be given shall be determined separately in relation to each payment made under the scheme in respect of the trade, but for the purpose of determining that question regard shall be had, as hereinafter provided, to the sum (hereafter in this Schedule referred to as " the total payment,") produced by adding the amount of the payment to the amount of any payments previously so made.
- 3 No relief shall be given in respect of the payment unless the person chargeable shows—
- (a) the amount of the damage in respect of which the total payment has been made; and
 - (b) how much of that amount is referable to damage in respect of which no relief may be given under the Income Tax Acts.
- 4 No relief shall be given in respect of the payment unless the total payment, or the amount of the damage in respect of which the total payment has been made, whichever is the smaller, exceeds the aggregate amount of the deductible contributions which have been paid in furtherance of the scheme in respect of the trade in question before the payment is made, exclusive of any contributions which have been repaid before the payment is made.
- 5 The amount of the reduction to be made in respect of the payment shall be arrived at by—
- (a) ascertaining the sum which bears to the excess mentioned in paragraph 4 of this Schedule the same proportion that the amount mentioned in subparagraph (b) of paragraph 3 thereof bears to the amount mentioned in subparagraph (a) of the said paragraph 3 ; and
 - (b) deducting from the said sum the total amount of any reductions which have been or fall to be made under this Schedule in respect of payments previously made under the scheme in respect of the trade.
- 6 (1) For the purposes of this Schedule, damage shall be deemed to be damage in respect of which relief may be given under the Income Tax Acts if and only if—
- (a) the damage is attributable to any of the following events, that is to say, the demolition, destruction or putting out of use of any asset, or the disposition or termination of an interest in any asset, and, by reason of that event, an allowance falls to be made under Part I or Part II of the Income Tax Act, 1945, in charging the profits or gains of the trade ; or
 - (b) the damage consists of any loss, liability, expense or other burden in respect of which an allowance may be made in computing the profits or gains of the trade for the purposes of the Income Tax Acts :

Provided that where an allowance under Part I of the Income Tax Act, 1945, in respect of any damage falls to be reduced by the fraction specified in subsection (4) of section

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three of that Act, the same fraction, and the same fraction only, of the amount of the damage shall be treated as being referable to damage in respect of which relief may be given under the Income Tax Acts.

(2) Where any event occurs which would give rise to an allowance under the Income Tax Acts in respect of any asset in charging or computing the profits or gains of a trade but for any of the following matters, that is to say—

- (a) that there are no profits or gains against which the allowance could be made ; or
- (b) that account is required to be taken of allowances previously made or deemed to have been made in respect of the asset; or
- (c) that account is required to be taken of any sum which falls to be written off the expenditure incurred on the asset for the purpose of determining whether any and if so what allowance may be given by reason of the event; or
- (d) that account is required to be taken of any sum falling to be taken into account as sale, insurance, salvage or compensation moneys,

the like consequences shall ensue under this Schedule as if an allowance had fallen to be made by reason of that event.

(3) Where any damage is attributable to a permanent change in the purposes for which an asset is used, or the temporary or permanent putting out of use of an asset, the question whether the damage is damage in respect of which relief may be given under the Income Tax Acts shall be determined as if the damage had been attributable to a sale of the asset on the date upon which the change or putting out of use took place.

PART III

EXCLUSION OF RELIEF IN RESPECT OF CONTRIBUTIONS PAID AFTER RELIEF HAS BEEN GIVEN UNDER PART II OF THIS SCHEDULE.

7 The provisions of this Part of this Schedule shall have effect where—

- (a) a contribution is paid under a scheme in respect of a trade ; and
- (b) before the contribution is paid, payments have been made under the scheme to the person carrying on the trade ; and
- (c) reductions have been made, under the preceding provisions of this Schedule, in the amounts which, by reason of those payments, are to be treated as trading receipts of the trade.

8 There shall be ascertained—

- (a) the total amount of the said reductions ; and
- (b) the sum by which that total would have been decreased if the contribution, and any previous contributions to which this Part of this Schedule applies, had been paid before any of the payments were made.

9 For the purpose of determining what deduction is to be made in respect of the contribution under section twenty-five of the Finance Act, 1935, the contribution shall be deemed to be reduced by the sum specified in sub-paragraph (b) of the last preceding paragraph, but—

- (a) for the purpose of the application of that paragraph in relation to contributions subsequently paid under the scheme in respect of the trade, the total amount of the reductions referred to in that paragraph shall be treated as decreased by that sum ; and

- (b) for the purpose of the application of paragraph 5 of this Schedule, in relation to payments subsequently made under the scheme in respect of the trade, the total amount of the reductions referred to in the said paragraph 5 shall be treated as decreased by the said sum.
- 10 When two or more contributions are paid at the same time, the provisions of this Part of this Schedule shall have effect as if they were a single contribution.

FIFTH SCHEDULE

Section 35.

SECTION 24 OF THE FINANCE ACT, 1923, AS APPLIED WITH ADAPTATIONS TO EXCESS PROFITS TAX AND THE NATIONAL DEFENCE CONTRIBUTION.

“(1) If any person who has paid tax charged under an assessment to excess profits tax or to the national defence contribution alleges that the assessment was excessive by reason of some error or mistake in a return or statement made by him for the purposes of the assessment, he may, at any time before such date as Parliament may hereafter determine, make an application in writing to the Commissioners of Inland Revenue for relief.

(2) On receiving any such application the Commissioners of Inland Revenue shall inquire into the matter and shall, subject to the provisions of this section, give by way of repayment such relief in respect of the error or mistake as is reasonable and just :

Provided that no relief shall be given under this section in respect of an error or mistake as to the basis on which the liability of the applicant ought to have been computed where the return or statement was in fact made on the basis or in accordance with the practice generally prevailing at the time when the return or statement was made.

(4) Any person who is aggrieved by the determination of the Commissioners of Inland Revenue on an application made by him under this section may, on giving notice in writing to those Commissioners within twenty-one days after the notification to him of their determination, appeal to the Special Commissioners.

(5) The Special Commissioners shall thereupon hear and determine the appeal in like manner as in the case of an appeal to them against an assessment under Schedule D, and the provisions of the Income Tax Acts relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications :

Provided that neither the appellant nor the Commissioners of Inland Revenue shall be entitled to require a case to be stated for the opinion of the High Court otherwise than on a point of law arising in connection with the computation of profits or the computation of capital.”

SIXTH SCHEDULE

Sections 49 and 50.

POST-WAR REFUNDS IN THE CASE OF PARTNERSHIPS, GROUPS OF COMPANIES, ETC.

PART I

PARTNERSHIPS.

- 1 Where the original trade or business was carried on in the relevant chargeable accounting periods by persons in partnership, the following provisions shall have effect—
- (a) the relevant chargeable accounting periods to which the refund is referable shall first be ascertained ;
 - (b) the amounts of refund referable to each of those periods shall then be ascertained ;
 - (c) each of those amounts shall then be apportioned among the partners by reference to their respective shares in the profits of the trade or business for the period in question ;
 - (d) instead of one refund being made, a separate refund shall be made in the case of each partner equal to the total of the amounts apportioned under the last preceding sub-paragraph to that partner ;
 - (e) any reference in the provisions of Part IV of this Act relating to income tax to the amount of refund referable to any of the relevant chargeable accounting periods shall be construed, in relation to each of the separate refunds, as a reference to the amount apportioned under sub-paragraph (c) of this paragraph to the partner in question in the case of that period :

Provided that where, in the case of a payment of, or on account of, a post-war refund, all the partners who were carrying on the original trade or business in the relevant chargeable accounting periods are still engaged in carrying it on when the payment falls to be made and are still then carrying it on alone and not in partnership with any other person, one joint payment may be made for all the partners, but the provisions of Part IV of this Act relating to income tax shall nevertheless have effect as though separate payments had been made as aforesaid in the case of each partner.

PART II

GROUPS OF COMPANIES.

- 2 For the purposes of this Part of this Schedule, a group of companies shall be deemed to be the same group notwithstanding any changes in the members thereof so long as, and only so long as, the same body corporate remains the principal company of the group ; and references in this Part of this Schedule, in relation to a member of a group of companies, to relevant chargeable accounting periods shall be construed as not including references to any chargeable accounting period during which it was not a member of the group.
- 3 All sums paid or payable by way of excess profits tax or the national defence contribution for any relevant chargeable accounting period in respect of any trade or business carried on by any member of a group of companies shall, for the purpose of ascertaining whether any, and if so what, post-war refund is due to any person, be deemed to have been paid or to be payable by the principal company of the group

and not by any other member thereof ; and for the purposes of Part IV of this Act, the trade or business of the principal company shall be deemed to be the original trade or business.

4 Where any sum is paid to the principal company for, or on account of, a post-war refund, the undertakings and authorities required by Part IV of this Act in relation to the payment shall not require the approval of the advisory panel by reason of the fact that the trade or business specified in those undertakings and authorities is not the original trade or business if the trade or business so specified is being or is to be carried on by a subsidiary member of the group.

5 Where it is finally determined that any post-war refund is payable in respect of all or any of the trades or businesses carried on by members of a group of companies during any relevant chargeable accounting period, there shall be ascertained, in the case of each subsidiary member of the group—

- (a) the total amount of excess profits tax and the national defence contribution for the relevant chargeable accounting periods which has been borne directly or indirectly by the subsidiary member ;
- (b) the total amount of the national defence contribution paid for the relevant chargeable accounting periods in respect of the trade or business of the subsidiary member ;
- (c) the total sum which could, under sub-paragraph (2) of paragraph 8 of Part IV of the Fifth Schedule to the Finance Act, 1940, have been required to be paid on account of excess profits tax for the relevant chargeable accounting periods by the subsidiary member on the assumption that excess profits tax had been chargeable for all those periods at eighty per cent., less the amount which would, on that assumption, have been payable to the subsidiary member under sub-paragraph (3) of the said paragraph 8,

and, if the amount mentioned in sub-paragraph (a) of this paragraph exceeds the sum of the amounts mentioned in sub-paragraphs (b) and (c) thereof, an amount equal to the difference shall be paid by the principal company to the subsidiary member :

Provided that—

- (i) if the total of the amounts so payable by the principal company to the subsidiary members of the group of companies exceeds the total amount paid in respect of the post-war refund, the sums so payable shall be proportionately reduced so as together to amount to the said total amount so paid ; and
- (ii) on the payment of any sum payable by the principal company to a subsidiary member under this paragraph, the principal company shall be entitled to deduct and retain out of the payment tax at the standard rate for the year 1946-47 as if that payment were an annual payment to which Rule 19 of the General Rules applied paid in that year out of profits and gains brought into charge to tax.

6 Where an amount is paid to a subsidiary member under the last preceding paragraph, so much of the provisions of Part IV of this Act relating to income tax as confers a right of election that a post-war refund shall be charged to income tax for the year 1947-48 shall have effect as if the said payment were a payment of refund to the subsidiary member which was to be used for the purposes of its trade or business, as if the tax deducted therefrom under Rule 19 of the General Rules as applied by the last preceding paragraph had been deducted therefrom under the provisions of Part IV of this Act relating to the deduction of tax from payments of refund, and as

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if the gross amount of the refund paid to the principal company were diminished by the gross amount of the said payment.

- 7 So much of the provisions of Part IV of this Act relating, to income tax on sums paid as or on account of post-war refunds as provides that the right to elect that sums so paid shall be chargeable as profits and gains of a trade for the year 1947-48 in lieu of being chargeable to tax for the year 1946-47 shall be restricted to cases where the person to whom the sum is paid is carrying on the trade during the whole or some part of the year 1947-48 shall not apply where, during the whole or part of the year 1947-48, the trade is being carried on by a subsidiary member of a group of companies of which the person to whom the sum was paid is then the principal, company.

PART III

TAX PAID UNDER FINANCE ACT, 1943, S. 24.

- 8 Where, under section twenty-four of the Finance Act, 1943, a joint and several liability is imposed on any persons, the rights of those persons respectively to a post-war refund shall be based on the amounts of tax ultimately borne by them respectively by reason of the imposition of the liability and not on the amounts of tax paid by them respectively to the Crown, and no sum shall be paid as or on account of a post-war refund in the case of any of those persons unless the Commissioners are satisfied as to the amounts so borne by all those persons and are further satisfied that any liability of any of those persons to make a payment to any other of those persons which arises by virtue of subsection (3) of the said section twenty-four has been extinguished.
- 9 Any reference in Part IV of this Act to the original trade or business shall, in relation to any post-war refund made in respect of tax paid under the said section twenty-four, be construed as a reference, to the trade or business carried on by the company whose stock in trade was disposed of at the time of the disposal thereof, and any reference in section thirty-nine of this Act to the person who carried on the original trade or business shall, in relation to any post-war refund in respect of tax paid under the said section twenty-four, be deemed to include a reference to the person who bore that tax.

SEVENTH SCHEDULE

Section 51.

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

Interpretation.

- 1 (1) In this Schedule, except where the context otherwise requires—
- " the United Kingdom taxes " means income tax and excess profits tax ;
 - " excess profits tax " includes the national defence contribution ;
 - " foreign income tax " means, in relation to any territory arrangements with the Government of which have effect by virtue of Part V of this Act, any tax chargeable under the laws of that territory which corresponds to income tax, being a tax for which credit may be given under the arrangements ;

" foreign excess profits tax " means, in relation to any territory arrangements with the Government of which have effect by virtue of Part V of this Act, any tax chargeable under the laws of that territory which corresponds to excess profits tax, being a tax for which credit may be given under the arrangements.

- (2) Where arrangements having effect by virtue of Part V of this Act provide for any tax chargeable under the laws of the territory concerned being treated as income tax or excess profits tax, that tax shall, notwithstanding anything in the preceding provisions of this paragraph, be treated as foreign income tax or foreign excess profits tax, as the case may be.
- (3) Any reference in this Schedule to foreign income tax or foreign excess profits tax shall be construed, in relation to credit to be given under any arrangements, as a reference only to the tax chargeable under the laws of the territory with the Government of which the arrangements were made.

General.

- 2 Subject to the provisions of this Schedule, where, under the arrangements, credit is to be allowed against any of the United Kingdom taxes chargeable in respect of any income or profits, the amount of the United Kingdom taxes so chargeable shall be reduced by the amount of the credit :

Provided that foreign income tax shall be allowed as a credit only against income tax and foreign excess profits tax shall be allowed as a credit only against excess profits tax.

Requirement as to residence.

- 3 Credit shall not be allowed against income tax for any year of assessment or against excess profits tax for any chargeable accounting period unless the person in respect of whose income or profits the tax is chargeable is resident in the United Kingdom for that year or period :

Provided that, except in so far as it relates to income tax and the national defence contribution, this paragraph shall not apply to tax in respect of the profits of a body corporate which is a subsidiary member of a group of companies for the purposes of the Fifth Schedule to the Finance Act, 1940.

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—

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- (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.

Limit on total credit—excess profits tax.

- 6 The amount of the credit to be allowed against excess profits tax for foreign excess profits tax on any profits shall not exceed the excess profits tax attributable to those profits.

Effect on computation of income of allowance of credit.

- 7 (1) Where credit falls to be given against income tax on any income for foreign income tax, the following provisions of this paragraph shall have effect as respects the computation, for the purposes of the United Kingdom taxes, of the amount of that income.
- (2) Where the income tax payable depends on the amount received in the United Kingdom, the said amount shall be deemed to be increased by the amount of the credit.
- (3) Where the last preceding sub-paragraph does not apply—
- (a) no deduction shall be made in respect of foreign income tax (Whether in respect of the same or any other income) ; and
 - (b) where the income includes a dividend and under the arrangements foreign income tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividend, the amount of the income shall be increased by the amount of the foreign income tax not

so chargeable which falls to be taken into account in computing the amount of the credit; but

- (c) notwithstanding anything in the preceding provisions of this sub-paragraph, where the amount of the credit is reduced by the operation of paragraph 4 of this Schedule, the amount of the income shall be reduced by the same amount.

(4) In relation to the computation of the total income of a person for the purpose of determining the rate mentioned in paragraph 4 of this Schedule, the preceding provisions of this paragraph shall have effect subject to the following modifications—

- (a) for the reference in sub-paragraph (2) to the amount of the credit there shall be substituted a reference to the amount of the foreign income tax in respect of the income (in the case of a dividend, foreign income tax not chargeable directly or by deduction in respect of the dividend being left out of account) ; and

- (b) paragraphs (b) and (c) of sub-paragraph (3) shall not apply,

and subject to those modifications, shall have effect in relation to all income in the case of which credit falls to be given for foreign income tax under any arrangements for the time being in force by virtue of Part V. of this Act.

8 Where credit for foreign excess profits tax falls to be given against excess profits tax in respect of any profits, no deduction for foreign excess profits tax (whether in respect of the same or any other profits) shall be made in computing the amount of the profits for the purposes of excess profits tax :

Provided that this paragraph shall not apply to so much of any foreign excess profits tax as is, by virtue of paragraph 6 of this Schedule, not to be allowed as a credit.

Special provisions as to dividends.

9 Where, in the case of any dividend, foreign income tax not chargeable directly or by deduction in respect of the dividend is, under the arrangements, to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividend, the foreign income tax not so chargeable which is to be taken into account shall be that borne by the body corporate paying the dividend upon the relevant profits insofar as it is properly attributable to the proportion of the relevant profits which is represented by the dividend.

The relevant profits are—

- (a) if the dividend is paid for a specified period, the profits of that period ;
 (b) if the dividend is not paid for a specified period but is paid out of specified profits, those profits ;
 (c) if the dividend is paid neither for a specified period nor out of specified profits, the profits of the last period for which accounts of the body corporate were made up which ended before the dividend became payable :

Provided that if, in a case falling under sub-paragraph (a) or sub-paragraph (c) of this paragraph, the total dividend exceeds the profits available for distribution of the period mentioned in the said sub-paragraph (a) or the said sub-paragraph (c), as the case may be, the relevant profits shall be the profits of that period plus so much of the profits available for distribution of preceding periods (other than profits previously distributed or previously treated as relevant for the purposes of

this paragraph) as is equal to the excess ; and for the purposes of this proviso the profits of the most recent preceding period shall first be taken into account, then the profits of the next most recent preceding period, and so on.

10 Where—

- (a) the arrangements provide, in relation to dividends of some classes, but not in relation to dividends of other classes, that foreign income tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividends ; and
- (b) a dividend is paid which is not of a class in relation to which the arrangements so provide,

then, if the dividend is paid to a company which controls, directly or indirectly, not less than one half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

Miscellaneous.

11 Credit shall not be allowed under the arrangements against the income tax or excess profits tax chargeable in respect of the income or profits of any person for any year of assessment or chargeable accounting period if he elects that credit shall not be allowed in the case of his income or profits for that year or period.

12 Subject to the provisions of the next following paragraph, any claim for an allowance by way of credit shall be made to the Surveyor not later than six years from the end of the year of assessment or chargeable accounting period, as the case may be, and, if the surveyor objects to any such claim, it shall be heard and determined by the Special Commissioners as if it were an appeal to them against an assessment under Schedule D, 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, with the necessary modifications, apply accordingly.

13 Where the amount of any credit given under the arrangements is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in the United Kingdom or under the laws of any other territory, nothing in the Income Tax Acts or in the enactments relating to excess profits tax limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than six years from the time when all such assessments, adjustments and other determinations have been made, whether in the United Kingdom or elsewhere, as are material in determining whether any and if so what credit falls to be given.

EIGHTH SCHEDULE

Section 58.

AMENDMENTS AS TO EXCEPTIONAL DEPRECIATION ALLOWANCES.

PART I

PROVISIONS APPLICABLE TO EXCESS PROFITS TAX AND THE NATIONAL DEFENCE CONTRIBUTION.

1 In this Part of this Schedule the expression " exceptional depreciation allowance " means any allowance—

- (a) under paragraph 3 of Part I of the Seventh Schedule to the Finance (No. 2) Act, 1939 (hereinafter referred to as " the principal paragraph ") and subsection (1) of section thirty-three of the Finance Act, 1940 ; or
- (b) under the principal paragraph and the said subsection (1) as applied in relation to the national defence contribution by subsection (2) of section forty-three of the Finance Act, 1941,

and any reference in this Part of this Schedule to the principal paragraph shall be construed as including a reference to that paragraph as extended by the said subsection (1) and as applied in relation to the national defence contribution.

2 An exceptional depreciation allowance shall be given notwithstanding that on the date determined by Parliament for the purposes of sub-paragraph (1) of the principal paragraph the buildings, plant or machinery have not become obsolete or ceased to be required, and accordingly, in the said sub-paragraph (1), for the words " the buildings, plant or machinery, have, wholly or partially, become obsolete or ceased to be required and the value thereof is less than the net cost thereof " there shall be substituted the words " the value of the buildings, plant or machinery, or, where the buildings, plant or machinery have ceased to exist as such, the value of the remains thereof, is less than the net cost thereof ".

3 (1) Where it is material for the purposes of sub-paragraph (1) of the principal paragraph to ascertain the value of any buildings, plant or machinery on the date determined by Parliament for the purposes of that sub-paragraph, that value shall be ascertained as if the buildings, plant or machinery were in a proper state of repair.

(2) Where an allowance under the said sub-paragraph (1) is, or, but for the provisions of this paragraph, would be, made in respect of any buildings, plant or machinery by reference to the value thereof on the date determined by Parliament, and—

- (a) on that date the buildings, plant or machinery are not in a proper state of repair ; and
- (b) not later than six years after that date, the buildings, plant or machinery are sold by the person who is or would be entitled to the allowance before all the repairs have been made which are necessary to make good the disrepair existing on that date ; and
- (c) the net proceeds of the sale are less than the value as ascertained for the purposes of the said sub-paragraph (1),

he may claim that the said value shall for those purposes be deemed to be reduced by such amount as may be just, having regard to the extent to which the said repairs have not been made good at the time of the sale :

Provided that the said value shall not be treated for the said purposes as having been reduced below the actual value of the buildings, plant or machinery in their actual

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state at the date determined by Parliament, or the net proceeds of the sale, whichever is the greater, plus any sums paid or payable to or for the benefit of the said person, under Part I or Part II of the War Damage Act, 1943, in respect of damage to the buildings, plant or machinery, being damage which has not been made good before the date determined by Parliament or, as the case may be, the-date of the sale.

- (3) In this paragraph and in the said sub-paragraph (1), any reference to the value of buildings, plant or machinery shall be construed as a reference to the value thereof to the person carrying on the trade or business, or to the amount which could be obtained therefor in the open market, whichever is the higher.
- (4) Nothing in this paragraph shall apply in relation to any buildings, plant or machinery which, on the date determined by Parliament, are no longer in existence as such.
- 4 Paragraph (ii) of sub-paragraph (1) of the principal paragraph (which directs war damage payments to be taken into account in determining whether an exceptional depreciation allowance may be made, and, if so, the amount thereof) shall not apply in relation to any payments under Part I or Part II of the War Damage Act, 1943, in respect of any buildings, plant or machinery, unless—
- (a) the buildings, plant or machinery have been sold before the date determined by Parliament for the purposes of that sub-paragraph, or are at that date no longer in existence as such and
 - (b) the said payments have been or are to be made to or for the benefit of the person who is entitled to the allowance or would be entitled to the allowance if an allowance fell to be made.
- 5 (1) Any excess in respect of which an exceptional depreciation allowance falls to be made shall be deemed to have begun to accrue on the first day of April, nineteen hundred and thirty-nine, or on the date when the buildings, plant or machinery were provided, whichever is the later, and to have continued to accrue at an even rate until the date determined by Parliament, the date on which the buildings, plant or machinery were sold or the date on which the buildings, plant or machinery finally ceased to be used by the person to whom the allowance falls to be made, whichever is the earliest date, and the proportion of the excess properly attributable to any accounting period shall be determined accordingly:
- Provided that, in relation to a person to whom the buildings, plant, or machinery have been transferred in such circumstances that they are deemed by virtue of subsection (1) of section thirty-three of the Finance Act, 1940, to have been provided by him, the reference in this paragraph to the date when the buildings, plant or machinery were provided shall be construed as a reference to the date of the transfer.
- (2) Where under the enactments relating to excess profits tax or the national defence contribution it is necessary to make any apportionment of the profits or losses of any accounting period which falls partly but not wholly after the thirty-first day of March, nineteen hundred . and thirty-nine, then, notwithstanding any enactment relating to the principles upon which such apportionments are to be made, any exceptional depreciation allowance which falls to be taken into account in computing those profits or losses shall be attributed to that part only of that accounting period which falls after the said thirty-first day of March.
- 6 (1) The provisions of this paragraph shall have effect where—
- (a) any buildings, plant or machinery are sold before, on, or not later than six years after, the date determined by Parliament for the purposes of sub-paragraph (1) of the principal paragraph ; and

- (b) the seller is a person to whom an exceptional depreciation allowance, or an allowance under section nineteen of the Finance Act, 1941, falls to be made in respect of the buildings, plant or machinery, whether by reason of the sale or otherwise ; and
 - (c) at the time of the sale and, where the event giving rise to the allowance is not the sale, also at the time of the event, the buildings, plant or machinery are not in a proper state of repair; and
 - (d) the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the buyer has control, or both the seller and the buyer are bodies of persons and some other person has control over both of them.
- (2) In computing, for the purposes of excess profits tax or the national defence contribution, the profits of any trade or business carried on by the buyer,—
- (a) no deduction shall be allowed in respect of any expenditure incurred in making good the disrepair existing at the time of the event giving rise to the allowance ;' and
 - (b) where, in the case of plant or machinery, the said disrepair is such as to require the provision of new plant or machinery, no deduction shall be allowed in respect of the wear and tear of the new plant or machinery or in respect of the replacement of the new plant or machinery.
- (3) Where—
- (a) the buyer under such a sale as is mentioned in sub-paragraph (1) of this paragraph again sells the buildings, plant or machinery, or any part of them ; and
 - (b) the second sale takes place before, on, or not later than six years after, the date determined by Parliament; and
 - (c) the second buyer is a body of persons over whom the first buyer has control, or the first buyer is a body of persons over whom the second buyer has control, or both the first buyer and the second buyer are bodies of persons and some other person has control over both of them,
- the provisions of the last preceding sub-paragraph shall, in relation to the computation of the profits of any trade or business carried on by the second buyer, have effect as if the second sale had been a sale by the first seller direct to the second buyer, and so on for any subsequent sales.
- (4) In this paragraph, references to the event giving rise to an exceptional depreciation allowance are references—
- (a) if the allowance is made because, on the date determined by Parliament, the value of the buildings, plant or machinery is less than the net cost thereof, to the occurrence of that date ; and
 - (b) if the allowance is made because the buildings, plant or machinery are sold before the said date at a price which is less than the net cost thereof, to the sale.

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

PART II

PROVISIONS APPLICABLE TO INCOME TAX, EXCESS PROFITS TAX AND THE NATIONAL DEFENCE CONTRIBUTION.

7 In this Part of this Schedule, the expression " exceptional depreciation allowance " means an allowance under section nineteen of the Finance Act, 1941, or an exceptional depreciation allowance as defined in paragraph 1 of Part I of this Schedule, and the expression " the principal provisions " means the provisions of section nineteen of the Finance Act, 1941, and any enactments amending that section, and the principal paragraph as defined in paragraph 1 of Part I of this . Schedule.

8 (1) This paragraph shall have effect in relation to the sale of buildings, machinery or plant where either—

(a) the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the buyer has control, or both the seller and the buyer are bodies of persons and some other person has control over both of them ; or

(b) it appears with respect to the sale, or with respect to transactions of which the sale is one, that the sole or main benefit which, apart from the provisions of this Schedule, might have been expected to accrue to the parties or any of them was the obtaining of any allowance or deduction for any of the purposes of the Income Tax Acts or of the enactments relating to excess profits tax or the national defence contribution.

(2) Where the buildings, machinery or plant are sold at a price other than the relevant price (as defined for the purposes of this paragraph), the like consequences shall ensue for the purposes of the principal provisions, in their application to all persons concerned, as would have ensued if the buildings, machinery or plant had been sold at the relevant price.

(3) In this paragraph the expression " the relevant price " means, in relation to any sale of buildings, machinery or plant, a price equal to—

(a) the price which they would have fetched if sold in the open market ; or

(b) the net cost of the buildings, machinery or plant to the seller,

whichever is the less.

For the purposes of this sub-paragraph, the said net cost shall be treated as reduced by the aggregate amount of any deductions for wear and tear or depreciation, other than exceptional depreciation allowances, allowed to the seller in respect of the buildings, machinery or plant for the purposes of income tax, excess profits tax or the national defence contribution, as the case may be :

Provided that the reference in this sub-paragraph to deductions for wear and tear or depreciation shall, in relation to income tax, be deemed to include a reference to any allowance made under Part I or Part II of the Income Tax Act, 1945, and shall, in relation to excess profits tax and the national defence contribution, be deemed to include a reference to the additional percentage for which provision is made by paragraph 2 of Part I of the Seventh Schedule to the Finance (No. 2) Act, 1939, and to the appropriate proportion of any deduction for wear and tear or depreciation given for income tax purposes for the year 1938-39 or any previous year of assessment.

9 Any reference in the provisions of this Schedule or in the principal provisions to the sale of any property includes a reference to the exchange of any property, and, in

the case of a leasehold interest, to the surrender thereof for valuable consideration, and all the said provisions shall be construed accordingly with the necessary adaptations, and, in particular, with the adaptation that references to the net proceeds of the sale and to the price shall be construed as including references to the amount of the consideration for the exchange or surrender.

- 10 (1) Any reference in the provisions of this Schedule or of the principal provisions to the sale of any buildings, plant or machinery includes a reference to the sale thereof together with any other property, and, where the buildings, plant or machinery are sold together with other property, so much of the price of the whole of the property sold as, on a just apportionment, is properly attributable to the buildings, plant or machinery in question, shall be deemed to be the price of the buildings, plant or machinery for the purposes of those provisions, and references to the cost of the provision of buildings, plant or machinery shall be construed accordingly.

For the purposes of this sub-paragraph, all the property which is sold in pursuance of one bargain shall be deemed to be sold together, notwithstanding that separate prices are or purport to be agreed for separate items of that property or that there are or purport to be separate sales of separate items of that property.

- (2) Where it is material, for the purposes of the principal provisions, to take account of any payment made or to be made in respect of buildings, plant or machinery under the War Damage Act, 1943, and any payment made or to be made under that Act is properly attributable partly to the buildings, plant or machinery in question and partly to other property, so much only of the payment as... is properly attributable to the buildings, plant or machinery in question shall be taken into account for those purposes.
- 11 For the purposes of the principal provisions and the provisions of this Schedule, the sale of any buildings, plant or machinery shall be deemed to take place at the time of completion or the time when possession is given, whichever is the earlier.
- 12 References in this Schedule to a body of persons include references to a partnership.
- 13 In this Schedule, the expression " control ", in relation to a body corporate, means the power of a person to secure, by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate, or by virtue of any powers conferred by the articles of association or other document regulating that or tiny other body corporate, that the affairs of the first mentioned body corporate are conducted in accordance with the wishes of that person, and, in relation to a partnership, means the right to a share of more than one half of the assets, or of more than one half of the income, of the partnership.
- 14 In this Schedule, the expression " leasehold interest " includes the interest conferred by an agreement for a lease where, the term to be covered by the lease has begun, and the interest conferred by any tenancy, but not the interest conferred by a mortgage :

Provided that, in the application of this Schedule to Scotland, the said expression means the interest of a tenant in property subject to a lease.

NINTH SCHEDULE

Section 60.

MODIFICATION OF ENACTMENTS RELATING TO THE
COLLECTION OF INCOME TAX AND LAND TAX.

- 1 Subsection (3) of section thirty-seven of the Finance Act, 1931 (which relates to the delivery of warrants to collectors) shall, subject to the provisions of the Tenth Schedule to the Finance Act, 1942, apply in relation to collectors in and for the division of the City of London as it applies to collectors in the rest of England.
- 2 The enactments set out in Part II of the Third Schedule to the Finance Act, 1931, shall, from the passing of this Act, be repealed as well with respect to the division of the City of London as with respect to other parts of the United Kingdom and accordingly, in subsection (6) of section forty-four of that Act, the words " except so far as relates to the division of the City of London " are hereby repealed.
- 3 In Part I of the Tenth Schedule to the Finance Act, 1942—
- (a) the proviso to sub-paragraph (3) of paragraph 7 ; and
 - (b) in paragraph 8, in sub-paragraph (1), the words " outside the division of the City of London " and the words " outside that division," the proviso to sub-paragraph (2), and the Whole of sub-paragraph, (3) ; and
 - (c) as respects collectors appointed after the passing of this Act, in paragraph 10, in sub-paragraph (1), the words " outside the division of the City of London " and the whole of sub-paragraph (3),
- are hereby repealed.
- 4 In Part II of the said Tenth Schedule, in paragraph 5, the, words " outside the division of the City of London " and the words " outside that division ", and, as respects collectors appointed after the passing of this Act, the words in sub-paragraph (1) of paragraph 7 " outside the division of the City of London " and the whole of sub-paragraph (3) of that paragraph, are hereby repealed.

TENTH SCHEDULE

Section 62.

ENACTMENTS RELATING TO MECHANICALLY PROPELLED
VEHICLES REPEALED AS FROM ' 1ST JANUARY, 1946.

Session and Chapter.	Short Title.	Extent of Repeal.
51 & 52 Vict. c. 8.	The Customs and Inland Revenue Act, 1888.	Section four.
18 & 19 Geo. 5. c. 17.	The Finance Act, 1928.	Section twelve, and the Third Schedule.
20 & 21 Geo. 5. c. 28.	The Finance Act, 1930.	Subsection (2) of section six.
23 & 24 Geo. 5. c. 19.	The Finance Act, 1933	In section twenty-five, the figures " I " and " 3 ", and the proviso. Part I of the Seventh Schedule.

Session and Chapter.	Short Title.	Extent of Repeal.
3 & 4 Geo. 6. c. 6.	The Gas and Steam Vehicles (Excise Duties) Act, 1940.	In the paragraph substituted by Part III of the Seventh Schedule, the words " and the expressions pneumatic tyres ' and ' coal gas ' have respectively the same meanings as in paragraph 3 of this Schedule ". Subsection (5) of section one.