



Finance Act 1946

1946 CHAPTER 64

PART II

PURCHASE TAX.

15 Cesser of charge and reduction of rates of purchase tax in respect of certain goods.

- (1) Purchase tax shall cease to be chargeable in respect of goods of the classes specified in Part I of the Third Schedule to this Act.
- (2) Purchase tax shall become chargeable at the reduced rate and the basic rate in respect of goods of the classes specified respectively in Parts II and III of the Third Schedule to this Act:

Provided that goods shall not become chargeable under this subsection at the basic rate if they fall within any of the classes specified in the second or third column of the Seventh Schedule to the Finance (No. 2) Act, 1940 (including classes specified in Part I of the Third Schedule to this Act).

- (3) In accordance with the preceding provisions of this section, the Seventh Schedule to the Finance (No. 2) Act, 1940, and the Seventh Schedule to the Finance Act, 1942, shall be amended in accordance with Parts IV and V of the Third Schedule to this Act respectively.
- (4) The preceding provisions of this section shall be deemed to have come into operation on the tenth day of April, nineteen hundred and forty-six, and shall have effect in relation to a purchase of goods of any of the classes to which this section relates delivered under the purchase on or after the said date notwithstanding that the purchase was made before the said date:

Provided that to the extent that the provisions of subsection (1) and the proviso to subsection (2) of this section relate to the classes of goods shown in Part I of the Third Schedule to this Act as becoming exempt on the twenty-second day of July, nineteen hundred and forty-six, and to the extent that the provisions of the said subsection (2) relate to the classes of goods shown respectively in Parts II and III of the said Third

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

Schedule as becoming on the said date chargeable at the reduced rate and the basic rate, those provisions shall be deemed to have come into operation on the said date, and references in this subsection to the said tenth day of April shall in relation to those provisions and to that extent be construed as references to the said twenty-second day of July.

- (5) Nothing in this section shall affect the operation of section twenty of the Finance (No. 2) Act, 1940 (which empowers the Treasury by order to direct that tax shall become or cease to be chargeable in respect of goods of any class or shall be chargeable at a different rate).

16 Definition of chargeable process.

- (1) For the purposes of any enactment relating to purchase tax, a person shall be deemed to apply a chargeable process if he applies any process of manufacture which results in chargeable goods of any of the classes specified in the Fourth Schedule to this Act, whether or not the goods to which the process was applied were, before the process was applied, goods of the same class or any other class specified in that Schedule.
- (2) The Treasury shall have power from time to time by order to vary the said Fourth Schedule either by the addition or by the omission of any class of goods or by the alteration of the description of any class of goods, and subsections (3) and (4) of section twenty of the Finance (No. 2) Act, 1940 (which relate to the coming into operation and approval of Treasury orders as to purchase tax) shall apply in relation to orders under this subsection as they apply in relation to orders under that section.
- (3) In this section, the expression " process of manufacture " means a process applied so as to make goods or in the course of the making of goods.

17 Purchase tax to be charged on goods resulting from chargeable processes.

- (1) Subject to the provisions of this section, where any person who is required to be registered applies any chargeable process, purchase tax shall be chargeable on the wholesale value of the resulting goods and shall become due on the completion of the process, and the person who applies the process shall be accountable for the tax.
- (2) A person shall not become accountable for tax under subsection (1) of this section by reason of the application of a chargeable process where the resulting goods are his property at the time of the completion of the process but nothing in this subsection shall prejudice the application to him of subsection (1) of section twenty-five of the Finance (No. 2) Act, 1940 (which provides that certain appropriations and applications of chargeable goods by wholesale merchants and manufacturers shall be treated as chargeable purchases) in relation to those goods.
- (3) Where a chargeable process is applied to any goods under a contract and the person to whose order the process is applied under the contract makes, at such time and in such manner as the Commissioners may direct, a representation to the other party thereto that he is a registered person and undertakes to account for any tax payable, the said other party shall not become accountable for tax under any of the provisions of this section by reason of the application of the process.
- (4) Where such a representation is made and, at the time of the completion of the process, the person making the representation is not registered, he shall (without prejudice to any liability to punishment in respect of any false statement in the representation) be

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

accountable for the tax chargeable by reason of the application of the process if he is not otherwise accountable therefor.

- (5) The enactments mentioned in the Fifth Schedule to this Act shall have effect subject to the provisions of that Schedule, being provisions extending the said enactments, with adaptations, to purchase tax chargeable by virtue of the application of a chargeable process.

18 Registration, etc., of persons who carry out chargeable processes.

- (1) Subject to the provisions of this section, every person who, in the course of or for the purposes of his business, applies a chargeable process shall, whether "or not he would otherwise be so treated, be treated as a manufacturer for all the purposes of the enactments relating to purchase tax, and be treated for the purposes of subsection (1) of section twenty-three of the Finance (No. 2) Act, 1940, (which relates to registration) as a manufacturer whose business includes the selling of chargeable goods, but the proviso to that subsection (which exempts certain persons from registration) shall not apply to any person who, in the course of or for the purposes of his business, applies any chargeable process.
- (2) Notwithstanding anything in subsection (1) of this section, the Commissioners, if they think fit so to do in the case of a person who is not required to be registered apart from the provisions of subsection (1) of this section, may, if he is not already registered, refrain from registering him, or, if he is already registered, cancel his registration and thereafter refrain from registering him; and, as respects any period during which the Commissioners refrain under this subsection from registering a person who would otherwise be required by subsection (1) of this section to be registered, that person shall be treated for the purposes of the enactments relating to purchase tax, other than the provisions of subsection (2) of the said section twenty-three, as being a person not required to be registered.
- (3) Notwithstanding, anything in subsection (6) of the said section twenty-three, the Commissioners shall not be required to issue a certificate of registration to a person who is registered if he is not required to be registered apart from the provisions of subsection (1) of this section, but the fact that a person who is required to be registered is by virtue of this subsection 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.
- (4) The provisions of the last preceding subsection shall be without prejudice to the provisions of section fourteen of the Finance Act, 1944 (which confers power on the Commissioners to require security for tax as a condition of holding a certificate of registration).

19 Commencement of the three last preceding sections.

- (1) The three last preceding sections shall have effect as from the first day of June, nineteen hundred and forty-six :

Provided that nothing in this subsection shall render illegal anything done or omitted to be done before the passing of this Act which would not have been illegal if this Act had not been passed.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (2) A person who under the last preceding section is required to be registered shall make application under subsection (3) of section twenty-three of the Finance (No. 2) Act, 1940, for registration not later than fourteen days from the commencement of this Act or from the time when he becomes required to be registered, whichever is the later, and accordingly in paragraph (a) of the said subsection (3) (as amended by subsection (2) of section thirteen of the Finance Act, 1944) for the words " the Finance Act, 1944 " there shall be substituted the words " the Finance Act, 1946 ".

20 Accounts, information, etc.

- (1) Any person accepting an order from any other person to apply a chargeable process shall, if required so to do by the proper officer of Customs and Excise, give notice thereof in writing to that officer in a form approved by the Commissioners and, on the completion of the process, produce the goods resulting therefrom to an Officer of Customs and Excise or other person authorised in that behalf by the Commissioners at such place and at such time as that officer or person may require, and shall give to that officer or person such information with respect to the goods as he may require.
- (2) Every person who is required to be registered shall keep such records and accounts in such form, and shall preserve them for such period as the Commissioners may require, and shall produce them for inspection by any officer or other person authorised in that behalf by the Commissioners at such time and at such place as that officer or person may require.
- (3) Every person concerned with the purchase or importation of goods or with the application to goods of any process of manufacture or with dealings with imported goods shall furnish to the Commissioners within such time and in such form as they may require information relating to the goods or to the purchase or importation thereof or to the application of any process of manufacture thereto or to dealings therewith as they may specify, and shall, upon demand made by any officer or other person authorised in that behalf by the Commissioners, produce any books or accounts or other documents of whatever nature relating thereto for inspection by that officer or person at such time and place as that officer or person may require.
- (4) Section sixteen of the Finance Act, 1944 (which provides penalties for failures to comply with any requirement imposed by or under regulations) shall apply in relation to any failure to comply with any requirement imposed by or under the preceding provisions of this section.
- (5) In subsection (1) of section thirty-three of the Finance (No. 2) Act, 1940 (which enables the Commissioners to make regulations)—
- (a) in paragraph (a), after the words " section twenty-five of this Act " there shall be inserted the words " and all chargeable processes by virtue of which tax is chargeable ";
 - (b) in paragraph (b), after the words " section twenty-six of this Act " there shall be inserted the words " or the application of chargeable processes ";
 - (c) in paragraph (d), for the words " wholesale merchants or manufacturers ", in both places where those words occur, there shall be substituted the word " persons "; and
 - (d) paragraph (h) shall be omitted.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

21 Reduction of tax charged on certain chargeable processes.

- (1) Where in respect of the application of a chargeable process to chargeable goods it is shown to the satisfaction of the Commissioners—
 - (a) that those goods were at the time of the application of the process the property of the person to whose order that process was applied and were last acquired by him more than two years, or such shorter period as the Commissioners may allow, before that time, or were acquired by him under any testamentary disposition or intestacy; and
 - (b) that the goods were not held by him at any time as stock for the purposes of any trade carried on by him,any purchase tax chargeable, whether before or after the passing of this Act, by virtue of the application of the process shall, instead of being chargeable on the wholesale value of the resulting goods, be chargeable on the amount by which that value exceeds the wholesale value of so much of the chargeable goods to which the process was applied as is incorporated in the resulting goods.
- (2) If the person to whose order the process is applied in furnishing any information for the purpose of, or in connection with, the obtaining of any relief under this section makes any statement which he knows to be false in a material particular or recklessly makes any statement which is false in a material particular, he shall, without prejudice to any liability to punishment in respect thereof, be accountable for the tax which would be chargeable by virtue of the application of the process apart from the provisions of this section.

22 Remission of purchase tax on exported vehicles.

- (1) Where it is shown to the satisfaction of the Commissioners that a person who acquires a mechanically propelled vehicle from the manufacturer of that vehicle, being a person who is registered, is only temporarily in the United Kingdom and is or is about to be resident outside the United Kingdom, the Commissioners may, subject to such conditions as they may think necessary for the protection of the revenue, remit any tax which would otherwise be payable in respect of the vehicle by the manufacturer.
- (2) If the manufacturer does not, within such period as the Commissioners may direct, show to their satisfaction that he has exported the vehicle, or if any of the conditions imposed by the Commissioners (including conditions as to the manner of exportation) are not complied with, the tax which, apart from the provisions of this section, would have been payable shall be deemed to have become payable and shall be recoverable as a debt due to His Majesty.
- (3) This section shall have effect and be deemed always to have had effect as respects all tax becoming due on or after the tenth day of April, nineteen hundred and forty-six.

23 Amendments of Finance (No. 2) Act, 1940, s. 28.

- (1) Where by any provision of this or any subsequent Act any change is made in the classes of goods which are chargeable goods or in the rate at which tax is chargeable in respect of goods of any class, section twenty-eight of the Finance (No. 2) Act, 1946 (which provides for adjustments of rights between buyer and seller) shall apply as if the change had been effected by an order of the Treasury and as if the references to the approval of the order by the Commons House of Parliament were references to the passing of the Act which makes the change.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (2) The said section twenty-eight shall apply in relation to the application of a chargeable process under any contract not being a purchase, as if—
- (a) the contract were a purchase ; and
 - (b) the goods resulting from the application of the process had been bought under the contract ; and
 - (c) references in the said section twenty-eight to the buyer and the seller were respectively references to the party to whose order the process is applied under the contract and the party who applies the process to his order thereunder,
- so, however, that in considering whether any and, if so, what sum is recoverable under subsection (1) of that section in the case of such a contract, only tax chargeable on the completion of the process for which the party who is to be treated under this subsection as the seller is accountable shall be taken into account.
- (3) The said section twenty-eight shall apply and be deemed always to have applied in relation "to—
- (a) the provisions of this, Act rendering purchase tax chargeable on the completion of any chargeable process ; and
 - (b) any order under this Act varying the Fourth Schedule to this Act ; and
 - (c) any provisions of any Act subsequent to this Act varying the said Schedule,
- as if the said provisions of this Act, the said order or the said provisions of the subsequent Act were making a change in the classes of goods which were chargeable goods.