



Finance Act 1946

1946 CHAPTER 64

PART VIII

MISCELLANEOUS.

58 Exceptional depreciation.

The date to be determined by Parliament for the purposes of section nineteen of the Finance Act, 1941, of paragraph 3 of Part I of the Seventh Schedule to the Finance (No. 2) Act, 1939, and of that paragraph as applied to the national defence contribution by subsection (2) of section forty-three of the Finance Act, 1941 (being the enactments which provide for the making of an exceptional depreciation allowance in respect of income tax, excess profits tax and the national defence contribution) shall be the thirty-first day of December, nineteen hundred and forty-six.

59 Exchange of securities in connection with conversion operations, nationalisation, etc.

(1) If—

- (a) any securities to which a person who is carrying on a trade which consists wholly or partly in dealing in securities is beneficially entitled are exchanged for other securities ; and
- (b) the exchange is one to which this section applies,

then (whether or not any additional consideration is given for the exchange) that person shall, unless he gives notice in writing to the surveyor not later than the end of the year of assessment next following the year of assessment in which the exchange takes place, that he desires not to be so treated, be treated for income tax purposes (except as regards any income tax payable in respect of dividends or interest), both at the time of the exchange and thereafter, as if the exchange had not taken place, and in that case the produce of any subsequent realisation of any of the securities received by him under the exchange (together with any additional consideration or the appropriate part of any additional consideration received by him thereunder) shall be treated as the produce

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of the realisation of the corresponding securities surrendered by or transferred from him under the exchange, or of a corresponding part thereof, as the case may be.

- (2) The exchanges to which this section applies are—
- (a) any exchange under any arrangement which is being carried out under section two of the National Loans Act, 1939, if the Treasury direct, in pursuance of that arrangement, that this section shall apply to exchanges thereunder ;
 - (b) any exchange of securities effected by section one of the Bank of England Act, 1946 ; and
 - (c) any exchange of securities effected in pursuance of any enactment passed after the fifth day of April, nineteen hundred and forty-six, which provides for the compulsory acquisition of any securities and the issue of other securities in lieu thereof, if the Treasury direct that this section shall apply to exchanges of securities effected in pursuance of that enactment.
- (3) Where a person who is carrying on a trade or business which consists wholly or partly in dealing in securities does not give such a notice to the surveyor as is provided for by subsection (1) of this section and is accordingly treated for income tax purposes in relation to the exchange in the manner specified in the said subsection (1), he shall be treated in the same manner in computing profits for the purposes of excess-profits tax or the national defence contribution and the said subsection (1) shall, with the necessary adaptations, have effect accordingly, and in computing capital for the purposes of excess profits tax, he shall be treated as if the securities received by him under the exchange had been acquired by him by purchase at a price equal to the amount of capital (computed in accordance with the enactments relating to excess profits tax) represented, at the time of the exchange, by the securities surrendered by him or transferred from him under the exchange, less the amount or value of any other consideration received by him thereunder.
- (4) In this section, the expression " securities " includes shares, stock, bonds, debentures and debenture stock.

60 Other provisions as to issues of securities in connection with - nationalisation, etc.

- (1) Where—
- (a) in pursuance of any enactment passed after the fifth day of April, nineteen hundred and forty-six, any securities are issued to any body corporate as, or as part of, the consideration for the compulsory acquisition of any property under that enactment ; and
 - (b) that body corporate is wound up or the capital thereof is reduced or any bonds, debentures or debenture stock thereof are redeemed, and, in or in connection with the winding up, reduction of capital or redemption, all or any of the securities issued as aforesaid to the body corporate are distributed to holders of securities of the body corporate ; and
 - (c) the Treasury direct that this section shall apply in relation to the distribution, any person who is carrying on a trade which consists wholly or partly in dealing in securities and is beneficially entitled to any securities to the holders of which the distribution is made, shall, in relation to that distribution, be treated for income tax purposes in the manner specified in the following provisions of this section, unless he gives notice in writing to the surveyor not later than the end of the year of assessment

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next following the year of assessment in which the distribution takes place that he desires not to be so treated in relation to that distribution.

- (2) If the result of the winding up, reduction of capital or redemption of bonds, debentures or debenture stock is that the securities of the body corporate to which the person in question is entitled as aforesaid are wholly extinguished without his receiving anything in respect thereof except the securities distributed as aforesaid, he shall be treated for income tax purposes (except as regards any income tax payable in respect of dividends or interest), both then and thereafter, as if neither the extinction nor the distribution had taken place but as if the produce of any subsequent realisation of any of the distributed securities were the produce of the realisation of the extinguished securities or a corresponding part thereof, as the case may be.
- (3) In any other case—
 - (a) the said person shall be treated as having acquired the distributed securities at a cost equal to such proportion of the cost to him of the securities in respect of which the distribution was made as may be specified in the direction of the Treasury referred to in subsection (1) of this section and the question whether he has made any and if so what profit or suffered any and if so what loss on any subsequent realisation of the distributed securities shall be determined accordingly ; and
 - (b) in considering whether he has, either as the result of the winding up, reduction of capital, or redemption of bonds, debentures or debenture stock and the distribution of the securities, or on any subsequent realisation of any of the securities in respect of which the distribution was made, made any and if so what profit, or suffered any and if so what loss, in connection with the securities in respect of which the distribution was made, the distributed securities shall be left out of account and the cost to him of the securities in respect of which the distribution was made shall be deemed to be reduced by the amount of the cost at which under paragraph (a) of this subsection he is taken to have acquired the distributed securities.
- (4) Where a person who is carrying on a trade or business which consists wholly or partly in dealing in securities does not give such a notice to the surveyor as is provided for by subsection (1) of this section and is accordingly treated for income tax purposes in the manner specified in subsection (2) or subsection (3) of this section, he shall be treated in the same manner in computing profits for the purposes of the national defence contribution and the said subsections (2) and (3) shall, with the necessary adaptations, have effect accordingly.
- (5) In this section, the expression " securities " includes shares, stocks, bonds, debentures and debenture stock.

61 Receipts by joint authorities to meet deficits.

- (1) Any sums received, whether before or after the passing of this Act, by a joint authority to which this section applies from their constituent authorities, being sums which, by the terms of any enactment or of any order confirmed by or made under any enactment, the joint authority are authorised to require from their constituent authorities to meet or towards meeting the amount or estimated amount by which the net revenue of the joint authority for any period falls short or may fall short of their expenditure for that period, shall not be, and shall be deemed never to have been, trading receipts for any of the purposes of the Income Tax Acts.

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- (2) Nothing in this section shall render a joint authority liable to pay a greater amount of tax (including excess, profits tax) than they would have paid apart from the provisions of this section.
- (3) This section applies to any joint authority constituted under any enactment which is authorised to require from, and only from, those of its constituent authorities which are local authorities any such sums as are mentioned in subsection (1) of this section.
- (4) In this section,—
 - (a) the expression " constituent authority, " in relation to a joint authority, means any body corporate which is a member of, or a representative of which is a member of, the joint authority or which appoints a member of the joint authority ; and
 - (b) the expression " local authority " means the council of a county, county borough, metropolitan borough, county district or rural parish or the Common Council of the City of London or, in relation to Scotland, the council of a county, town or district, and includes any joint authority constituted under any enactment the constituent authorities of which are all local authorities.

62 Abolition of land tax assessors and income tax assessors, etc.

- (1) The office of assessor for the purposes of income tax, and the office of assessor for the purposes of land tax, shall cease to exist and the functions of the assessor under the Income Tax Acts and the enactments relating to land tax shall be exercised, as may be necessary, by the surveyor or the collector, according as the Commissioners of Inland Revenue may direct:

Provided that this subsection shall not come into operation in relation to assessors for public departments until the sixth day of April, nineteen hundred and forty-seven.
- (2) The Treasury are hereby authorised to grant, subject to and in accordance with such conditions as they may prescribe, out of moneys provided by Parliament, annual allowances by way of compensation to any persons employed as assessors immediately before the passing of this Act whose appointments are terminated by subsection (1) of this section.
- (3) The Pensions Commutation Acts, 1871 to 1882, shall apply to any person to whom a compensation allowance is awarded in pursuance of subsection (2) of this section as if he had retired from a public civil office in consequence of the abolition of his office,
- (4) The division, that is to say, the area of jurisdiction of a body of General Commissioners, shall, as respects assessments made after the passing of this Act, be substituted for the parish as the unit of area for which assessments to income tax are to be made.
- (5) Sections ninety to ninety-five, and ninety-seven, of the Income Tax Act, 1918, (which relate to areas for the purpose of the administration of the Income Tax Acts) shall cease to have effect but the divisions existing in Great Britain at the passing of this Act shall continue unless and until varied under section ninety-six of that Act, and the said section ninety-six (which provides for the variation of divisions in Scotland at the request of the General Commissioners concerned) shall apply to lands in England as it applies to lands and heritages in Scotland.

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63 Exchange Equalisation Account.

- (1) The purposes for which the Exchange Equalisation Account may be used shall include the conservation or disposition in the national interest of the means of making payments abroad, and Part IV of the Finance Act, 1932, shall have effect accordingly, and, in particular, the reference in subsection (3) of section twenty-four of that Act to the checking of undue fluctuations in the exchange value of sterling shall be deemed to include a reference to the securing of any such purpose as aforesaid.
- (2) Subsection (1) of section one of the Currency (Defence) Act, 1939, is hereby repealed.

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

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

65 Amendment as to deficit for 1945-46.

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

66 Mode of repayment of principal moneys in the case of certain government stock.

Subject to any provision set out in any prospectus relating to the issue of the stock in question, all principal moneys becoming payable after the passing of this Act on the redemption of any government stock within the meaning of the Third Schedule to the Finance Act, 1921, shall, in the case of stock registered in a part of the Post Office Register kept by a trustee savings bank, be payable at that bank or by a cheque sent by post, and accordingly the following paragraph shall, as respects moneys becoming payable after the passing of this Act, be substituted for paragraph 1 of the said Third Schedule—

- “1 Subject to any express provision to the contrary and subject as hereinafter provided, all principal moneys which become payable on the redemption of any government stock shall be payable, in the case of government stock registered in a part of the Post Office Register kept by a trustee savings bank, at that bank, in the case of stock otherwise registered in the Post

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Office Register, at the General Post Office, and in the case of stock entered in a register kept by the Bank in accordance with regulations made under section forty-seven of the Finance Act, 1942, at the Bank :

Provided that if in the case of any such principal moneys the stockholder makes to the trustees of the savings bank, to the Postmaster-General or to the Bank, as the case may be, a request in writing in the approved form that payment thereof may be made by cheque or warrant sent by post, and gives an address to which the letter containing the cheque or warrant is to be sent, payment thereof may be made by a cheque signed by the trustees of the savings bank, or a warrant of the Postmaster-General or the Bank, as the case may be, sent by post, and in that case the posting of the letter containing the cheque or warrant to the address so given shall, as regards the-liability of the trustees, the Postmaster-General or the Bank, be equivalent to the delivery of the cheque or warrant to the stockholder.”

67 Short title, construction, extent and repeals.

- (1) This Act may be cited as the Finance Act, 1946.
- (2) Part I of this Act—
 - (a) so far as it relates to duties of customs, shall be construed as one with the Customs Consolidation Act, 1876, except that the expression " the United Kingdom " does not include the Isle of Man and nothing in the said Part I shall be construed as extending to the Isle of Man; and
 - (b) so far as it relates to duties of excise, shall be construed as one with the Acts which relate to the duties of excise and to the management of those duties, and in the said Part I the expression "the Commissioners " means " the Commissioners of Customs and Excise "
- (3) Part II of this Act shall be construed as one with Part V of the Finance (No. 2) Act, 1940.
- (4) Part III of this Act and so much of Part VIII thereof as relates to income tax shall be construed as one with the Income Tax Acts.
- (5) Part IV of this Act and so much of Part VIII thereof as relates to excess profits tax shall be construed as one with Part III of the Finance (No. 2) Act, 1939.
- (6) Part V of this Act shall be construed as one with Part I of the Finance Act, 1894.
- (7) Part VII of this Act shall be construed as one with the Stamp Act, 1891.
- (8) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended by or under any other enactment, including this Act.
- (9) Save as otherwise expressly provided, such of the provisions of this Act as relate to matters with respect to which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.
- (10) The enactments specified in Part I of the Twelfth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Part of that Schedule :

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Provided that so much of any of those enactments as relates to assessors for the purposes of income tax shall not come into operation in relation to assessors for public departments before the sixth day of April, nineteen hundred and forty-seven.

- (11) The enactments specified in Parts II and III of the Twelfth Schedule to this Act are hereby repealed to the extent mentioned in the third column of those Parts of that Schedule—
- (a) in the case of the enactments specified in Part II of that Schedule, as respects the year 1947-48 and subsequent years of assessment; and
 - (b) in the case of the enactments specified in Part III of that Schedule, as respects persons dying on or after the tenth day of April, nineteen hundred and forty-six: