



# Finance Act 1967

## 1967 CHAPTER 54

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [21st July 1967]

Most Gracious Sovereign,

WE, your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follow:—

### PART I

#### CUSTOMS AND EXCISE

#### **1 Termination of surcharge under Finance Act 1961 s. 9 and related increases in duties.**

- (1) As from 12th April 1967 or, in the case of the duties referred to in subsection (3) of this section, as from six o'clock in the evening on 11th April 1967, the adjustment of ten per cent. having effect under subsection (2) of section 9 of the Finance Act 1961 by virtue of the Surcharge on Revenue Duties Order 1966 shall no longer have effect in relation to the duties or taxes to which that Order applies or any drawback, rebate, allowance or other payments in connection with any of those duties or taxes; but—
  - (a) the provisions of subsections (2) to (4) of this section shall have effect with a view to making in the rates of those duties and taxes increases which, taking into account international agreements and other relevant matters, are

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comparable to the amount of the adjustment aforesaid, together, in the case of goods to which certain of those duties relate, with a further amount towards offsetting in part the loss of revenue in connection with those goods resulting from the provisions of sections 4 and 5 of this Act; and

- (b) the period after which orders of the Treasury under the said section 9 may not be made or continue in force (which, by section 16 of the Finance Act 1966, was extended until the end of August 1967) shall extend until the end of August 1968 or such later date as Parliament may hereafter determine.

- (2) As from 12th April 1967, for the following provisions of the Finance Act 1964, as amended by section 1(1) of the Finance Act 1965, setting out rates of customs and excise duties and of drawback, namely—

- (a) Table 1 in Schedule 1 (spirits other than imported perfumed spirits);
- (b) Schedule 2 (beer);
- (c) Schedule 3 (wine);
- (d) Schedule 4 (British wine),

there shall be substituted the provisions set out in Schedules 1, 2, 3 and 4 respectively to this Act; but this subsection shall not affect the rates of drawback payable in the case of goods in respect of which duty has been paid otherwise than at the rates having effect by virtue of this subsection.

- (3) As from six o'clock in the evening of 11th April 1967—

- (a) section 2 of the Finance (No. 2) Act 1964 (which provides for a duty of customs at the rate of three shillings and threepence a gallon to be charged on imported hydrocarbon oils and for a duty of excise at the same rate to be charged on hydrocarbon oils produced in the United Kingdom, on petrol substitutes, and on spirits used for making power methylated spirits) shall have effect with the substitution for the words " three shillings and threepence " of the words " three shillings and sevenpence " ;
- (b) the rate at which rebate of the customs or excise duty on hydrocarbon oils is allowed under section 199 of the Act of 1952 for heavy oils delivered for home use shall in all cases be a rate 2.2 pence a gallon less than the rate at which the duty in question is for the time being chargeable;
- (c) section 6(4) of the Finance Act 1964 (which provides in certain cases where light oils charged with the customs or excise duty on hydrocarbon oils are delivered for home use as furnace fuel for a rebate of duty at a rate twopence a gallon less than the rate at which the duty is charged) shall have effect with the substitution for the word " twopence " of the words " 2-2 pence " ;
- (d) subsection (2) of section 92 of the Finance Act 1965 (which provides that the amount of a grant under subsection (1) of that section by the Minister of Transport to the operator of a bus service towards defraying customs or excise duties charged on bus fuel shall not exceed sixpence for every gallon of fuel used or estimated to have been used in operating the bus service during the period to which the grant relates) and section 1(1)(b) of the Bus Fuel Grants Act 1966 (which amends the said subsection (2)) shall have effect as if for any reference therein to sixpence there were substituted a reference to tenpence, and so much of subsection (9) of the said section 92 as enables the Parliament of Northern Ireland to make laws for purposes similar to the purposes of the provisions of that section shall apply to those provisions as amended by this paragraph.

- (4) As from 12th April 1967, Schedule 1 to the Purchase Tax Act 1963 shall have effect with the substitution for any reference to 10 per cent., 15 per cent. or 25 per cent. of a reference respectively to 11 per cent., 16 ½ per cent. or 27 ½ per cent.
- (5) The provisions of Schedule 5 to this Act shall have effect for the purpose of—
  - (a) revising the definition of light oils for the purposes of the duties on hydrocarbon oils ; and
  - (b) making certain amendments as respects drawback, remission, or repayment of duty on beer.

## **2 Provisions as to continental shelf.**

- (1) Any goods brought into the United Kingdom which are shown to the satisfaction of the Commissioners to have been grown, produced or manufactured in any area for the time being designated under section 1 (7) of the Continental Shelf Act 1964 and to have been so brought direct from that area shall be deemed for the purposes of any charge to duty under the Import Duties Act 1958 not to be imported.
- (2) The Board of Trade may by regulations prescribe cases in which, with a view to exempting any goods from any duty, or charging any goods with duty at a reduced or preferential rate, under any of the enactments relating to duties of customs the continental shelf of any country prescribed by the regulations, or of any country of a class of countries so prescribed, shall be treated for the purposes of such of those enactments or of any instruments made thereunder as may be so prescribed as if that shelf formed part of that country and any goods brought from that shelf were consigned from that country; and in this subsection the expression " continental shelf ", in relation to any country, means—
  - (a) if that country is the United Kingdom, any area for the time being designated as aforesaid ;
  - (b) in any other case, the seabed and sub-soil of the submarine areas adjacent to the coast, but outside the seaward limits of the territorial waters, of that country over which the exercise by that country of sovereign rights in accordance with international law is recognised or authorised by Her Majesty's Government in the United Kingdom.
- (3) Any regulations under subsection (2) of this section shall be made by statutory instrument and be subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (4) Anything required or authorised by or under subsections (2) and (3) of this section to be done by, to or before the Board of Trade may be done by, to or before the President of the Board, any Minister of State with duties concerning the affairs of the Board, any secretary, under-secretary or assistant secretary of the Board, or any person authorised in that behalf by the President.

## **3 Disclosure of information by Commissioners.**

- (1) On being notified at any time by the Secretary of State that he is satisfied that it is in the national interest that the information in question should be disclosed to persons other than the Commissioners, the Commissioners may disclose through such person as may be specified in the notification such information to which this section applies in respect of imported goods of such descriptions as may be so specified.

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- (2) The information to which this section applies is information contained in any document with which the Commissioners have been provided after 7th March 1967 in pursuance of the Act of 1952 for the purpose of making entry of any goods on their importation, being information of the following descriptions only, namely—
- (a) the description of the goods, including any maker's catalogue number;
  - (b) the quantities of the goods imported in a particular period, so, however, that if any quantity is given by value it shall not also be given in any other form;
  - (c) the name of the maker of the goods ;
  - (d) the country of origin of the goods ;
  - (e) the country from which the goods were consigned.
- (3) The Secretary of State may by order add to the descriptions of information to which this section applies any further description of information contained in any document such as is mentioned in subsection (2) of this section other than the price of the goods or the name of the importer of the goods; and any such order shall be made by statutory instrument and—
- (a) may vary or revoke any previous order under this subsection; and
  - (b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.

#### **4 Amendments as to excise licences for certain trades.**

- (1) The duty of excise charged on—
- (a) a licence to manufacture spirits granted under section 93 of the Act of 1952 ; or
  - (b) a licence to brew beer for sale granted under section 125 of that Act; or
  - (c) a licence to add solutions to beer granted under section 126 of that Act; or
  - (d) a licence to manufacture tobacco granted under section 175 of that Act,
- shall in every case be fifteen pounds fifteen shillings; and accordingly in subsection (2) of each of the said sections 93, 125, 126 and 175 for the words from " calculated " to " Act " there shall in each case be substituted the words " of fifteen pounds fifteen shillings " , and Schedules 1, 2, 3 and 5 to the Act of 1952 shall cease to have effect.
- (2) Section 168 of the Act of 1952 (which provides for a reduced duty on certain part-year licences) shall apply to any licence such as is mentioned in paragraph (a), (b), (c) or (d) of subsection (1) of this section as it applies to the licences mentioned in the said section 168; and section 169(2) of the Act of 1952 (which provides for relief from duty on the permanent discontinuance of a trade) shall apply to a licence such as is mentioned in the said paragraph (d) as it applies to the licences mentioned in the said paragraphs (a), (b) and (c).
- (3) The foregoing provisions of this section shall have effect in relation to licences bearing a date after 11th April 1967.
- (4) In subsection (5) of the said section 93 (which provides that the Commissioners may in certain cases refuse to grant a distiller a licence to manufacture spirits unless he provides lodgings for the officers placed in charge of his distillery) for the words " equal to the gross annual value of the lodgings as determined for the purposes of income tax under Schedule A " (being words relating to the rent to be paid for the lodgings in default of agreement) there shall be substituted the words " equal—
- (a) if the lodgings are in England or Wales, to their gross value for the purposes of section 19 of the General Rate Act 1967;

- (b) if the lodgings are in Scotland, to their gross annual value ascertained in accordance with the provisions of section 6(2) to (4) of the Valuation and Rating (Scotland) Act 1956 for the purpose of making up the valuation roll;
  - (c) if the lodgings are in Northern Ireland, to their annual value ascertained in accordance with Schedule 5 to the Finance Act 1963."
- (5) Without prejudice to the provisions of section 226 of the Act of 1952 (which requires a licence under that section to be held by any person keeping or using a still otherwise than as a holder of a licence of certain descriptions), an excise licence shall not be required for the purpose of carrying on the trade of a maker of vinegar for sale; and accordingly—
- (a) the following provisions of the Act of 1952 shall cease to have effect, namely—
    - (i) section 225 ;
    - (ii) in section " 226(1) the words " or vinegar-maker ";
    - (iii) in section 227(1)(a) and (c), the words " or vinegar-makers ";
    - (iv) section 237(2)(d);
    - (v) in section 307(1), the paragraph beginning " vinegar-maker " ; and
  - (b) in section 106(1)(d) of that Act at the beginning there shall be inserted the words " not being a vinegar-maker, ";

and the foregoing provisions of this subsection shall be deemed to have come into force on 6th July 1967, and, in the case of any licence under the said section 225 bearing a date after 11th April 1967, no excise duty shall be chargeable thereon and any duty paid thereon shall be repaid.

- (6) Subsections (1) to (4) of this section shall extend to Northern Ireland, but—
- (a) their application to Northern Ireland shall be without prejudice to the operation after the passing of this Act of section 21(3) of the Government of Ireland Act 1920;
  - (b) section 22(1) of that Act shall not apply to the duty on any licence such as is mentioned in the said subsection (1) which bears a date after 11th April 1967;
  - (c) for the purposes of section 6 of that Act, the said subsections (1) to (4) shall be deemed to have been passed before the day appointed for the purposes of that section; and
  - (d) it is hereby declared that the Parliament of Northern Ireland has power to make laws for purposes similar to the purposes of sections 93(3) to (6) and 125(4), and of the proviso to section 175(1), of the Act of 1952, but that, for the purpose of the exercise of that power in relation to section 93(5) of that Act, section 314(1) of that Act shall apply only to the first reference to the Commissioners in the said section 93(5).

## **5 Abolition of retailer's licences and club licences and consequential provisions.**

- (1) As from 1st October 1967, an excise licence shall not be required for the sale by retail of intoxicating liquor or for the supply of such liquor in a registered club to members of that club and their guests; and accordingly as from that date—
- (a) the enactments specified in Part I of Schedule 16 to this Act (other than section 4(6) of the Finance Act 1959) shall cease to have effect;
  - (b) the provisions of the excise Acts specified in Schedule 6 to this Act shall have effect subject to the amendments so specified;

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- (c) the Licensing Act 1964 shall have effect subject to the provisions of Schedule 7 to this Act;
  - (d) the Licensing (Scotland) Acts 1959 and 1962 shall have effect subject to the provisions of Schedule 8 to this Act;
  - (e) in section 107(1) of the Children and Young Persons Act 1933, in the definition of "intoxicating liquor", for the words from "means" onwards there shall be substituted the words "has the same meaning as in the Licensing Act 1964".
- (2) No duty of excise shall be charged on any licence under any of sections 149 to 154 of the Act of 1952 or section 4 of the Finance Act 1959 which is granted so as to come into force after 11th April 1967, and any such duty paid on such a licence so granted shall be repaid; and as from 11th April 1967 section 4(6) of the said Act of 1959 (which relates to certain repayments in respect of club licences under the said section 4) shall have effect as if—
- (a) for paragraphs (a) and (b) there were substituted the words "before 1st February 1968 or such later date as the Commissioners may allow";
  - (b) in paragraph (i) for the words "period for which the licence was in force" there were substituted the words "period beginning with the coming into force of the licence and ending with 31st December 1967".
- (3) In this section the expression "registered club" means a club which is registered within the meaning of the Licensing Act 1964 or which is a registered club within the meaning of the Licensing (Scotland) Act 1959.

## **6 Abolition of permits for spirits and tobacco and consequential provisions.**

- (1) It shall not be necessary for—
- (a) spirits sent out from a distillery, or removed from a warehouse, or otherwise removed from any place in the United Kingdom to any other such place; or
  - (b) unmanufactured tobacco removed from a warehouse or otherwise removed as aforesaid,
- to be accompanied by a permit; but the provisions of subsections (2) and (3) of this section shall apply to the sending out or removal of spirits.
- (2) The person by whom any spirits—
- (a) are sent out from a distillery; or
  - (b) are removed from a warehouse; or
  - (c) not being spirits to which the requirement imposed by the Finance Act 1960 to send a spirits consignment note applies, are otherwise removed from any place in the United Kingdom to any other such place in a quantity exceeding one gallon of the same denomination at a time for any one person,
- shall, subject to any dispensation granted by the Commissioners, send to the person to whom the spirits are to be delivered a spirits advice note, and shall send that note either with the spirits or so that it is either delivered or posted on the day on which the spirits are sent out or removed.
- (3) A distiller shall not send out from his distillery, or, save as permitted by the Commissioners in the case of samples, remove from a distiller's warehouse associated with his distillery, any spirits in a quantity of less than nine gallons.
- (4) The following provisions shall cease to have effect, namely—

- (a) in the Act of 1952, section 108, section 147(1) from " and where " onwards, and sections 147(2), 174, 241(1), (3) and (4) and 242(1)(a) and (b);
- (b) in the Finance Act 1960, section 3(3);

and the provisions of the Act of 1952 specified in Schedule 9 to this Act shall have effect subject to the amendments there specified, being amendments for the purpose of applying those provisions to spirits advice notes or otherwise consequential on the provisions of this section.

- (5) In this Act and the Act of 1952, the expression " spirits advice note " means a document containing such particulars as the Commissioners may direct.
- (6) This section and the said Schedule 9 shall have effect as from the expiration of the period of seven days beginning with the date of the passing of this Act.

## 7 **Pool betting duty.**

- (1) As from 1st September 1967, and without prejudice to the requirements of any other enactment, no person shall carry on a business the carrying on of which involves or may involve any sums becoming payable by him by way of the pool betting duty unless he holds a permit authorising him to carry on that business granted by the Commissioners in respect of his relevant premises; and paragraph 2(a) of Schedule 1 to the principal Act (which requires seven days' notice of intention to carry on such a business to be given to the Commissioners) shall cease to apply in relation to the carrying on of such a business without prejudice to its application by virtue of paragraph 2 of Schedule 3 to the Finance Act 1966 to the carrying on of any other business.
- (2) A permit under this section shall be granted by the Commissioners within fourteen days of the date (which may be any time after the passing of this Act) when application is made therefor, and shall continue in force unless and until revoked under subsection (4) of this section, except that—
  - (a) the Commissioners may refuse to grant such a permit to any person or in respect of any premises if within the twelve months immediately preceding the application therefor a previous permit under this section granted to that person or in respect of those premises has been revoked under the said subsection (4); and
  - (b) the Commissioners may at any time revoke such a permit by notice in writing to the holder if it appears to them that the holder is not carrying on a business for which such a permit is required or is not using the premises in respect of which the permit was granted for the purposes of such a business.
- (3) If any dispute arises between the Commissioners and a conductor of dutiable betting as to the basis on which the pool betting duty payable by that conductor should be computed in connection with betting in accordance with any particular terms—
  - (a) the Commissioners shall by notice in writing to that conductor specify what in their opinion that basis should be; and
  - (b) in connection with betting in accordance with these terms the amount from time to time computed in accordance with that basis shall be recoverable as the duty properly due;but if that conductor disputes the correctness of the basis specified by the notice—
  - (i) he may at any time within three months of the date of the notice, and subject to his having paid and continuing to pay the full amount which, in accordance

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with that basis, is due from him by way of the duty, apply to the High Court or, in Scotland, to the Court of Session for a declaration as to the basis on which the duty should be computed in connection with betting in accordance with the terms in question; and

- (ii) if on any such application the Court makes a declaration specifying a different basis from that specified in the notice, the notice shall be amended accordingly and any amount by which duty is found to have been overpaid shall be repaid by the Commissioners together with interest thereon from the date of the overpayment at such rate as the Court may determine or, as the case may be, any amount by which duty is found to have been underpaid shall be recoverable as duty properly due.

- (4) The pool betting duty chargeable on any bet shall be recoverable jointly and severally from all or any of the following persons, namely—
  - (a) the conductor of the dutiable betting by way of which the bet was made ;
  - (b) any other person responsible for the management of that conductor's relevant premises ;
  - (c) where that conductor or that other person is a company, any director of that company ;

and if, after a notice under subsection (3) of this section has been given to any such conductor in respect of betting in accordance with particular terms, any amount determined in accordance with the basis specified in that notice which has become due from that conductor by way of the duty in respect of such betting is not paid in accordance with paragraph 1 of Schedule 1 to the principal Act, the Commissioners may by notice in writing to that conductor revoke his permit under this section.

- (5) If any person carries on any business in contravention of subsection (1) of this section, he shall be liable to a penalty of five hundred pounds, and if any person so carries on any business after receiving notice under subsection (4) of this section of the revocation of a permit under this section previously granted to him he shall be liable to an additional penalty of twenty-five pounds for each day after the date of that notice on which he has so carried on his business; and where a person is convicted of an offence under this subsection the Court may, in lieu of or in addition to ordering him to pay such a penalty as aforesaid, order him to be imprisoned for a term not exceeding two years ; and paragraph 6 of Schedule 1 to the principal Act (which relates to offences committed by a body corporate) shall apply to any offence under this subsection as it applies to an offence under that Schedule.
- (6) Where a person is convicted of an offence under subsection (5) of this section and the offence continues after the conviction, he shall be guilty of a further offence under that subsection and may, on conviction, be punished accordingly.
- (7) If at any time the holder of a permit under this section fails to produce his permit for examination within such period, and at such time and place, as may be reasonably required by an officer, he shall be liable to a penalty of twenty pounds.
- (8) Paragraph 13(f) of Schedule 2 to the Betting, Gaming and Lotteries Act 1963 (which requires the rules applying to any competition promoted by a registered pools promoter to be notified to the accountant appointed for the purpose by the registering authority before the first of the relevant sporting or other events takes place) shall have effect with the insertion after the word " notified " of the words " to the Commissioners of Customs and Excise and "; and if any such promoter is, under paragraph 29(2) of the said Schedule 2, guilty of an offence by reason of a failure to comply with the duty imposed on him by virtue of this subsection—



- (a) paragraph 29(3) of that Schedule (which empowers the registering authority to take proceedings for such an offence in England) shall not apply ; but
  - (b) sections 281 and 287 of the Act of 1952 (which relate respectively to the institution of proceedings and the application of penalties imposed and costs or, in Scotland, expenses awarded under the excise Acts) shall apply in relation to that offence and to any fine imposed or costs or expenses awarded in connection therewith as if they were an offence or, as the case may be, a penalty imposed or costs or expenses awarded under the excise Acts.
- (9) In this section, the following expressions have the following meanings respectively, namely—
- " conductor of dutiable betting " means a person carrying on such a business as is mentioned in subsection (1) of this section;
  - " dutiable betting " means betting by way of pool betting or coupon betting;
  - " premises " includes a totalisator;
  - " principal Act " means the Betting Duties Act 1963 ;
  - " relevant premises ", in relation to any person, means premises of which that person has made entry in pursuance of paragraph 2 of Schedule 1 to the principal Act or about which that person has notified the Commissioners in accordance with section 7(4)(a) of the Finance Act 1964;
- and any other expression used in this section which is also used in the principal Act or in section 7(3) of the Finance Act 1964 has the same meaning in this section as in that Act or, as the case may be, in the said section 7(3).

## **8 Relief from purchase tax for certain imported goods.**

- (1) Where any goods or articles such as are mentioned in subsection (4) of section 21 of the Purchase Tax Act 1963 have been imported into the United Kingdom for a registered wholesale merchant as stock for his business or for a registered manufacturer as materials, the provisions of this section shall have effect for the purpose of giving relief from tax on any chargeable transaction in the United Kingdom after the importation of the goods or articles in lieu of the relief from tax on their importation which, but for the exception from chargeability to tax on importation contained in section 11 of that Act, would have been given under the said section 21.
- (2) If—
- (a) the importer makes application that relief be given from tax on the goods or articles on any such chargeable transaction; and
  - (b) the Treasury are satisfied that, if the said exception had not been contained in the said section 11 and an application for relief had been made under subsection (1) of the said section 21, they would have given a direction under that subsection,
- the Treasury may direct that tax shall not be payable on the goods or articles on any such transaction or, if it has already been paid, shall be repaid.
- (3) Subsections (2) and (3) of the said section 21 shall apply to any application or direction under subsection (2) of this section as they apply to any application or direction under subsection (1) of that section and as if the reference in the said subsection (3) to the tax of which the importer was relieved by a direction under the said subsection (1) included a reference to the tax from which relief was given by a direction under this section.

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## **9 Purchase tax-vehicles acquired for export.**

- (1) If in the case of any vehicle in respect of which the tax which would otherwise be payable by the manufacturer is remitted under section 23(1) of the Purchase Tax Act 1963 (which relates to vehicles acquired for export)—
- (a) the vehicle is found in the United Kingdom after the date by which the Commissioners on granting the remission directed that it should be exported; or
  - (b) any other condition imposed by the Commissioners under the said section 23(1) on granting the remission is not complied with,
- and the presence of the vehicle in the United Kingdom after that date or the non-observance of that condition has not been authorised for the purposes of this section by the Commissioners, the tax which, but for the said section 23(1), would have been payable by the manufacturer shall become payable forthwith by the person by whom the vehicle was acquired from the manufacturer, or by any other person in whose possession the vehicle is found in the United Kingdom, and be recoverable as a debt due to Her Majesty unless, or except to the extent that, the Commissioners see fit to waive payment of the whole or part thereof, and the vehicle shall be liable to forfeiture under the Act of 1952.
- (2) Where a vehicle in respect of which tax has been remitted under the said section 23(1) has been exported but is subsequently brought back into the United Kingdom, then, without prejudice to subsection (1) of this section, the vehicle shall not when so brought back be treated for the purposes of section 11 of the said Act of 1963 as imported into the United Kingdom.
- (3) Section 23(2) of the said Act of 1963 (which imposes upon the manufacturer liability for tax in the event of non-observance of any conditions imposed under the said section 23(1)) shall cease to have effect.
- (4) This section shall come into force on such day as the Commissioners may by order made by statutory instrument appoint; and any such order shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

## **10 Abolition of functions of Commissioners and officers of Customs and Excise with respect to grant of representation in the case of small estates.**

As from such date as the Lord Chancellor and the Secretary of State acting jointly may by order made by statutory instrument appoint, the enactments specified in Part V of Schedule 16 to this Act, being enactments conferring on the Commissioners and officers of Customs and Excise certain functions with respect to applications for grants of representation in the case of small estates, shall cease to have effect.

## **11 Vehicles excise duty: increased penalties for evasion, and effect of transferring vehicle without licence.**

- (1) The following provisions of the Vehicles (Excise) Act 1962—
- (a) section 7 (offence of using or keeping unlicensed vehicle),
  - (b) section 10(4) (offence of failing to pay additional duty before using licensed vehicle so as to attract higher rate), and
  - (c) section 12(9) (offence of exceeding number of vehicles authorised to be used by trade licence),

being provisions under which the person convicted is liable to an excise penalty of twenty pounds or, if greater, three times the duty there specified, shall be amended by substituting " fifty " for " twenty " and " five " for " three ".

This subsection shall not have effect in relation to offences committed before the passing of this Act.

- (2) Where a vehicle for which a licence is in force under that Act is transferred by the holder of the licence to another person, the licence shall be treated for the purposes of the said section 7 as no longer in force unless it is delivered to that other person with the vehicle.

## **12 Vehicles excise duty: additional liability for keeping unlicensed vehicle.**

- (1) Where a person convicted of an offence under section 7 of the Vehicles (Excise) Act 1962 (using or keeping an unlicensed vehicle) is the person by whom the vehicle in respect of which the offence was committed was kept at the time it was committed, the court shall, in addition to any penalty which it may impose under that section, order him to pay an amount calculated in accordance with subsections (2) to (4) below.
- (2) The said amount shall, subject to subsection (3) below, be an amount equal to one-twelfth of the annual rate of duty appropriate to the vehicle in question for each calendar month or part of a calendar month in the relevant period, and the relevant period shall be one ending with the date of the offence and beginning—
  - (a) if the person convicted has before that date notified the county council of his acquisition of the vehicle in accordance with regulations under the said Act of 1962, with the date on which the notification was received by the council or, if later, with the expiry of the licence last in force for the vehicle, or
  - (b) in any other case, with the expiry of the licence last in force for the vehicle before the date of the offence or, if there has not at any time before that date been a licence in force for the vehicle, with the date on which the vehicle was first kept by that person:

Provided that, where the person convicted has been ordered to pay an amount under this section on the occasion of a previous conviction in respect of the same vehicle, and the offence then charged was committed after the date specified above for the beginning of the relevant period, that period shall begin instead with the calendar month immediately following that in which the former offence was committed.

- (3) Where the person convicted proves—
  - (a) that throughout any month or part of a month comprised in the relevant period the vehicle in question was not kept by him, or was neither used nor kept by him on a public road in Great Britain, or was not chargeable with duty, or
  - (b) that he has paid duty in respect of the vehicle for any such month or part, whether or not on a licence,

the said amount shall be calculated as if that month or part were not comprised in the relevant period.

- (4) In relation to any month or part of a month comprised in the relevant period, the reference in subsection (2) above to the annual rate of duty appropriate to the vehicle in question is a reference to the annual rate applicable to it at the beginning of that month or part; and, except so far as it is proved to have fallen within some other class or description for the whole of any such month or part, a vehicle shall be taken for the

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purposes of this section to have belonged throughout the relevant period to that class or description of vehicle to which it belonged for the purposes of duty at the date of the offence or, if the prosecution so elect, the date when a licence for it was last issued.

- (5) Where, on a person's conviction of an offence under the said section 7, an order is made under Part I of the Criminal Justice Act 1948 placing him on probation or discharging him absolutely or conditionally, the foregoing provisions of this section shall apply as if the conviction were deemed to be a conviction for all purposes.
- (6) In the foregoing provisions of this section " duty " and " licence " mean respectively the duty chargeable under, and a licence issued under, the said Act of 1962 or any enactment repealed by that Act, and any reference to the expiry of a licence includes a reference to its surrender, and to its being treated as no longer in force for the purposes of the said section 7 by virtue of section 11(2) above; and, in the case of a conviction for a continuing offence, the offence shall be taken for the purposes of those provisions to have been committed on the date or latest date to which the conviction relates.
- (7) The foregoing provisions of this section shall have effect subject to the provisions (applying with the necessary modifications) of any enactment relating to the imposition of fines by magistrates' courts, other than one conferring a discretion as to their amount; and any sum payable by virtue of an order under this section shall be treated as a fine, and the order as a conviction, for the purposes of Part III of the Magistrates' Courts Act 1952 (including any enactment having effect as if contained in that Part) and of any other enactment relating to the recovery or application of sums ordered to be paid by magistrates' courts.
- (8) Any person who is alleged to have used a vehicle in contravention of the said section 7 shall, if required to do so by or on behalf of a chief officer of police or a county council, give such information as it is in his power to give as to the identity of the person by whom the vehicle was kept at the time, and a person failing to comply with a requirement under this subsection shall be guilty of an offence and liable on summary conviction to a fine not exceeding twenty pounds.
- (9) This section shall not have effect in relation to any offence committed before the passing of this Act.
- (10) In its application to Scotland, this section shall have effect as if for subsections (5) and (7) there were substituted the following subsections respectively:—
- “(5) Where a person is convicted on indictment of, or is charged before a court of summary jurisdiction with, an offence under the said section 7, and an order is made under Part I of the Criminal Justice (Scotland) Act 1949 discharging him absolutely or placing him on probation, the foregoing provisions of this section shall apply as if the conviction on indictment were a conviction for all purposes, or, as the case may be, the making of the order by the court of summary jurisdiction were a conviction.”
- “(7) The foregoing provisions of this section shall have effect subject to the provisions (applying with the necessary modifications) of any enactment relating to the imposition of fines by courts of summary jurisdiction, other than one conferring a discretion as to their amount; and any sum payable by virtue of an order under this section shall be treated as a fine, and the order as a conviction, for the purposes of any enactment relating to the recovery or application of sums ordered to be paid by courts of summary jurisdiction.”

## PART II

### INCOME TAX

#### 13 Charge of income tax for 1967-68.

Income tax for the year 1967-68 shall be charged at the standard rate of 8s. 3d. in the pound, and in the case of an individual whose total income exceeds £2,000 at such higher rates in respect of the excess as Parliament may hereafter determine.

#### 14 Surtax rates for 1966-67.

Income tax for the year 1966-67 shall be charged, in the case of an individual whose total income exceeded £2,000, in respect of the excess at rates in the pound which respectively exceed the standard rate by the amounts by which the higher rates for the year 1965-66, without the increase made by the next following section, exceeded the standard rate for that year (and so that the surtax rates applied by this section are the same as those applied successively for the years 1951-52 to 1964- 65).

#### 15 Increase of surtax rates for 1965-66.

- (1) Section 18 of the Finance Act 1966 (surtax rates for 1965- 66) shall have effect as if each of the surtax rates applied by that section (that is to say, each of the amounts specified in the second column of the table in section 16(1) of the Finance Act 1951, being the surtax rates applied successively for the years 1951-52 to 1964-65) were increased by ten per cent.
- (2) The surtax charged by any assessment for the year 1965-66 made before 1st September 1967 and by reference to the rates applied by the said section 18 as originally enacted shall, unless by that date a further assessment has been made in respect of the tax attributable to subsection (1) above, be treated as from that date as varied in accordance with that subsection by virtue of this Act and without more.
- (3) In relation to so much of any surtax for the year 1965-66 as is attributable to subsection (1) above—
  - (a) section 229(1) of the Income Tax Act 1952 (due date for payment of surtax by individuals), and section 249(4)(a) of that Act (date for recourse to company in respect of company surtax which a member has failed to pay) shall have effect as if for the references to 1st January (that is to say, 1st January 1967) there were substituted references to 1st September 1967, and
  - (b) paragraph (b) of the said section 249(4) (date for recourse to member where company fails to pay) shall have effect as if for the reference to 2nd January (that is to say, 2nd January 1967) there were substituted a reference to 2nd September 1967.
- (4) The due date for payment of so much of any surtax for the year 1965-66 as is attributable to subsection (1) above shall also be taken to be 1st September 1967, instead of 1st January 1967, for the purposes of section 58(1) of the Finance Act 1960 (interest on tax recovered to make good loss due to taxpayer's fault).
- (5) For the purposes of section 495(3) of the Income Tax Act 1952 (interest on overdue tax charged by any assessment not to be payable unless the tax exceeds one thousand

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pounds) the tax charged by any assessment by virtue of subsection (2) above shall be treated as if it had been charged by an assessment separately made.

- (6) Sections 359 and 360 of the said Act of 1952 (recovery of tax attributable to wife's income) shall have effect in relation to the tax charged by any assessment by virtue of subsection (2) above as if it had been charged by an assessment separately made, as if that assessment had been made before the service of any notice for the year 1965-66 under subsection (1) of the said section 360, and with any other necessary modifications.
- (7) Section 236 of the said Act of 1952 (relief where surtax payer dies in year of assessment for which surtax rates are higher than for previous year) shall, as respects surtax for the year 1965-66, apply to a person who died after the end of that year but before 21st July 1966 as it applies to a person who died in that year.
- (8) Where surtax for the year 1965-66 has been assessed on any person in the name of a company which is dissolved before the end of September 1967 (and whether before or after the passing of this Act) and, the assessment having been made by reference to the rates applied for that year by section 18 of the Finance Act 1966 as originally enacted, a notice of charge under section 249(4) of the said Act of 1952 is served on that person for the additional tax attributable to subsection (1) above, the tax to which the notice relates shall become payable by that person, without any election under the said section 249(4), on whichever of the following is the latest, that is to say, 1st September 1967, the day after the service of the notice, and the day after the dissolution of the company.
- (9) Section 21 of the Finance Act 1965 (under which the rate of capital gains tax may depend on the rates of income tax, including surtax) shall have effect as if the rates of surtax for the year 1965-66 had been those applied by the said section 18 as originally enacted.

## 16 Alterations in reliefs.

- (1) In section 13 of the Finance Act 1957 (relief for persons over sixty-five with small incomes), as amended by section 10(6) of the Finance Act 1965, for the references to £390 and £625 (the income limits for exemption) there shall be substituted references to £401 and £643 ; and (as regards the marginal relief) for the reference to £160 (the addition to the income limit) there shall be substituted a reference to £180.
- (2) In section 216(1) of the Income Tax Act 1952 (relief for dependent relative), as amended by section 10(3) of the Finance Act 1965, for the reference to £210 (lower income limit of dependent relative) there shall be substituted a reference—
  - (a) for the year 1967-68, to £221,
  - (b) for subsequent years of assessment, to £235,
 and, subject to the next following subsection, for the reference to £285 (the higher income limit) there shall be substituted a reference, for the year 1967-68, to £296, and for subsequent years of assessment, to £310.
- (3) Where the claimant under section 216 of the Income Tax Act 1952 is a woman other than a married woman living with her husband,—
  - (a) for the references in subsection (1) of that section to £75 there shall be substituted references to £110, and

- (b) for the reference in that subsection (limit on dependent relative's total income) to £285 there shall be substituted a reference to, for the year 1967-68, £331, and for subsequent years of assessment, £345.
- (4) Where, without subsection (3) above, the claimant's relief would fall to be reduced by any proportion under subsection (2) of the said section 216 (dependent relative jointly maintained by two or more claimants) any increase in the claimant's relief attributable to subsection (3) above shall be reduced by the same proportion; and accordingly the said subsection (2) shall be read without regard to the amendments made by subsection (3) of this section in subsection (1) of the said section 216.
- (5) In section 17(2) of the Finance Act 1960 (additional relief for widows and others in respect of children) for the reference to £40 there shall be substituted a reference to £75, and section 218 of the Income Tax Act 1952 (which, in cases all of which are within subsection (1) of the said section 17, affords alternative relief of the same amount as that afforded by the said section 17 as amended by this section) shall cease to have effect, except so far as any provisions of that section are applied for the purposes of the said section 17.
- (6) This section shall not be deemed to have required any change in the amounts deducted or repaid under section 157 (pay as you earn) of the Income Tax Act 1952 before 22nd June 1967.

## **17 Relief where copyright sold after ten years or more.**

- (1) Where not less than ten years after the first publication of the work the author of a literary, dramatic, musical or artistic work assigns the copyright therein wholly or partially, or grants any interest in the copyright by licence, and—
  - (a) the consideration for the assignment or grant consists wholly or partially of a lump sum payment the whole amount of which would, but for this section, be included in computing the amount of his profits or gains for a single year of assessment, and
  - (b) the copyright or interest is not assigned or granted for a period of less than two years,he shall be entitled to claim that effect shall be given to the following provisions of this section in connection with that payment, and section 9 of the Income Tax Management Act 1964 shall apply to the claim.
- (2) Except where the copyright or interest is assigned or granted for a period of less than six years, the amount of the payment shall for income tax purposes be treated as becoming receivable in six equal instalments at yearly intervals, the first of which becomes receivable on the date on which the payment actually became receivable.
- (3) Where the copyright or interest is assigned or granted for a period of less than six years, the payment shall for income tax purposes be treated as becoming receivable in a number of equal instalments at yearly intervals the first of which becomes receivable on the date when the payment actually became receivable, the number being the number of whole years in that period.
- (4) Subject to subsection (5) below, if the author dies, any instalment which under this section would, but for the death, be treated as becoming receivable after the death shall for income tax purposes be treated as becoming receivable on the date when the last instalment before the death is to be treated as becoming receivable.

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- (5) If the personal representatives so elect—
- (a) the total amount of income tax (including surtax) which would have been payable by the deceased or out of his estate in respect of the payment if the copyright or interest had been assigned or granted for a period beginning with the date when the first instalment is treated as becoming receivable and ending with the day before the death shall be computed, and
  - (b) the income tax (including surtax) payable out of the estate by reason of the provisions of subsection (4) above shall be reduced so as not to exceed the amount at (a) above.

The references in this subsection to the income tax (including surtax) payable by a person include, in cases where the income of a wife is deemed to be income of the husband, references to the income tax (including surtax) payable by his wife or her husband, as the case may be.

- (6) If the payment would, apart from this section, have been taken into account in assessing the profits or gains of a profession or vocation, and the profession or vocation is permanently discontinued (otherwise than on death) after the date on which the payment actually became receivable, any instalment which under this section would, but for the discontinuance, be treated as receivable on a date after the discontinuance shall for income tax purposes be treated as becoming receivable when the last instalment before the discontinuance is to be treated as becoming receivable, unless the author elects to be treated (for all purposes) as if the copyright or interest had been assigned or granted for a period beginning with the date when the first instalment is treated as becoming receivable and ending with the day before the discontinuance.
- (7) Notice of any election under subsection (5) or subsection (6) above shall be served on the inspector within two years of the death, or as the case may be of the discontinuance.
- (8) Where, but for this section, the payment would be included in computing any profits or gains chargeable to tax under Case VI of Schedule D, and any amount would be deductible from that payment in computing those profits or gains (whether under the general provisions relating to Case VI or under section 32(4) of the Finance Act 1960 (post-cessation receipts)), the amount which, under this section, is to be treated as receivable in instalments shall be the amount of the payment after that deduction, and effect shall not be given to that deduction in any other way.
- (9) A claim cannot be made under this section in respect of a payment if a prior claim has been made under section 471 of the Income Tax Act 1952 (relief by spreading payment backwards) as respects that payment, and a claim cannot be made under the said section 471 in respect of a payment if a prior claim has been made under this section as respects that payment.
- (10) Where it is necessary, in order to give effect to a claim or election under this section, or as a result of the claim or election, to make any adjustment by way of an assessment on any person, the assessment shall not be out of time if it is made within one year of the final determination of the claim, or as the case may be within one year from the giving of notice of the election.
- (11) In this section—
- " author " includes a joint author,
  - " lump sum payment " includes an advance on account of royalties which is not returnable,



and the reference to the first publication of a work is a reference to the first occasion on which the work or a reproduction of it is published, performed or exhibited.

- (12) This section shall apply to payments falling to be included in computing profits or gains for the year 1967-68 or any subsequent year of assessment.

## **18 Lloyd's and other underwriters.**

- (1) Arrangements under Schedule 21 to the Income Tax Act 1952 (special reserve funds for underwriters) may authorise the making of payments pursuant to paragraph 7(1) of that Schedule (withdrawals from special reserve funds into-premiums trust fund to meet a loss) on a provisional basis before-the amount of the loss has been finally ascertained and certified by the inspector.
- (2) The amount so withdrawn shall not exceed such proportion of the estimated loss as may be specified in the arrangements.
- (3) When the amount of the loss has been certified by the-inspector such adjustments shall be made by repayment to the underwriter's special reserve fund or funds, or by further withdrawal of sums for payment into the underwriter's premiums, trust fund, as will secure that the net amount withdrawn from the underwriter's special reserve fund or funds in respect of the-loss is that required pursuant to paragraph 7(1) of the said Schedule 21; and no tax consequences shall ensue on the withdrawal of sums in respect of a loss until the amount of the-loss has been so certified and any such adjustments have been made.
- (4) This section shall be construed as one with the said, Schedule 21.

## **PART III**

### **CORPORATION TAX AND INCOME TAX**

## **19 Charge of corporation tax for financial year 1966.**

- (1) Corporation tax shall be charged for the financial year 1966 at the rate of 40 per cent.
- (2) It is hereby declared that where an Act charges corporation tax for any financial year the Corporation Tax Acts apply, without any express provision, for that year accordingly.

## **20 Group relief.**

- (1) Relief for trading losses and other amounts eligible for relief from corporation tax may in accordance with Schedule 10 to this Act be surrendered by a company (called " the surrendering company ") which is a member of a group of companies and claimed by another company (called " the claimant company ") which is a member of the same group by way of a new relief from corporation tax to be called group relief.
- (2) Group relief shall also be available in accordance with Schedule 10 to this Act—
- (a) where the surrendering company is a trading company which is owned by a consortium and which is not a subsidiary of any company, and the claimant company is a member of the consortium, or
  - (b) where the surrendering company is a trading company—

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- (i) which is a ninety per cent. subsidiary of a holding company which is owned by a consortium, and
  - (ii) which is not a subsidiary of a company other than the holding company,

and the claimant company is a member of the consortium, or

  - (c) where the surrendering company is a holding company which is owned by a consortium and which is not a subsidiary of any company, and the claimant company is a member of the consortium:

Provided that no claim may be made by a member of a consortium if a profit on a sale of the share capital of the surrendering or holding company which that member owns would be treated as a trading receipt of that member.
- (3) Subject to Schedule 10 to this Act, two or more claimant companies may make claims relating to the same surrendering company, and to the same accounting period of that surrendering company.
- (4) A payment for group relief—
  - (a) shall not be taken into account in computing profits or losses of either company for corporation tax purposes, and
  - (b) shall not for any of the purposes of the Corporation Tax Acts be regarded as a distribution or a charge on income,

and in this subsection " payment for group relief " means a payment made by the claimant company to the surrendering company in pursuance of an agreement between them as respects an amount surrendered by way of group relief, being a payment not exceeding that amount.
- (5) Section 20 of the Finance Act 1953 (subvention payments) as applied to corporation tax by paragraph 10 of Schedule 15 to the Finance Act 1965 shall not have effect in respect of the deficit of any accounting period ending after the passing of this Act.
- (6) For the purposes of this section and Schedule 10 to this Act—
  - (a) two companies shall be deemed to be members of a group of companies if one is the subsidiary of the other or both are subsidiaries of a third company,
  - (b) " holding company " means a company the business of which consists wholly or mainly in the holding of shares or securities of companies which are its ninety per cent. subsidiaries, and which are trading companies,
  - (c) " subsidiary " has the meaning assigned to it for certain purposes of the profits tax by section 42 of the Finance Act 1938, and subsections (2) and (3) of that section shall apply as they applied for the purposes of that section, except that in the application of that section any share capital of a registered industrial and provident society shall be treated as within the definition of ordinary share capital,
  - (d) " trading company " means a company whose business consists wholly or mainly of the carrying on of a trade or trades.
- (7) References in this section and the said Schedule to a company apply only to bodies corporate resident in the United Kingdom; and in determining for the purposes of this section and that Schedule whether one company is a subsidiary of another, the other company shall be treated as not being the owner—
  - (a) of any share capital which it owns directly in a body corporate if a profit on a sale of the shares would be treated as a trading receipt of its trade, or

- (b) of any share capital which it owns indirectly, and which is owned directly by a body corporate for which a profit on the sale of the shares would be a trading receipt, or
  - (c) of any share capital which it owns directly or indirectly in a body corporate not resident in the United Kingdom.
- (8) For the said purposes—
- (a) a company shall be deemed to be a ninety per cent. subsidiary of another company if not less than ninety per cent. of its ordinary share capital is directly owned by that other company,
  - (b) a company is owned by a consortium if all of the ordinary share capital of that company is directly owned between them by five or fewer companies, and those companies are called the members of the consortium,
  - (c) a member's share in a consortium shall be the percentage of the ordinary share capital of the surrendering company, or as the case may be of the holding company through which the surrendering company is owned, which is owned by that member in the relevant accounting period of the surrendering company, and if that percentage has fluctuated in the accounting period, the average percentage over the period shall be taken,

and in this subsection references to ownership and to ordinary share capital shall be construed in accordance with section 42(3) of the Finance Act 1938.

## **21 Capital allowances.**

- (1) The rate of any initial allowance falling to be made under section 17 of the Finance Act 1956 (dredging) in respect of expenditure to which section 15 of the Finance Act 1958 applies shall be three-twentieths except where reduced to one-twentieth under section 21(4)(b) of the Finance Act 1959 (initial allowance in addition to investment allowance), and the amendment of the said section 17 made by paragraph 10(1) of Schedule 14 to the Finance Act 1965 (which mentions only the rate of one-twentieth) shall be deemed always to have had effect accordingly.
- (2) In subsection (6) of section 56 of the Finance Act 1965 (set-off of capital allowances against total profits chargeable to corporation tax) the reference to an allowance to be made for an accounting period does not include any amount carried forward from a previous accounting period under subsection (5) of that section, and so much of the said subsection (5) as requires an amount so carried forward from one accounting period to another to be treated as the amount of a corresponding allowance for the later period shall not affect the said subsection (6).

The said section 56 of the Finance Act 1965 shall be deemed always to have had effect as amended by this subsection.
- (3) The repeals set out in Part IV of Schedule 13 to the Finance Act 1966 (abolition of investment allowances) shall be deemed never to have extended to paragraph 6 or paragraph 7 of Schedule 2 to the Finance Act 1954 (which amend sections 292 and 296 of the Income Tax Act 1952 in connection with cases where no initial allowance is made in respect of machinery or plant, whether or not in consequence of the making of an investment allowance), or to so much of section 16(8) of that Act of 1954 as relates to those paragraphs.
- (4) For the avoidance of doubt it is hereby declared—

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- (a) that section 270(6) of the Income Tax Act 1952 (classes of income against which allowances in respect of industrial buildings or structures may be made) applies to allowances under section 274 of that Act (temporary disuse of industrial buildings or structures),
- (b) that the reference in section 286 of that Act (allowances for machinery or plant for part of a year of assessment) to a writing down (or annual) allowance computed in accordance with the preceding provisions of Chapter II of Part X of that Act includes, where relevant, a reference to an allowance computed in accordance with those provisions and section 14 of the Finance Act 1965 (new ships),
- (c) that by virtue of section 298(2) of the Income Tax Act 1952 references in Acts passed after that Act to writing down (or annual) allowances in respect of machinery or plant include, except where otherwise expressly provided or where the context otherwise requires, references to allowances under subsection (1) of the said section 298 (allowances for lessors of machinery or plant), and
- (d) that section 279(2) of the Income Tax Act 1952 (which relates to expenditure incurred by a person for the purposes of a trade before he begins to carry it on) applies, where relevant, for the construction of references to the date when expenditure was incurred in subsections (1) and (3) of section 13 of the Finance Act 1965 (withdrawal of initial allowances for cars in respect of expenditure incurred after 6th April 1965).

## **22 Farming and market gardening: restriction of relief for losses and capital allowances.**

- (1) Any loss incurred in a trade of farming or market gardening shall be excluded from section 341 of the Income Tax Act 1952 (set-off of losses and capital allowances against total income) if in each of the prior five years a loss was incurred in carrying on that trade, and where a loss is so excluded any related capital allowance shall also be excluded from the said section 341.
- (2) Any loss incurred in any accounting period by a company in carrying on a trade of farming or market gardening shall be excluded from section 58(2) of the Finance Act 1965 (set-off of losses against total profits) if a loss, computed without regard to capital allowances, was incurred in carrying on that trade in that accounting period, and in each of the chargeable periods wholly or partly comprised in the prior five years.
- (3) Subsections (1) and (2) above shall not restrict relief for any loss or for any capital allowance, if it is shown by the claimant that the whole of his farming or market gardening activities in the year next following the prior five years are of such a nature, and carried on in such a way, as would have justified a reasonable expectation of the realisation of profits in the future if they had been undertaken by a competent farmer or market gardener, but that if that farmer or market gardener had undertaken those activities at the beginning of the prior period of loss he could not reasonably have expected the activities to become profitable until after the end of the year next following the prior period of loss.
- (4) Subsections (1) and (2) above shall not restrict relief where the carrying on of the trade forms part of, and is ancillary to, a larger trading undertaking.
- (5) In this section—

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" basis year " in relation to any capital allowance shall be construed in accordance with section 18(2) of the Finance Act 1962;

" chargeable period ", in relation to a company, means any accounting period, or any basis period ending before its first accounting period, " basis period " having the meaning given in section 325 of the Income Tax Act 1952;

" prior five years "—

(a) in relation to a loss incurred in a year of assessment, means the last five years of assessment before that year;

(b) in relation to a loss incurred in a company's accounting period, means the last five years before the beginning of the accounting period;

" prior period of loss " means the prior five years except that if losses were incurred in the trade in successive years of assessment or chargeable periods amounting in all to a period longer than five years (and ending when the prior five years end), it means that longer period, and in applying this definition to a chargeable period of a company " losses " means losses computed without regard to capital allowances;

" farming " and " market gardening " shall be construed in accordance with the definitions of those terms in section 526 of the Income Tax Act 1952, but as if those definitions were not restricted to activities in the United Kingdom,

and the reference in this section to section 341 of the Income Tax Act 1952 includes a reference to that section as extended by section 15(3) of the Finance Act 1953 (set-off of losses and capital allowances against total income of following year).

- (6) For the purposes of this section a capital allowance is related to a loss incurred in a trade if it falls to be made in taxing that trade and its basis year is the year of assessment in which the loss was incurred.
- (7) In ascertaining for the purposes of this section whether a loss was incurred in any part of the prior five years, or earlier, the rules applicable to Case I of Schedule D shall be applied, and in this section " loss computed without regard to capital allowances " means, in relation to a chargeable period of a company, a loss so ascertained but so that, notwithstanding section 56(2) of the Finance Act 1965, no account shall be taken of any allowance or charge under Part X or Part XI of the Income Tax Act 1952 (capital allowances).
- (8) Subsections (1) and (2) above shall not restrict relief for any loss or capital allowance if the trade was set up and commenced within the prior five years, and for the purposes of this subsection a trade shall be treated as discontinued, and a new trade set up, in any event which under any of the provisions of the Income Tax Acts or the Corporation Tax Acts is to be treated as equivalent to the permanent discontinuance or setting up of a trade:

Provided that a trade shall not be treated as discontinued if under section 61(2) of the Finance Act 1965 or section 17 of the Finance Act 1954 (company reconstructions without change of ownership) it is not to be treated as discontinued for the purpose of capital allowances and charges.

- (9) Where at any time before or after the passing of this Act there has been a change in the persons engaged in carrying on a trade this section shall, notwithstanding subsection (8) above, apply to any person who was engaged in carrying on the trade immediately before and immediately after the change as if the trade were the same before and after without any discontinuance, and as if—
- (a) a husband and his wife were the same person,

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(b) a husband or his wife were the same person as any company of which either the husband or the wife has control, or of which the two of them have control, and accordingly relief from income tax or from corporation tax may be restricted under this section by reference to losses some of which are incurred in years of assessment and some, computed without regard to capital allowances, are incurred in a company's chargeable periods.

In this subsection " control " has the meaning given by paragraph 3 of Schedule 18 to the Finance Act 1965.

- (10) This section shall not apply to restrict relief in respect of a loss incurred in, or any capital allowance the basis year for which is, a year of assessment before 1967-68, or a loss incurred in a company's accounting period beginning before 1st April 1967 (but can apply to a company to prevent a loss from being set off against profits of any such accounting period).

### **23 Tax-free income of banking businesses, etc., carried on by non-residents.**

- (1) This section has effect where paragraphs (a) and (b) of section 436(2) of the Income Tax Act 1952 (interest on tax-free Treasury securities excluded from computation of profits, or profits of annuity business) apply to a business for any accounting period or year of assessment.
- (2) Up to the amount determined under this section (called the amount ineligible for relief) interest on money borrowed for the purposes of the business—
- (a) shall be excluded in any computation under the Corporation Tax Acts or the Income Tax Acts of the profits (or loss) arising from the business or, where subsection (5) below applies, arising from any annuity business forming part of the life assurance business, and
  - (b) shall be excluded from the definition of " charges on income " in section 52(2) of the Finance Act 1965.
- (3) In determining the amount ineligible for relief, account shall be taken of all money borrowed for the purposes of the business which is outstanding in the accounting or basis period, up to the total cost of the tax-free Treasury securities held for the purpose of the business in that period:

Provided that where the person carrying on the business is a company, account shall not be taken of any borrowed money carrying interest which, apart from subsection (2) above, does not fall to be included in the computations under paragraph (a) of that subsection, and is not to be treated as a charge on income for the purposes of the Corporation Tax Acts.

- (4) Subject to subsection (5) below, the amount ineligible for relief shall be equal to a year's interest on the amount of money borrowed which is to be taken into account under subsection (3) above at a rate equal to the average rate of interest in the accounting or basis period on money borrowed for the purposes of the business, except that in the case of a period of less than twelve months, interest shall be taken for that shorter period instead of for a year.
- (5) Where relief for expenses of management is to be granted to an assurance company for any accounting period, and that relief falls to be reduced under section 436(3)(b) of the Income Tax Act 1952 (by applying the fraction which is investment income of the life assurance fund other than income from tax-free Treasury securities divided

by that total investment income) the amount ineligible for relief shall be a fraction of the amount of interest in the accounting period on money borrowed for the purposes of the business, and that fraction shall be the fraction which is income from tax-free Treasury securities divided by total investment income of the life assurance fund (that is to say one minus the fraction to be applied under the said section 436(3)(b)).

- (6) In this section " tax-free Treasury securities " means securities issued by the Treasury with a condition regulating the treatment of the interest thereon for income tax or corporation tax purposes such that interest on the securities is excluded in computing the income or profits.
- (7) For the purposes of this section the cost of a holding of tax-free Treasury securities which has fluctuated in the accounting or basis period shall be the average cost of acquisition of the initial holding, and of any subsequent acquisitions in the accounting or basis period, applied to the average amount of the holding in the accounting or basis period, and this subsection shall be applied separately to securities of different classes.
- (8) In this section " accounting or basis period " means the company's accounting period or the period by reference to which the profits or gains arising in the year of assessment are to be computed.
- (9) In section 436(2) of the Income Tax Act 1952 the references to expenses shall not include a reference to interest on borrowed money, and the words " any interest on money borrowed for the purpose of acquiring the securities " and the word " other " (which are superseded by this section) shall cease to have effect.
- (10) This section shall be construed as one with the said section 436.
- (11) This section shall apply for income tax purposes for the year 1967-68 and subsequent years of assessment, and, without prejudice to section 53(2) of the Finance Act 1965 (which applies income tax law for corporation tax), shall apply for corporation tax purposes to accounting periods ending on or after 6th April 1967.

## **24 Amendments of Corporation Tax Acts.**

Schedule 11 to this Act, which contains amendments of the Corporation Tax Acts relating to life assurance business, company distributions, close companies, companies which are wound up and the collection of income tax on payments made by companies and other matters dealt with in Schedule 12 to the Finance Act 1965, shall have effect.

## **PART IV**

### **SELECTIVE EMPLOYMENT TAX**

## **25 Additional provision for refunds of, and other provisions as to, selective employment tax.**

- (1) Where the employer in respect of one or more employments of an employed person has paid selective employment tax in respect of that person for any contribution week beginning on or after 4th September 1967 in which that person either worked in the employment or employments in question for an aggregate of less than twenty-one hours or did no work in the employment or employments in question, then, except where—

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- (a) the employed person was treated for the purpose of the tax as a boy or girl under the age of eighteen ; or
- (b) any contract in pursuance of which he worked in that employment or any of those employments, or the holding of any office constituting that employment or one of those employments, normally involved that person's working in the employment or employments in question for an aggregate of twenty-one or more hours weekly,

and subject to paragraphs 2, 3 and 5 of Schedule 12 to this Act, the Minister of Social Security (hereafter in this section and in that Schedule referred to as " the Minister ") shall make to that employer in respect of that person and that week a payment of an amount equal to half the tax paid; and for the purposes of this subsection—

- (i) in the case of any employment in which any of the employed person's remuneration was calculated by reference to an hourly rate in respect of each hour for which he worked or was treated as working in that employment, there shall be taken into account as his hours of work in that employment those hours, and those hours only, for which he was paid remuneration calculated wholly or partly by reference to such a rate;
  - (ii) in the case of any other employment, there shall be taken into account as part of that person's hours of work in that employment any intervals allowed for meals and rest;
  - (iii) a person employed in any contribution week in different employments by different employers who are associated companies shall, except as the Minister may in any particular case or class of cases otherwise direct, be treated as employed in that week in both or all of those employments by the employer by whom the tax in respect of that person for that week was paid.
- (2) Where an employer has paid selective employment tax in respect of an employed person for a continuous period of more than thirteen contribution weeks during which that person has been employed by him wholly outside both the United Kingdom and any area for the time being designated under section 1(7) of the Continental Shelf Act 1964, then, subject to paragraphs 2, 4 and 5 of Schedule 12 to this Act, in respect of each of those contribution weeks which, not being earlier than the fourteenth of them, began on or after 4th September 1967, the Minister shall make to that employer a payment of an amount equal to the tax paid in respect of that person for that week; and for the purposes of this subsection—
- (a) an employed person may be treated as having been employed wholly as aforesaid during any period notwithstanding that he has within that period been present in the United Kingdom or any such area as aforesaid if he has not at any time during that period been so present for a period of consecutive days which includes more than twenty-one disqualifying days, that is to say, days which are neither days in a week left out of account by virtue of paragraph (b) of this subsection nor other days on which either he was incapable of work by reason of some specific disease or bodily or mental disablement or he was on leave, whether paid or unpaid, but—
    - (i) for the purposes of this paragraph a day on which that person would not in the normal course have worked in his employment and on which he did not so work shall be treated as a day of leave if, but only if, it is a day in a period of seven consecutive days of leave; and
    - (ii) the employer shall not be entitled in respect of that person to a payment under this subsection in respect of any contribution week which contains one or more of those disqualifying days other than a day or days on which he did no work in his employment;



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- (b) in determining whether any contribution weeks form a continuous period, there shall be left out of account any such week for which tax was not paid by reason of the employed person's being either incapable of work as aforesaid or on unpaid leave, whether that person was in or outside the United Kingdom or any such area as aforesaid during that week ;
  - (c) a person employed in different contribution weeks forming a continuous period by different employers who are associated companies shall, except as the Minister may in any particular case or class of cases otherwise direct, be treated as respects any contribution week in that period as if he had been employed in, and tax in respect of him had been paid for, all previous contribution weeks in that period by the employer by whom the tax in respect of him was paid for the contribution week in question.
- (3) The supplementary and additional provisions contained in Schedule 12 to this Act shall have effect for the purposes of this section and the other enactments relating to selective employment tax.

## **26 Regional employment premium.**

- (1) Where, in the case of a person in an employment to which section 1 of the principal Act applies in respect of whom a payment under that section falls to be made to the employer, the establishment in or from which that employment is carried out is situated wholly within a development area, then, subject to subsections (2), (4) and (5) of this section, the amount of that payment shall, in respect of any contribution week beginning on or after 4th September 1967, be increased—
- (a) if that person was treated for the purpose of selective employment tax for that week as a man over the age of eighteen, by thirty shillings ; or
  - (b) if that person was treated for that purpose as a woman over the age of eighteen, by fifteen shillings; or
  - (c) if that person was treated for that purpose as a boy under the age of eighteen, by fifteen shillings; or
  - (d) if that person was treated for that purpose as a girl under the age of eighteen, by nine shillings and sixpence.
- (2) Where in any contribution week the person aforesaid was employed by the employer in question in an employment to which section 1 of the principal Act applies, but—
- (a) he worked in that employment for an aggregate of less than twenty-one hours, or he did no work in that employment; and
  - (b) that employment was not in pursuance of a contract or as the holder of an office which normally involved that person's working in that employment for an aggregate of twenty-one or more hours weekly,
- the amount of any increase in respect of that person and that week by virtue of subsection (1) of this section, instead of being that for the time being specified in paragraph (a), (b), (c) or (d), as the case may be, of that subsection, shall be one half of the amount for the time being so specified; and paragraphs (i) and (ii) of section 25(1) of this Act shall apply for the purposes of this subsection as they apply for the purposes of the said section 25(1).
- (3) In section 3(2)(a) of the principal Act (which provides for the making to certain employers who are public bodies of payments corresponding to the payments made to other employers under section 1 of that Act), the reference to the appropriate additions specified in paragraphs (a) to (d) of section 1(1) of that Act shall, in relation to

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persons employed in any such part of the undertaking of an employer to whom the said section 3 applies as is specified in Part III of Schedule 1 to that Act who are so employed at or from places Situated wholly within development areas, be construed as including a reference to the appropriate increases for the time being specified in paragraphs (a) to (d) of subsection (1) or in subsection (2) of this section.

- (4) The Minister of Labour shall not be required by virtue of subsection (1) of this section to increase any payment to an employer under section 1 of the principal Act in respect of any person and any contribution week unless the employer produces such records as that Minister may reasonably require—
- (a) of the number of hours worked by that person in that week; and
  - (b) of the number of hours of work in a week normally involved for that person in consequence of the terms of any contract or by reason of any office held by him.
- (5) The Treasury may by order made by statutory instrument—
- (a) substitute for all or any of the amounts specified in subsection (1)(a) to (d) of this section such other amount or amounts as may be specified in the order;
  - (b) in a case where increases by virtue of this section have been paid in connection with any establishment but cease to be payable by reason of a change in the development areas, provide for increases to continue to be paid by virtue of this section in connection with that establishment for such period as may be specified in the order and of such amount or amounts as may be so specified either in relation to the whole of that period or in relation to different parts of that period ;
- and any such order may be made either in relation to all development areas or in relation only to such development areas or parts of development areas as are specified in the order, and may vary or revoke any previous order under this subsection ; but no such order shall be made unless a draft thereof has been approved by resolution of each House of Parliament.
- (6) In this section—
- (a) the expression " development area " means an area for the time being specified as a development area under section 15(2) of the Industrial Development Act 1966, and includes any such locality outside that area as is specified in section 15(6) of that Act;
  - (b) the expression " the principal Act " means the Selective Employment Payments Act 1966.
- (7) If any enactment of the Parliament of Northern Ireland makes provision with respect to Northern Ireland which appears to the Treasury to correspond to the provision made with respect to development areas by this section, there shall from time to time be paid out of the Consolidated Fund of the United Kingdom into the Exchequer of Northern Ireland such sums towards the expenditure incurred in making payments under that enactment as the Treasury, after consultation with the Ministry of Finance for Northern Ireland, may see fit to direct.

## PART V

### STAMP DUTIES

#### **27 Conveyances and transfers on sale: reduction of duty, and amendment of provisions for exemption.**

- (1) As respects instruments executed on or after 1st August 1967, section 55(1) of, and Part I of Schedule 11 to, the Finance Act 1963 (under which duty is not chargeable on conveyances or transfers certified at £4,500, and is chargeable at a special rate on those certified at £6,000) shall have effect with the substitution of " £5,500 " for " £4,500 " and " £7,000 " for " £6,000 ", wherever occurring, and " £5,500 " shall also be substituted for " £4,500 " in section 34(8) of the Finance Act 1958 (which makes supplemental provision as to receipts).
- (2) Section 42 of the Finance Act 1930 (which exempts from duty conveyances and transfers complying with subsection (2) of that section, that is to say, between companies with limited liability, where one owns ninety per cent. of the issued share capital of the other or a third owns ninety per cent. of the issued share capital of each) shall be amended as respects instruments executed on or after the said 1st August by substituting for the said subsection (2) the following subsections—
  - “(2) This section applies to any instrument as respects which it is shown to the satisfaction of the Commissioners that the effect thereof is to convey or transfer a beneficial interest in property from one body corporate to another, and that the bodies in question are associated, that is to say, one is beneficial owner of not less than ninety per cent. of the issued share capital of the other, or a third such body is beneficial owner of not less than ninety per cent. of the issued share capital of each.
  - (3) The ownership referred to in subsection (2) above is ownership either directly or through another body corporate or other bodies corporate, or partly directly and partly through another body corporate or other bodies corporate, and Part I of Schedule 4 to the Finance Act 1938 (determination of amount of capital held through other bodies corporate) shall apply for the purposes of this section with the substitution of references to issued share capital for references to ordinary share capital.”
- (3) The said section 42 shall not apply to any instrument executed on or after the said 1st August unless it is also shown to the satisfaction of the Commissioners that the instrument was not executed in pursuance of or in connection with an arrangement whereunder—
  - (a) the consideration, or any part of the consideration, for the conveyance or transfer was to be provided or received, directly or indirectly, by a person other than a body corporate which at the time of the execution of the instrument was associated within the meaning of the said section 42 with either the transferor or the transferee (meaning, respectively, the body from whom and the body to whom the beneficial interest was conveyed or transferred), or
  - (b) the said interest was previously conveyed or transferred, directly or indirectly, by such a person, or
  - (c) the transferor and the transferee were to cease to be associated within the meaning of the said section 42 by reason of a change in the percentage of the

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issued share capital of the transferee in the beneficial ownership (within the meaning of that section) of the transferor or a third body corporate ;  
and, without prejudice to the generality of paragraph (a) above, an arrangement shall be treated as within that paragraph if it is one whereunder the transferor or the transferee, or a body corporate associated with either as there mentioned, was to be enabled to provide any of the consideration, or was to part with any of it, by or in consequence of the carrying out of a transaction or transactions involving, or any of them involving, a payment or other disposition by a person other than a body corporate so associated.

This subsection shall, as respects instruments executed on or after the said 1st August, have effect in substitution for section 50 of the Finance Act 1938.

## **28 Loan capital: increase of duty, and amendments as to exemptions and reliefs.**

- (1) The duty on statements of loan capital imposed by section 8 of the Finance Act 1899 shall, as respects capital issued on or after 1st August 1967, be charged at the rate of ten shillings (instead of two shillings and sixpence) per hundred pounds or part thereof.
- (2) To the extent that duty under that section is shown to the satisfaction of the Commissioners to have been paid as respects any capital so issued, no trust deed or other instrument securing the capital shall be chargeable with duty under the heading " Marketable Security ", or that beginning " Mortgage, Bond, Debenture, Covenant ", in Schedule 1 to the Stamp Act 1891; and the Commissioners shall, upon application, denote on any such instrument the payment of the duty on the

This subsection shall, as respects capital so issued, have effect in substitution for subsection (3) of the said section 8 (which exempts a statement if duty has been paid on the trust deed or other instrument); and, in consequence of that subsection ceasing to have effect, the definition of " loan capital " in subsection (5) of the said section 8 shall be amended by inserting after the words " or in any other form " the words " and whether the loan thereof is secured by a mortgage, marketable security or other instrument, or is unsecured ".

- (3) Section 29 of the Finance Act 1934 (which provides that, for the purposes of the said section 8, " loan capital " does not include capital which cannot be dealt in on a stock exchange in the United Kingdom) shall not apply to loan capital issued on or after the said 1st August by a company unless it is to be repaid within five years of the date of issue, or is repayable on demand or after notice not exceeding twelve months by the person for the time being entitled to repayment; and where any loan capital has been issued without payment of duty under the said section 8 by reason of the terms as to its repayment, and those terms are varied in such a manner that it would have been chargeable with duty under that section if the new terms had been the terms of issue—
  - (a) the said section 8 shall apply thereto as if it were an amount of loan capital issued by the company at the time when the variation took effect, but
  - (b) if duty under the heading " Marketable Security ", or that beginning " Mortgage, Bond, Debenture, Covenant ", in Schedule 1 to the Stamp Act 1891 has been paid on one or more trust deeds or other instruments securing the capital or any part thereof, or securing it together with other loan capital, the duty chargeable by virtue of paragraph (a) above shall be reduced by an amount equal to the excess of the duty paid on those instruments over that which would have been so payable if they had not secured it or, as the case may be, that part of it.

- (4) For the purposes of the last preceding subsection, loan capital shall not be treated as falling to be repaid within five years of its date of issue if it is issued pursuant to an agreement under or by virtue of which the borrower is or may be entitled to receive another loan for a period which will or may expire more than five years after that date.
- (5) Section 10(1) of the Finance Act 1907 (relief from duty where loan capital is applied in the conversion or consolidation of existing loan capital) shall have effect in relation to duty paid at the increased rate provided for by subsection (1) above as if it provided for repayment at the rate of nine shillings and sixpence (instead of two shillings) per hundred pounds; and where loan capital is issued on or after the said 1st August—
- (a) in connection with such a scheme for reconstruction or amalgamation as is referred to in section 55 of the Finance Act 1927 (relief from capital and transfer duty), and in exchange for holdings of loan capital of the existing company referred to in that section, by a company which satisfies the Commissioners that the conditions specified in subsection (1) of that section exist in connection with the scheme, or
- (b) by a body corporate not having a share capital, in exchange for holdings of loan capital of any undertaking which it acquires,
- the capital so issued shall, to an amount not exceeding that of the holdings for which it is exchanged, be treated for the purposes of the said section 10(1) as having been applied in the conversion of existing loan capital, but so that where, in a case falling within paragraph (a) above, subsection (6) of the said section 55 operates to withdraw an exemption from the company, or would have so operated had any exemption been granted under that section, an amount equal to any repayment made to the company by virtue of this subsection shall be recoverable from the company as a debt due to the Crown, together with interest thereon at the rate of five per cent per annum from the date of the repayment.
- (6) Subsection (1) above shall apply to loan capital issued on or after the said 1st August notwithstanding that a statement relating to it (whether or not with other loan capital) was delivered pursuant to the said section 8 before that day, and the additional duty chargeable by virtue of that subsection shall in such a case be payable on the day on which the capital in question is issued; and where duty under the heading " Marketable Security ", or that beginning " Mortgage, Bond, Debenture, Covenant ", in Schedule 1 to the Stamp Act 1891 has been paid on one or more trust deeds or other instruments executed before the said 1st August and securing loan capital any part of which is issued on or after that day, the duty chargeable under the said section 8 as respects that part by virtue of subsections (1) and (2) above shall be payable on the day on which it is issued, but shall be reduced by an amount equal to the excess of the duty paid on those instruments over that which would have been so payable if they had not secured that part.

**29 Local authorities: exemption of loan capital and securities, and of transfers of their stock.**

- (1) Section 8 of the Finance Act 1899 (duty on loan capital of local authorities and other bodies) shall not apply to capital issued by a local authority on or after 1st August 1967.
- (2) Stamp duty shall not be chargeable—
- (a) in respect of any instrument executed or issued on or after the said 1st August and securing money lent to a local authority, or

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- (b) in respect of the transfer on or after that date of any stock issued by, or other security for money lent to, a local authority.
- (3) In subsections (1) and (2) above " local authority " has the meaning given by section 66(2) of the Finance Act 1965
- (4) In consequence of subsection (1) above, section 8 of the said Act of 1899 shall be amended as respects loan capital issued on or after the said 1st August by omitting the words " local authority " in each place where they occur, and the definition of that expression in subsection (5) of that section; and the reference in subsection (1) of that section to any corporation, company or body of persons formed or established in the United Kingdom shall be construed as from that date as a reference to any corporation, company or body of persons formed or established in Great Britain other than a local authority within the meaning of section 66 of the said Act of 1965.
- (5) In consequence of subsection (2) above—
  - (a) section 115 of the Stamp Act 1891 (composition agreements by local authorities and others with respect to transfer duty) shall cease as from the said 1st August to apply to any local authority to which that subsection applies, and
  - (b) section 66 of the Finance Act 1963 (composition of stamp duty on issue of local authorities' securities) shall cease to have effect as from that date,
 but this subsection shall not affect the operation of the said section 115 in relation to accounts falling due thereunder before that date, or that of the said section 66 in relation to instruments issued before that date or accounts relating to instruments so issued.

### **30 Exemption for bearer instruments relating to stock in foreign currencies.**

- (1) Subject to subsection (2) below, no duty shall be chargeable under the heading " Bearer Instrument " in Schedule 1 to the Stamp Act 1891 On the issue on or after 1st August 1967 of any instrument which relates to stock expressed in the currency of a territory outside the scheduled territories, or on the transfer on or after that date of the stock constituted by, or transferable by means of, any such instrument.
- (2) Where the stock to which any instrument relates consists of a loan for the repayment of which there is an option between one or more currencies within subsection (1) above and one or more other currencies, that subsection shall apply to the instrument if the option is exercisable only by the holder of the stock, and shall not apply to it in any other case.
- (3) Where the capital stock of any company or body of persons is not expressed in terms of any currency, it shall be treated for the purposes of subsection (1) above as expressed in the currency of the territory under the law of which the company or body is formed or established; and a unit under a unit trust scheme, or a share in a foreign mutual fund, shall be treated for the purposes of this section as capital stock of a company or body formed or established in the territory by the law of which the scheme or fund is governed.
- (4) Where there is a change in the territories comprised in the scheduled territories, any instrument which was exempt from duty on issue by virtue of subsection (1) above, but would not have been so exempt if it had been issued immediately after the change, shall be chargeable with duty under the heading mentioned in that subsection on any transfer in Great Britain of the stock constituted by, or transferable by means of, the instrument, and sections 60 and 61 of the Finance Act 1963 shall apply accordingly.

(5) In this section—

" foreign mutual fund " means a fund administered under arrangements governed by the law of a territory outside the United Kingdom whereby subscribers to the fund are entitled to participate in, or receive payments by reference to, profits or income arising to the fund from the acquisition, holding, management or disposal of investments, and " share ", in relation to a foreign mutual fund, means the right of a subscriber, or of another in his right, to participate in, or receive payments by reference to, profits or income so arising;

" the scheduled territories " means the territories specified in Schedule 1 to the Exchange Control Act 1947 as for the time being in force ;

" stock ", except in the expression " capital stock ", shall be construed in accordance with section 59(4) of the Finance Act 1963 ; and

" unit trust scheme ", and " unit " in relation to a unit trust scheme, have the meanings given to them by section 57 of the Finance Act 1946.

### **31 Stamping of foreign bills of exchange.**

(1) The Commissioners may enter into an agreement with any banker whereby—

(a) the banker pays a sum to them on account of the stamp duty chargeable on bills of exchange drawn or made outside the United Kingdom which are presented to him for payment, and

(b) in substitution for the requirements of the Stamp Act 1891 with respect to the fixing and cancelling of adhesive stamps, but subject to—

(i) compliance with such terms and conditions as the Commissioners may think proper to cause to be contained in the agreement, and

(ii) the aggregate amount of the duty chargeable on instruments marked in accordance with the agreement not exceeding the sum so paid on account,

any such instrument may be marked by or on behalf of the banker with such indication of the payment of stamp duty as the Commissioners may require;

and any instrument marked in accordance with such an agreement shall be treated as duly stamped for all purposes.

(2) Where a banker has paid a sum on account under any such agreement, the Commissioners may, on a claim made not later than two years after it was paid, repay so much of that sum as they are satisfied can no longer be required for payment of duty on bills presented to him for payment as mentioned in subsection (1) above.

(3) Except in so far as the context otherwise requires, any reference in sections 9 and 10 of the Stamp Duties Management Act 1891 (which relate to allowances for spoiled stamps) to a stamp shall include a reference to any such indication of the payment of stamp duty as is referred to in subsection (1)(b) above.

## PART VI

### MISCELLANEOUS

#### 32 Capital gains.

Schedule 13 to this Act (amendments of the enactments relating to chargeable gains and tax on short-term capital gains) shall have effect.

#### 33 Chargeable gains: exclusion of development value of land in Great Britain.

- (1) Subject to subsection (3) below, in computing for the purposes of Part III of the Finance Act 1965 the amount of any gain accruing to a person on a disposal of land on or after 6th April 1967 it shall be assumed—
- (a) that his acquisition of the land was for a consideration of an amount equal to the current use value of the land at the time when he acquired it, and
  - (b) that his disposal of the land was for a consideration of an amount equal to the current use value of the land at the time of the disposal:

Provided that this subsection shall not apply to a disposal if immediately before the time of the disposal the market value of the land, including in the case of a part disposal, the land which remains undisposed of, does not exceed the current use value of that land.

- (2) Schedule 14 to this Act shall have effect for interpreting and supplementing this section, which is there referred to as the principal section.
- (3) If the person making a disposal so elects, Part III of the Finance Act 1965 shall apply in relation to that disposal as if the preceding subsections of this section, and the said Schedule, had not been enacted, and had not affected any prior disposal or other transaction or the apportionment of expenditure on any prior disposal.

An election under this subsection shall be made by notice in writing to the inspector given within two years from the end of the year of assessment in which the disposal is made or such further time as the Board may by notice in writing allow, and " year of assessment " here means, for corporation tax as well as for capital gains tax, a year beginning on 6th April.

- (4) It is hereby declared that a payment of betterment levy is not a sum allowable as a deduction in the computation under Part III of the Finance Act 1965 of a gain accruing on a disposal of land or of any other asset.
- (5) If in computing a gain accruing on a disposal of land to which subsection (1) above applies, or would apply but for an election under this section, the expenditure allowable as a deduction would otherwise include any expenditure incurred before 6th April 1965, it shall be assumed in relation to the disposal that the land was sold by the person making the disposal, and immediately re-acquired by him, on 6th April 1965 and that the gain accruing on any previous part disposal was computed on the same footing.
- (6) Where subsection (1) above is displaced by an election under this section, subsection (5) above shall have effect in substitution for sub-paragraphs (1), (2) and (3) of paragraph 23 of Schedule 6 to the Finance Act 1965 (assumed sale and re-acquisition at market value), but subject to sub-paragraph (4) of that paragraph,



construing references to sub-paragraph (2) of that paragraph as references to subsection (5) above, and the sale and re-acquisition under subsection (5) above shall be deemed to be at market value.

- (7) For the purposes of subsection (1) above a disposal shall be regarded as made on or after 6th April 1967 if the conveyance or other instrument giving effect to the disposal is executed on or after that date, and subsection (1) above shall not apply to a conveyance which is a disposition within paragraph 1 of Schedule 9 to the Land Commission Act 1967 (which exempts from betterment levy a purchase made by an authority possessing compulsory purchase powers where the notice to treat was before the first appointed day).
- (8) All such adjustments shall be made, whether by way of discharge or repayment of tax, or the making of assessments or otherwise, as are required to give effect to the provisions of this section and of the said Schedule to this Act.
- (9) This section and the said Schedule to this Act shall not apply to land outside Great Britain.

**34 Provisions consequential on introduction of betterment levy (including repeal of mineral rights duty).**

- (1) Schedule 15 to this Act (allowance in respect of betterment levy for purposes of charge to tax under Case VIII or Case VI of Schedule D, and relief in respect of betterment levy from estate duty on gifts inter vivos, etc.) shall have effect.
- (2) The mineral rights duty imposed by section 20 of the Finance (1909-10) Act 1910 shall not be charged for the financial year beginning on 1st April 1967 or for any subsequent financial year.

**35 Life policies carrying rights not in money.**

- (1) Where any investments or other assets are, in accordance with a policy issued in the course of life assurance business carried on by an assurance company, transferred to the policy holder, the policy holder's acquisition of the assets, and the disposal of them to him, shall be deemed to be for a consideration equal to the market value of the assets—
  - (a) for the purposes of Part III of the Finance Act 1965 (chargeable gains), and
  - (b) for the purposes of computing income in accordance with Case I or Case VI of Schedule D, and
  - (c) for the purposes of Part II of the Finance Act 1962 (tax on short-term capital gains).
- (2) In section 28(3) of the Finance Act 1965 (payment of sum assured by policy purchased from original holder to be treated as disposal of the policy) the reference to payment of the sum assured shall include a reference to the transfer of investments or other assets to the owner of the policy in accordance with the policy.
- (3) This section has effect as respects investments or other assets transferred on or after 6th April 1967.
- (4) In this section "assurance company" and "life assurance business" have the meanings given by section 437 of the Income Tax Act 1952.

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### **36 Basis for determining unilateral relief from double taxation.**

- (1) Paragraph 1 of Part I of Schedule 17 to the Income Tax Act 1952 (under which, as extended by sections 39 and 64 of the Finance Act 1965, unilateral relief from double taxation is to be given by allowing credit for tax paid abroad in respect of any income or gains against the United Kingdom tax chargeable in respect of that income or those gains) shall be amended by substituting—
- (a) for the words " in respect of ", where first occurring, the words " and computed by reference to ", and
  - (b) for the words " chargeable in respect of ", the words " computed by reference to ";
- and the words " and computed by reference to " shall also be substituted for the words " in respect of " in both places where they occur in paragraph 1(b) of Part II of that Schedule (which contains supplemental provisions).
- (2) The above amendments shall have effect as respects income and gains arising or accruing on or after 6th April 1967.

### **37 Grants for giving up agricultural land.**

For the purposes of the capital gains tax, a sum payable to an individual by virtue of a scheme under section 27 of the Agriculture Act 1967 (grants for relinquishing occupation of uncommercial agricultural units) shall not be treated as part of the consideration obtained by him for, or otherwise as accruing to him on, the disposal of any asset; and a sum so payable by way of annuity shall be treated for all the purposes of the Income Tax Acts as earned income unless the annuity was granted to the individual by reason of his having relinquished occupation before attaining the age of fifty-five.

### **38 Central African Pension Fund 39. Overseas Service Pensions Fund.**

- (1) A pension paid out of the Central African Pension Fund shall not be liable to charge to income tax if it is the income of a person who, on a claim to the Board for relief under this subsection, satisfies the Board that he is not resident in the United Kingdom.
- Section 9 of the Income Tax Management Act 1964 shall apply to any claim under this subsection.
- (2) Income derived from investments or deposits of that Fund shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Board to the persons entitled to receive the income.
- (3) Sections 36(2) of the Finance Act 1965 and 15(3) of the Finance Act 1962 (exemptions from the capital gains tax, and the tax on gains under Case VII of Schedule D, for funds whose income is exempt under certain enactments) shall each have effect as if subsection (2) above were included among the enactments there referred to.
- (4) For the purposes of the enactments relating to estate duty, a pension paid out of the said Fund shall be treated as if it had been paid by the government of a territory outside the United Kingdom.
- (5) In this section " the Central African Pension Fund " means the fund established under that name by section 24 of the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963, and " pension " includes a gratuity or any sum payable on or

in respect of death, and a return of contributions with or without interest thereon or any other addition thereto.

- (6) This section shall have effect for the purposes of income tax as respects the year 1963-64 and all subsequent years of assessment, for the purposes of the capital gains tax as respects the year 1965-66 and all subsequent years, and for the purposes of estate duty in relation to deaths occurring at any time after the establishment of the Fund

### **39 Overseas Service Pensions Fund.**

- (1) A pension paid out of the Overseas Service Pensions Fund shall not be liable to charge to income tax if it is the income of a person who, on a claim to the Board for relief under this subsection, satisfies the Board that he is not resident in the United Kingdom.

Section 9 of the Income Tax Management Act 1964 shall apply to any claim under this subsection.

- (2) In respect of income derived from investments or deposits of that Fund the Board shall, on a claim being made to them for the purpose, give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.

This subsection shall have effect as respects the year 1966-67 as well as subsequent years of assessment.

- (3) Sections 36(2) of the Finance Act 1965 and 15(3) of the Finance Act 1962 (exemptions from the capital gains tax, and the tax on gains under Case VII of Schedule D, for funds whose income is exempt under certain enactments) shall each have effect as if subsection (2) above were included among the enactments there referred to.
- (4) In this section " the Overseas Service Pensions Fund " means the Fund established under that name pursuant to section 7(1) of the Overseas Aid Act 1966, and " pension " includes a gratuity or any sum payable on or in respect of death or ill-health, and a return of contributions with or without interest thereon or any other addition thereto.

### **40 Interest on unpaid tax.**

- (1) The rate of interest prescribed by—
- (a) section 495(1) of the Income Tax Act 1952 (interest on overdue tax),
  - (b) section 58(1) of the Finance Act 1960 (interest on tax recovered to make good loss due to taxpayer's default),
  - (c) section 8 of the Finance (No. 2) Act 1947 (interest on unpaid profits tax and excess profits tax), and
  - (d) paragraph 10(1) of Schedule 7 to the Finance Act 1960 (interest on profits tax recovered to make good loss due to taxpayer's default),
- shall, subject to the next following subsection, be 4 per cent. per annum (instead of 3 per cent. per annum).
- (2) The Treasury may, by order in a statutory instrument, subject to annulment in pursuance of a resolution of the Commons House of Parliament, from time to time increase or decrease the rate of interest prescribed by subsection (1) above, either for the purposes of all the enactments mentioned in that subsection, or so as to prescribe different rates for different purposes.

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- (3) Subsection (1) above shall apply to interest for any period beginning on or after 19th April 1967 whether or not interest runs from before that date; and any variation of the rate of interest prescribed under subsection (2) above shall apply to interest for periods beginning on or after the date when the order is expressed to come into force, whether or not interest runs from before that date.
- (4) Interest charged under the said section 495(1) or the said section 58(1) shall be treated for the purposes—
- (a) of sections 74, 76, 78 and 79 of the Income Tax Act 1952 and of section 8 of the Income Tax Management Act 1964 (recovery of tax by distress or in court proceedings), and
  - (b) of section 35(2)(g)(i) of the Crown Proceedings Act 1947 (rules of court to impose restrictions on set-off and counterclaim where the proceedings, or set-off or counterclaim, relate to taxes) and of any rules of court (including county court rules) for England and Wales or Northern Ireland, made before or after the passing of this Act, which impose such a restriction, and
  - (c) of section 35(2)(b) of the said Act of 1947 as set out in section 50 of that Act (which imposes corresponding restrictions in Scotland),
- as if it were tax charged and due and payable under the assessment to which it relates.
- (5) In section 495(3)(b) of the Income Tax Act 1952 (exemption for interest not exceeding one pound) five pounds shall be substituted for one pound as respects tax becoming due and payable on or after 19th April 1967.
- (6) Without prejudice to the general interpretative provisions of this Act, this section applies to the enactments mentioned in subsection (1) above as extended by any other enactment, and in particular—
- (a) it applies to sections 495(1) of the Income Tax Act 1952 and section 58(1) of the Finance Act 1960 as extended to capital gains tax and corporation tax, and
  - (b) it applies to section 8 of the Finance (No. 2) Act 1947 as extended to the excess profits levy.

#### **41 Provisional collection of taxes.**

- (1) The Provisional Collection of Taxes Act 1913, section 265 of the Customs and Excise Act 1952 (security for new duties) and section 49(6) of the Finance Act 1965 (assessment of corporation tax before passing of annual Act) shall apply to resolutions of the House of Commons and not to resolutions of the Committee of Ways and Means, and accordingly shall have effect subject to the repeals in Part IX of Schedule 16 to this Act.
- (2) A resolution having statutory effect under section 1 of the Provisional Collection of Taxes Act 1913 shall cease to have statutory effect unless within the next twenty-five days on which the House sits after the day on which the resolution is passed—
- (a) a Bill varying or renewing the tax is read a second time by the House of Commons, or
  - (b) a Bill is amended by the House of Commons so as to include provision for the variation or renewal of the tax.

Proviso (a) to section 1(1) of the said Act of 1913 (which required a Bill varying or renewing the tax to have been read a second time within twenty sitting days after the

resolution of the Committee of Ways and Means is agreed to by the House) shall cease to have effect, and the said section 1(1) shall be construed as one with this subsection.

- (3) The period for which a resolution shall have statutory force under section 1 of the Provisional Collection of Taxes Act 1913 shall, if the resolution is passed in March or April in any year, expire with 5th August in the same calendar year, and section 1(2) of the said Act shall have effect subject to this subsection.
- (4) Section 1 of the Provisional Collection of Taxes Act 1913 shall apply to a resolution of the House of Commons providing for the repeal or abolition of an existing tax (within the meaning of that Act) as it applies to such a resolution providing for the variation of any existing tax; and in relation to a resolution to which this subsection applies, the references in subsection (2) above and in proviso (b) to the said section 1(1) to the variation of the tax by a Bill or an Act shall be construed as references to its repeal or abolition by, as the case may require, a Bill or an Act.
- (5) Section 49(6) of the Finance Act 1965 shall apply to a resolution passed in March or April in any year as if for the period of four months from the passing of the resolution referred to in that subsection (as a period within which an assessment may be made by virtue of the resolution) there were substituted a reference to a period beginning with the passing of the resolution and ending with 5th August in the same calendar year.
- (6) In subsection (1) of section 265 of the Customs and Excise Act 1952 (which restricts that section to new duties of customs or excise in respect of any goods) the words " in respect of any goods " shall cease to have effect.
- (7) This and the next following section shall come into force on such date, not earlier than 1st September 1967, as may be appointed by the Treasury by order in a statutory instrument.
- (8) This and the next following section shall not affect the Provisional Collection of Taxes Act 1913 as that Act applies to the House of Commons of the Parliament of Northern Ireland.

#### **42 Collection of taxes before passing of ways and means resolutions.**

- (1) This section shall apply if the House of Commons resolves that provisional statutory effect shall be given to one or more motions to be moved by the Chancellor of the Exchequer, or some other Minister, and which, if agreed to by the House, would be resolutions—
  - (a) to which statutory effect could be given under section 1 of the Provisional Collection of Taxes Act 1913, or
  - (b) to which section 265 of the Customs and Excise Act 1952 (new duties of customs or excise) could be applied, or
  - (c) in accordance with which assessments to corporation tax could be made under section 49(6) of the Finance Act 1965.
- (2) Subject to subsection (3) below, on the passing of the resolution under subsection (1) above the Provisional Collection of Taxes Acts shall apply as if each motion to which the resolution applies had then been agreed to by a resolution of the House.
- (3) Subsection (2) above shall cease to apply to a motion if that motion, or a motion containing the same proposals with modifications, is not agreed to by a resolution of the House (in this section referred to as " a confirmatory resolution ") within the next ten days on which the House sits after the resolution under subsection (1) above is

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passed, and, if it ceases to apply, all such adjustments, whether by way of discharge or repayment of tax, or discharge of security, or otherwise, shall be made as may be necessary to restore the position to what it would have been if subsection (2) above had never applied to that motion, and to make good any deductions which have become unauthorised deductions.

- (4) The Provisional Collection of Taxes Acts shall have effect as if—
- (a) any confirmatory resolution passed within the said period of ten sitting days had been passed when the resolution under subsection (1) was passed, and
  - (b) everything done in pursuance of subsection (2) above by reference to the motion to which the confirmatory resolution relates had been done by reference to the confirmatory resolution,

but any necessary adjustments shall be made, whether by way of discharge or repayment of tax, or modification of the terms of any security, or further assessment, or otherwise, where the proposals in the confirmatory resolution are not the same as those in the original motion to which that resolution relates.

- (5) In this section " the Provisional Collection of Taxes Acts " means:—
- (a) the Provisional Collection of Taxes Act 1913 (with subsections (2), (3) and (4) of the last preceding section),
  - (b) section 265 of the Customs and Excise Act 1952,
  - (c) section 49(6) of the Finance Act 1965, and
  - (d) section 492 of the Income Tax Act 1952 (overdeductions from preference dividends before passing of annual Act).

#### **43 Quorum of Special Commissioners in tax cases.**

- (1) Anything to be done under any Act (including, except where otherwise expressly provided, any Act passed after this Act) by, to or before the Special Commissioners appointed for the purposes of income tax may be done by, to or before a single Special Commissioner, or any two or more Special Commissioners ; and this section applies not only for income tax purposes but also for the purposes of any other affairs under the care and management of the Board.
- (2) Subject to the following provisions of this section proceedings shall not by virtue of this section be brought before a single Special Commissioner unless—
  - (a) the party, or the parties, to the proceedings, other than the Board or any officer of the Board, have given their consent, and
  - (b) a Special Commissioner so directs on being satisfied that the direction will avoid undue delay in the hearing of those or any other proceedings.
- (3) Proceedings brought before two or more Special Commissioners may be continued and determined by any one or more of them if the parties to the proceedings have given their consent and if the continuing Special Commissioner or Commissioners, after such consultation as is practicable with any Special Commissioner retiring from the proceedings, is or are satisfied that to do so will avoid undue delay in the hearing of those or any other proceedings.
- (4) If the notice to the appellant of the setting down for hearing of an appeal to the Special Commissioners states that it is intended that the appeal should be heard by a single Special Commissioner and draws attention to the provisions of this section, the appeal may be so heard without compliance with the requirements of subsection (2) above, but if, in the course of the hearing of the appeal, or at any earlier time, the

Special Commissioner to whom the appeal is assigned is satisfied that the appellant has arguments to present or evidence to adduce on the merits of the appeal the case shall thereafter be treated as one which cannot be brought before a single Special Commissioner unless the requirements of subsection (2) above are fulfilled.

- (5) Nothing in subsection (1) of this section shall authorise a single Special Commissioner to entertain proceedings under section 56 of the Finance Act 1960 or paragraph 9 of Schedule 7 to that Act (procedure for recovery of fines and penalties), and subsection (3) of this section shall not apply to proceedings under those enactments.
- (6) No determination of a Special Commissioner shall be questioned, whether by a case stated or otherwise, on the ground that this section did not authorise the Special Commissioner to make the determination, except by a party by whom or on whose behalf an objection to the jurisdiction was made to the Special Commissioner before or in the course of the proceedings leading to the determination.

#### **44 Loans to Government of Northern Ireland.**

In the proviso to section 2(1) of the Miscellaneous Financial Provisions Act 1950 (which, as amended by section 95 of the Finance Act 1965, restricts the total principal amounts outstanding in respect of advances to the Exchequer of Northern Ireland under the said section 2 to seventy million pounds) for the words " seventy million pounds " there shall be substituted the words " one hundred and twenty million pounds ".

#### **45 Citation, interpretation, construction, extent and repeals.**

- (1) This Act may be cited as the Finance Act 1967.
- (2) In this Act, except where the context otherwise requires, " the Board " means the Commissioners of Inland Revenue.
- (3) In this Act—
  - (a) Part I (except sections 8 to 12 and Schedules 7 and 8) shall be construed as one with the Customs and Excise Act 1952, and in that Part " the Act of 1952 " is that Act,
  - (b) sections 8 and 9 shall be construed as one with the Purchase Tax Act 1963,
  - (c) sections 11 and 12 shall be construed as one with the Vehicles (Excise) Act 1962,
  - (d) Part II shall be construed as one with the Income Tax Acts,
  - (e) Part III shall be construed as one with the Corporation Tax Acts so far as it relates to those Acts, with the Income Tax Acts so far as it otherwise relates to income tax, and with the enactments relating to the profits tax so far as it relates to that tax,
  - (f) without prejudice to the application to Northern Ireland of section 26(7) and of paragraph 10 of Schedule 12, Part IV shall be construed as one with the Selective Employment Payments Act 1966,
  - (g) Part V shall be construed as one with the Stamp Act 1891, and
  - (h) Part VI shall be construed as one with the Corporation Tax Acts so far as it relates to those Acts, with the Income Tax Acts so far as it otherwise relates to income tax, and with Part III of the Finance Act 1965 so far as it relates to chargeable gains.

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- (4) The following provisions of this Act, namely, section 5(1) so far as it relates to the Licensing Act 1964 and Schedule 7, may be cited together with that Act (and with any other Act passed during the same Session as this Act which provides for that other Act to be cited together with the said Act of 1964) as the Licensing Acts 1964 to 1967.
- (5) The following provisions of this Act, namely, section 5(1) so far as it relates to the Licensing (Scotland) Acts 1959 and 1962 and Schedule 8, shall be included in the enactments which may be cited together as the Licensing (Scotland) Acts 1959 to 1967.
- (6) 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 or applied by or under any other enactment, including this Act.
- (7) Except as otherwise expressly provided, such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.
- (8) The enactments mentioned in Schedule 16 to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, but subject to any provision in relation thereto made at the end of any Part of that Schedule.



## SCHEDULES.

## SCHEDULE 1

Section 1.

## SPIRITS (RATES OF CUSTOMS AND EXCISE DUTIES)

TABLE 1: SPIRITS OTHER THAN IMPORTED PERFUMED SPIRITS

Description of Spirits	Excise rate			Customs rates								
				Full			Commonwealth			Convention		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1. British spirits (per proof gallon)	16	1	3		—			—			—	
2. Imported spirits other than perfumed spirits—												
(a) not comprised below in this paragraph (per proof gallon)		—		16	3	9	16	1	3	16	1	3
(b) liqueurs, cordials, mixtures and other preparations in bottle, entered in		—		21	17	0	21	13	6	21	13	6

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Description of Spirits	Excise rate	Customs rates											
		Full			Commonwealth			Convention					
such manner as to indicate that the strength is not to be tested (per gallon)													
each of the above rates of duty being, in the case of spirits not warehoused or warehoused for less than 3 years, increased by 1s. 6d. per proof gallon or, for spirits within paragraph 2(b) of this table, by 2s. 0d. per gallon.													

SCHEDULE 2

Section 1.

BEER (RATES OF CUSTOMS AND EXCISE DUTIES AND DRAWBACKS)

	Excise rates (per 36 gallons)			Customs rates (per 36 gallons)								
				Full			Commonwealth			Convention		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1. Duty	9	8	8	10	8	8	9	8	8	9	8	8
2. Drawback	9	8	8	10	8	8	9	8	8	9	8	8
each of the above rates of duty and drawback being, in the case of beer of an original gravity exceeding 1030 degrees, increased by 8s. 0d. for each additional degree.												
<i>Supplementary provision as to drawback</i>												
As respects beer the worts whereof before fermentation were of a specific gravity of less than 1030 degrees the amount of drawback allowable shall not exceed the amount of the customs or excise duty shown to the satisfaction of the Commissioners to have been paid.												

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SCHEDULE 3

Section 1.

WINE (RATES OF CUSTOMS DUTIES)

Description of wine	Rates of duty (per gallon)					
	Full			Commonwealth		
	£	s.	d.	£	s.	d.
Light wine: —						
Still—						
not in bottle	1	0	3		18	3
in bottle	1	2	9		19	9
Sparkling	1	12	9	1	10	9
Other wine: —						
Still—						
not in bottle	1	19	3	1	9	3
in bottle.	2	1	9	1	10	9
Sparkling	2	11	9	2	1	9
together, in the case of wine exceeding 42 degrees proof spirit, with an addition for each additional degree or fraction of a degree of		3	3		2	5

For the purposes of this Schedule, "light wine" means wine not exceeding 25 degrees or, in the case of wine qualifying for Commonwealth preference, 27 degrees of proof spirit.

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## SCHEDULE 4

Section 1.

## BRITISH WINE (RATES OF EXCISE DUTIES)

Description of British wine	Rates of duty (per gallon)		
	£	s.	d.
Light British wine:—			
Still		17	9
Sparkling	1	3	9
Other British wine:—			
Still		19	9
Sparkling	1	5	9

For the purposes of this Schedule, "light British wine" means British wine not exceeding 27 degrees of proof spirit.

## SCHEDULE 5

Section 1(5).

REVISION OF DEFINITION OF LIGHT OILS AND AMENDMENTS AS  
TO DRAWBACK, REMISSION OR REPAYMENT OF DUTY ON BEER*Hydrocarbon oils—revised definition of light oils*

- 1 As from 1st October 1967, for the definition of "light oils" in section 195(1) of the Act of 1952 there shall be substituted the following definition—
- "light oils" means hydrocarbon oils—
- (a) of which not less than ninety per cent. by volume distils at a temperature not exceeding two hundred and ten degrees centigrade ; or
  - (b) which give off an inflammable vapour at a temperature of less than twenty-three degrees centigrade when tested in the manner prescribed by the Acts relating to petroleum."

*Drawback on exportation, etc., of beer*

- 2 The provisions of section 137 of the Act of 1952 as to the allowance of drawback on the exportation, removal to the Isle of Man or shipment as stores by any person of such beer as is mentioned in paragraph (a) or paragraph (b) of subsection (1) of that section shall apply to any such beer which it is shown to the satisfaction of the Commissioners is being exported, or removed or shipped as aforesaid, as an ingredient of other goods.

*Remission of duty on goods spoilt or destroyed, etc.*

- 3 The provisions of section 263(3) of the Act of 1952 (which relates to the remission or repayment of duty on certain materials destroyed, spoilt or otherwise unfit for use) shall apply to any worts or beer which have been destroyed or become spoilt or otherwise unfit for use by unavoidable accident while on the entered premises of

a brewer for sale notwithstanding that they were not manufactured by that brewer; and accordingly in the said section 263(3) the words " manufactured by that trader " shall cease to have effect.

*Remission or repayment of excise duty on beer used for purposes of research or experiment*

- 4 (1) Where it is proved to the satisfaction of the Commissioners that any beer chargeable with the duty of excise is to be used only for the purposes of research or of experiments in brewing, the Commissioners may, if they think fit and subject to such conditions as they see fit to impose, remit or repay the excise duty chargeable on that beer.
- (2) If any person contravenes or fails to comply with any condition imposed under subparagraph (1) of this paragraph he shall be liable, in addition to any other penalty he may have incurred, to a penalty of fifty pounds.
- (3) In section 125(3) of the Act of 1952 (which provides that a licence to brew beer shall not be required for the brewing of beer only for certain purposes) after the word " employment " there shall be inserted the words " or for the brewing of beer (with the authority of the Commissioners and subject to compliance with such conditions as they see fit to impose) solely for the purposes of research or of experiments in brewing ".

SCHEDULE 6

Section 5.

AMENDMENTS TO EXCISE ACTS CONSEQUENTIAL  
ON ABOLITION OF RETAILER'S LICENCES, ETC.

*A. The Customs and Excise Act 1952 (15 & 16 Geo. 6 & 1 Eliz. 2 c. 44)*

- 1 In section 117(3), for the words " retailer's on-licence " there shall be substituted the words " justices' on-licence ".
- 2 In section 160(2), for the words " the premises in respect of which he holds his retailer's licence " there shall be substituted the words " any premises at which he sells spirits by retail ".
- 3 In section 161(1)—
- (a) for the words " this Act " there shall be substituted the words " this or some other Act ";
  - (b) for the words " a licence to sell spirits " there shall be substituted the words " a licence as a dealer in spirits or a justices' licence authorising him to sell spirits ".
- 4 For section 162(4) there shall be substituted the following subsection:—
- “(4) Nothing in this section shall apply to any liquor which is prepared—
- (a) on any premises in respect of which a justices' on-licence is in force ;
  - or
  - (b) in any registered club ; or
  - (c) in any theatre, or on board any aircraft, vessel or vehicle, in the case of which, by virtue of section 199(c) or (d) of the Licensing Act 1964

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or, in Scotland, by virtue of section 198(b) or (d) of the Licensing (Scotland) Act 1959, a justices' licence is not required, for immediate consumption on those premises, in that club, at that theatre, or on board that aircraft, vessel or vehicle, as the case may be.”

5 In section 248, at the end there shall be added the following subsection—

“(3) Subsection (1) of this section shall apply to any of the following in or from which intoxicating liquor is sold by retail, namely, any road or rail vehicle, vessel, aircraft, hover vehicle or structure, as it applies to premises; and in this subsection the expression " hover vehicle " means a vehicle designed to be supported on a cushion of air.”

6 In section 307(1), in the paragraph beginning " excise trader ", at the end there shall be added the words " and includes a registered club ".

7 In section 307(1), after the paragraph which, as amended, begins " justices' certificate " there shall be inserted the following paragraph:—

“" justices' licence " and " justices' on-licence "—

(a) in the application of this Act to England and Wales have the meanings respectively assigned by sections 1(1) and 1(2)(a) of the Licensing Act 1964 and in both cases include a canteen licence granted under Part X and an occasional licence granted under section 180 of that Act;

(b) in the application of this Act to Scotland mean respectively—

(i) a certificate granted under section 32(1) of the Licensing (Scotland) Act 1959 ; and

(ii) any such certificate as aforesaid, not being an off-sale certificate as defined in section 32(2)(c) of the said Act of 1959 ;

and in this paragraph any reference to a certificate granted under section 32(1) of the said Act of 1959 includes a reference to any special permission granted to the holder of such a certificate under section 60 of that Act, a reference to a licence granted under Part III of that Act (which relates to seamen's canteens), and a reference to a special permission granted under section 18 of the Licensing (Scotland) Act 1962 ;

(c) in the application of this Act to Northern Ireland mean a licence or justices' certificate corresponding to the relevant licence such as is mentioned in paragraph (a) of this definition.”

8 In section 307(1), for the paragraph beginning " registered club " there shall be substituted the following paragraph:—

“" registered club " means a club which is for the time being registered within the meaning of the Licensing Act 1964 or which is for the time being a registered club within the meaning of the Licensing (Scotland) Act 1959 or which is for the time being a registered club within the meaning of the Registration of Clubs Acts (Northern Ireland) 1904 to 1966.”

9 In section 307(1), for the paragraph beginning " retailer " there shall be substituted the following paragraph :—

“" retailer " means—

(a) in relation to intoxicating liquor, a person who sells such liquor by retail;

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- (b) in relation to methylated spirits, a person holding a licence under section 117 of this Act.”

*B. The Finance Act 1959 (7 & 8 Eliz. 2. c. 58)*

- 10 In section 3, for so much of subsection (4) as precedes the table set out therein there shall be substituted the following—

“(4) A dealer shall not be entitled to relief from duty under subsection (2) or subsection (3) of section 169 of the Customs and Excise Act 1952 unless his trade is discontinued within nine months after the commencement of the licence year; and notwithstanding anything in subsection (5) of that section the relief shall consist of such proportion of the full amount of duty for the year as is specified in the following table in relation to the month during which the trade is discontinued, that is to say—”

*C. The Finance Act 1960 (8 & 9 Eliz. 2. c. 44)*

- 11 In section 3(1)(a), for the words " under a retailer's licence " there shall be substituted the words " by retail ".

*D. Application to Northern Ireland*

- 12 For the avoidance of doubt it is hereby declared that the provisions of this Schedule other than paragraphs 1 and 10 thereof extend to Northern Ireland but, so far as they relate to matters with respect to which the Parliament of Northern Ireland has power to make laws, shall be deemed for the purposes of section 6 of the Government of Ireland Act 1920 to have been passed before the day appointed for the purposes of that section.

SCHEDULE 7

Section 5.

MODIFICATIONS OF LICENSING ACT 1964 CONSEQUENTIAL  
ON ABOLITION OF RETAILER'S LICENCES, ETC.

- 1 In section 1(3), for the words from " and " onwards there shall be substituted the words " and—
- (a) in the case of a justices' on-licence may authorise the sale—
    - (i) of intoxicating liquor of all descriptions; or
    - (ii) of beer, cider and wine only; or
    - (iii) of beer and cider only ; or
    - (iv) of cider only ; or
    - (v) of wine only ;
  - (b) in the case of a justices' off-licence, may authorise the sale—
    - (i) of intoxicating liquor of all descriptions; or
    - (ii) of beer, cider and wine only."
- 2 In section 17(3), for the words from " levied " onwards there shall be substituted the words " paid to the compensation authority on the granting of that renewal, transfer

or removal and shall be recoverable by that authority from the holder of the licence summarily as a civil debt. "

3 In section 21, at the end there shall be added the following subsection—

“(4) Where the holder of a justices' licence gives notice of appeal against a refusal by the licensing justices to renew that licence, the licensing justices or the quarter sessions having jurisdiction to hear the appeal may, on such conditions as they think fit, order that the licence shall continue in force until the determination of the appeal notwithstanding that the appeal is not determined until after the date when the licence would otherwise cease to have effect.”

4 In section 30, at the end there shall be added the following subsection—

“(5) The clerk aforesaid shall, within eight days after the conclusion of each licensing sessions, send to the Collector of Customs and Excise for any collection which, or any part of which, is situated in his licensing district a list of any persons who have been granted licences (otherwise than by way of renewal), and of any persons holding licences due for renewal which have not been renewed, at the sessions in respect of premises situated within that district, and that list shall be in the same form and contain the same particulars as the register and shall be signed by the clerk; and the clerk—

(a) shall on delivery of the list be entitled to receive from the Collector a fee of eight shillings or, if the list contains more than twenty-five names, of eight shillings plus threepence for each name beyond twenty-five ; and

(b) if he fails to comply with this subsection shall be guilty of an offence and be liable to a fine not exceeding five pounds;

but proceedings by virtue of paragraph (b) of this subsection shall be taken only with the authority of the Commissioners.”

5 In section 109(1)(b) for the words " excise licence " there shall be substituted the words " justices' licence ".

6 In section 148(1), for the words from " to hold " onwards there shall be substituted the words " to sell for consumption in the canteen—

(a) intoxicating liquor of all descriptions ; or

(b) beer, cider and wine only; or

(c) beer and cider only; or

(d) cider only; or

(e) wine only."

7 In section 149(1), for the words from " a kind " onwards there shall be substituted the words " as the description or descriptions of intoxicating liquor authorised to be sold a description or descriptions other than that or those requested by the applicant.

8 In section 151(5), for the words from " kind " onwards there shall be substituted the words " description or descriptions of intoxicating liquor authorised to be sold. "

9 In section 152(1), for the words " the licences " and for the words " those licences " there shall in each case be substituted the words " the licence ".



- 10 In section 154(1)(c), for the words " authorise the kind of retailer's on-licence " there shall be substituted the words " grant such a licence authorising sale of intoxicating liquor of the description or descriptions " .
- 11 In section 154(1)(d), for the words " kind of retailer's on-licence " there shall be substituted the words " description or descriptions of intoxicating liquor the sale of which is " .
- 12 In section 160, in subsection (1)(b) and in subsection (6), after the words " justices' licence " there shall in each case be inserted the words " an occasional licence " .
- 13 In section 162, after the words " justices' licence " there shall be inserted the words " an occasional licence " .
- 14 In section 164 at the end there shall be added the following subsection—
- “(4) If the holder of a justices' off-licence sells any spirits or wine in an open vessel, he shall be liable on a first conviction to a fine not exceeding ten pounds and on a subsequent conviction to a fine not exceeding twenty pounds”.
- 15 (1) For subsection (1) of section 180 there shall be substituted the following subsection—
- “(1) Justices of the peace may, on the application of the holder of a justices' on-licence, grant him a licence (in this Act referred to as an " occasional licence ") authorising the sale by him of any intoxicating liquor to which his justice's on-licence extends at such place other than the premises in respect of which his justices' on-licence was granted, during such period not exceeding three weeks at one time, and between such hours, as may be specified in the occasional licence, but an occasional licence shall not authorise the sale of intoxicating liquor thereunder—
- (a) in a county or county borough in Wales and Monmouth shire in which section 66(1) of this Act for the time being applies, on any Sunday; or
- (b) on Christmas Day, Good Friday, or any day appointed for public fast or thanksgiving.”
- (2) In subsection (2) of section 180—
- (a) for the word " consent " in the first place where it occurs there shall be substituted the words " an occasional licence " ;
- (b) for the words " the consent " in both places where they occur and for the words " the occasional licence " there shall in each case be substituted the word " it " .
- (3) In subsection (3) of section 180, for the words " their consent " there shall be substituted the words " an occasional licence " .
- (4) In subsection (6) of section 180, for the words from " consent under " to " the consent " there shall be substituted the words " an occasional licence to an applicant who holds only a residential licence ; and, if he holds only a restaurant licence or residential and restaurant licence, they shall not grant the occasional licence " .
- (5) In subsection (7) of section 180, for the words " consent under this section " there shall be substituted the words " an occasional licence " .
- (6) At the end of section 180, there shall be added the following subsection—

“(8) An occasional licence granted to the holder of a justices' on-licence in respect of any premises shall have effect as if granted to any person who is for the time being the holder of a justices' on-licence in respect of those premises and shall be of no effect at any time when no justices' licence is for the time being held in respect of those premises.”

16 For section 181 there shall be substituted the following section—

“**181** Notwithstanding anything in this Act, the holder of a dealer's licence under section 146 of the Customs and Excise Act 1952 in respect of spirits or of wine may, at the premises in respect of which his licence is held, sell by retail without a justices' licence any intoxicating liquor to which his dealer's licence extends if—

- (a) those premises are exclusively used for the sale of intoxicating liquor and mineral waters or other non-intoxicating drinks and have no internal communication with the premises of any person who is carrying on any other trade or business ; and
- (b) the sale by retail is—
  - (i) to a person lawfully carrying on a business of selling intoxicating liquor by retail; or
  - (ii) to a mess or registered club ; or
  - (iii) to a person engaged, at those premises or elsewhere, in any business carried on by the holder of the dealer's licence, or the sale is of intoxicating liquor for delivery outside Great Britain.”

17 In section 185—

- (a) after the words " justices' licence " there shall be inserted the words " an occasional licence ";
- (b) for the words " constable or officer of Customs and Excise " there shall be substituted the words " or constable ".

18 In section 196(3)—

- (a) after the word " premises " in the second place where it occurs there shall be inserted the words " or, as the case may be, other than the occupier of a licensed canteen or a servant employed in such a canteen ";
- (b) after the words " the premises " there shall be inserted the words " or, as the case may be, canteen ";
- (c) after the words " justices' licence " there shall be inserted the words " occasional licence or canteen licence, as the case may be, ".

19 In section 199, for paragraph (c) there shall be substituted the following—

“(c) make unlawful the sale or exposure for sale by retail without a justices' licence of any intoxicating liquor at a theatre which is established by royal patent or which consists of premises duly licensed as a theatre by the Lord Chamberlain or other proper authority if the proprietor of the theatre has given to the clerk to the licensing justices notice in writing of the intention to sell such liquor by retail at that theatre and that notice has not been withdrawn;”.

20 In section 199, for paragraph (d) there shall be substituted the following—

“(d) make unlawful the sale or exposure for sale by retail without a justices' licence to passengers in an aircraft, vessel or railway

passenger vehicle of intoxicating liquor for consumption on board the aircraft, vessel or vehicle if the aircraft or vessel is employed for the carriage of passengers and is being flown or navigated from a place in the United Kingdom to another such place or from and to the same place in the United Kingdom on the same day or, as the case may be, if the vehicle is a vehicle in which passengers can be supplied with food;”.

- 21 In section 200(1), for the words from " is in force " to " under a licence " there shall be substituted the words " or occasional licence is in force and as including a reference to any theatre in respect of which a notice under section 199(c) of this Act is for the time being in force ".
- 22 In section 201(1)—
- (a) after the definition of " canteen licence " there shall be inserted the following definition—
    - “" cider " includes perry ;”
  - (b) for the definition of " intoxicating liquor " there shall be substituted the following—
    - “" intoxicating liquor " means spirits, wine, beer, cider, and any other fermented, distilled or spirituous liquor, but (apart from cider) does not include any liquor for the sale of which by wholesale no excise licence is required ;”
  - (c) for the definition of " occasional licence " there shall be substituted the following—
    - “" occasional licence " means a licence granted under section 180 of this Act;”
  - (d) at the end there shall be added the following definition—
    - “" wine " includes British wine within the meaning of the Customs and Excise Act 1952 ;”.
- 23 In Schedule 9, for paragraph 4(a) there shall be substituted the following—
- “(a) intoxicating liquor, or”.

*Transitional provision*

- 24 Any justices' licence in force immediately before the time of the coming into force of this Schedule shall authorise the sale by retail by the licensee of any intoxicating liquor for the sale by retail of which the licence authorises him to hold a retailer's licence under the Customs and Excise Act 1952, and any consent in force at the said time under section 180 shall authorise any sale by the person to whom the consent was granted which would have been authorised by an occasional licence under section 151 of the said Act of 1952 granted in accordance with that consent.

SCHEDULE 8

Section 5.

MODIFICATIONS OF LICENSING (SCOTLAND) ACTS 1959 AND 1962  
 CONSEQUENTIAL ON ABOLITION OF RETAILER'S LICENCES, ETC.

*A. The Licensing (Scotland) Act 1959 (7 & 8 Eliz. 2. c. 51)*

- 1 At the end of section 57, there shall be added the following proviso:—
- “Provided also that the holder of an off-sale certificate may not sell spirits or wine (including British wine within the meaning of the Customs and Excise Act 1952) in open vessels ; and any such holder who does so shall be liable on a first conviction to a fine not exceeding ten pounds, and on a subsequent conviction to a fine not exceeding twenty pounds.”
- 2 In section 66(1), for the words " a kind of retailer's on-licence other than that requested by the applicant " there shall be substituted the words " the types of liquor (including, if the court thinks fit, types of liquor other than those in respect of which the application for the licence was made) which may be sold under the licence. " .
- 3 In section 68(1), for the words " licences " and " those licences " there shall be substituted respectively the words " licence " and " that licence " .
- 4 In section 69, for paragraphs (b) and (c) there shall be substituted the following—
- “(b) on an application for the grant of a licence under this Part of this Act, specify, as types of liquor which may be sold under the licence, types other than those in respect of which the application for the licence was made ; or
- (c) on an application for renewal of a licence under this Part of this Act, do not comply with any request duly made by the applicant for a change in the specification of the types of liquor which may be sold under the licence ; or”.
- 5 In section 134(2), for the words " an excise licence for the sale of exciseable liquor " there shall be substituted the words " a certificate " .
- 6 In section 135(2), for the words " an excise licence for the sale of exciseable liquor " there shall be substituted the words " a certificate " .
- 7 In section 141(1), for the words " an excise licence " there shall be substituted the words " a certificate " .
- 8 At the end of section 144 there shall be added the following subsection:—
- “(6) This section shall apply to any premises or place where exciseable liquor is sold under a special permission as it applies to the bar 6f the licensed premises of the holder of the special permission.”.
- 9 In section 161, for the words from " in respect of which no certificate is held " to " has been granted)" there shall be substituted the words " to which section 198(b) of this Act applies) " .
- 10 In section 164(4), for the words " no excise licence for the sale of exciseable liquor is in force " there shall be substituted the words " none of the following is in force, that is to say—
- (a) a certificate ;
- (b) a licence under Part III of this Act;

(c) a certificate of registration under Part XI of this Act."

- 11 In section 173, in paragraph (1), for the words " an excise licence " there shall be substituted the words " a certificate or a wholesaler's excise licence ".
- 12 In section 198, for paragraph (a) there shall be substituted the following—  
 “(a) make unlawful trafficking in exciseable liquor in a canteen held under the authority of a Secretary of State;”.
- 13 In section 198, for paragraph (b) there shall be substituted the following—  
 “(b) make unlawful trafficking in exciseable liquor in a theatre erected before 1st January 1904 ;”.
- 14 In section 198, for paragraph (d) there shall be substituted the following—  
 “(d) make unlawful trafficking, with passengers in an aircraft, vessel or railway passenger vehicle, in exciseable liquor for consumption on board the aircraft or vessel or in the railway passenger vehicle if the aircraft or vessel is employed for the carriage of passengers and is being flown or navigated from a place in the United Kingdom to another such place or from and to the same place in the United Kingdom on the same day, or, as the case may be, if the railway passenger vehicle is a vehicle in which passengers can be supplied with food;”.
- 15 In Schedule 3, in the paragraph beginning " Does the applicant hold ", for the words " an excise licence for the sale of exciseable liquor " there shall be substituted the words " a certificate under the Licensing (Scotland) Act 1959, or a licence under Part III of that Act " ; and for the words " that licence " there shall be substituted the words " that certificate or, as the case may be, that licence " ; and, in the paragraph beginning " Has the applicant any interest ", for the words " an excise licence for the sale of exciseable liquor " there shall be substituted the words " a certificate under the Licensing (Scotland) Act 1959 or a licence under Part III of that Act " , and for the words " a certificate " there shall be substituted the words " such a certificate or licence ".
- 16 In Schedule 6, in paragraph 3, for the words " the kind of retailer's on-licence which is desired " there shall be substituted the words " the types of liquor which it is desired to sell under the licence ".
- 17 In Schedule 8, in paragraph 4(1)(a), for the words " liquors for the sale of which an excise licence is required," there shall be substituted the words " exciseable liquor ".

*B. The Licensing (Scotland) Act 1962 (10 & 11 Eliz. 2. c. 51)*

- 18 At the end of section 14 there shall be added the following subsection:—  
 “(9) Subsections (1) to (4), (6) and (7) of this section shall apply to any premises or place where exciseable liquor is sold under a special permission as they apply to the licensed premises of the holder of the special permission.”.
- 19 In section 16, in subsection (1), for the word " an " there shall be substituted the words " a wholesaler's ".
- 20 In section 21, for subsection (3) there shall be substituted the following subsection:  
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“(3) In this section the expression " passenger vessel " means a vessel of any description employed for the carriage of passengers which goes from any place in the United Kingdom to any other such place, or goes from and returns to the same place in the United Kingdom on the same day.”

## SCHEDULE 9

Section 6.

### AMENDMENTS TO CUSTOMS AND EXCISE ACT 1952 CONSEQUENTIAL ON SECTION 6 OF THIS ACT

- 1 In section 102(2)(b), for the words from " and delivered " onwards there shall be substituted the words " a proper spirits advice note or spirits consignment note ".
- 2 In section 146(3), for the words " subsection (6) of section one hundred and eight of this Act " there shall be substituted the words " section 6(3) of the Finance Act 1967 ".
- 3 In section 241 as amended by Schedule 1 to the Finance Act 1960—
- (a) in subsection (1A), after the word " that " there shall be inserted the words " a spirits advice note or ";
  - (b) in subsection (2)—
    - (i) for the words from " deliver " to " produce a " there shall be substituted the words " keep or produce a spirits advice note ";
    - (ii) for the words " permit or note " there shall be substituted the words " note or, as the case may be, the note and any copy thereof ".
- 4 In section 242(1) as amended by the said Schedule 1—
- (a) for the words from " permit " where it first occurs to the word " goods " where it first occurs there shall be substituted the words " spirits advice note ";
  - (b) in paragraph (aa), after the word " proper " there shall be inserted the words " spirits advice note or ";
  - (c) in paragraphs (c), (d) and (e) for the word " permit " there shall be substituted the words " spirits advice note ".
- 5 In section 242(2)—
- (a) for the words from " required " to " permit " where first occurring there shall be substituted the words " in connection with the removal of which a spirits advice note is required by or under the customs or excise Acts ";
  - (b) for the words from " permit " in the second place where it occurs to " permit " in the third place where it occurs there shall be substituted the words " spirits advice note having been duly sent or in contravention of section 6(3) of the Finance Act 1967, or in the case of which an altered or untrue spirits advice note has been sent ".
- 6 In section 243, for the word " permit " in both places where it occurs, there shall be substituted the words " spirits advice note ".
- 7 In the proviso to section 253(3), for the words " this Act as to permits for the " there shall be substituted the words " section 6(2) and (3) of the Finance Act 1967 in connection with the sending out or other ".

## SCHEDULE 10

Section 20.

### GROUP RELIEF

#### *Trading losses*

- 1 (1) If in any accounting period ending after the passing of this Act the one company has incurred a loss, computed as for the purposes of section 58(2) of the Finance Act 1965 (set-off of loss against total profits), in carrying on a trade, the amount of the loss may be set off for purposes of corporation tax against the total profits of the other company for its corresponding accounting period.
- (2) Sub-paragraph (1) above shall not apply to so much of a loss as is excluded from the said section 58(2) by subsection (4) of that section (trades falling under Case V of Schedule D, trades not carried on on a commercial basis, etc.), or by section 22 of this Act.
- (3) In the case of a claim made by a company as a member of a consortium only a fraction of the amount of the loss may be set off under sub-paragraph (1) above, and that fraction shall be equal to that member's share in the consortium, subject to any further reduction under paragraph 6(2) of this Schedule.

#### *Capital allowances*

- 2 (1) If for any accounting period ending after the passing of this Act any capital allowances fall to be made to the one company which are to be given by discharge or repayment of tax and are to be available primarily against a specified class of income, so much of the amount of those capital allowances (exclusive of any carried forward from an earlier period) as exceeds its income of the relevant class arising in that accounting period (before deduction of any losses of any other period or of any capital allowances) may be set off for purposes of corporation tax against the total profits of the other company for its corresponding accounting period.
- (2) In the case of a claim made by a company as a member of a consortium only a fraction of the excess referred to in sub-paragraph (1) above may be so set off, and that fraction shall be equal to that member's share in the consortium, subject to any further reduction under paragraph 6(2) of this Schedule.

#### *Expenses of management*

- 3 (1) If for any accounting period ending after the passing of this Act the one company (being an investment company) may under section 57(1) of the Finance Act 1965 deduct any amount as expenses of management disbursed for that accounting period, so much of that amount (exclusive of any amount only deductible by virtue of subsection (2) of the said section 57) as exceeds the company's profits of that accounting period may be set off for purposes of corporation tax against the total profits of the other company (whether an investment company or not) for its corresponding accounting period.
- (2) The surrendering company's profits of the period shall be determined for the purposes of this paragraph without any deduction under the said section 57 and without regard to any deduction falling to be made in respect of losses or allowances of any other period.

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- (3) References in this paragraph to section 57 of the Finance Act 1965 do not include references to that section as applied by section 69 of that Act to companies carrying on life assurance business.
- (4) In the case of a claim made by a company as a member of a consortium only a fraction of the amount of the excess referred to in sub-paragraph (1) above may be set off under that sub-paragraph, and that fraction shall be equal to that member's share in the consortium, subject to any further reduction under paragraph 6(2) of this Schedule.

*Charges on income*

- 4 (1) If in any accounting period ending after the passing of this Act the one company has paid any amount by way of charges on income, so much of that amount as exceeds its profits of the period may be set off for purposes of corporation tax against the total profits of the other company for its corresponding accounting period.
- (2) The surrendering company's profits of the period shall be determined for the purposes of this paragraph without regard to any deduction falling to be made in respect of losses or allowances of any other period, or to expenses of management only deductible by virtue of subsection (2) of section 57 of the Finance Act 1965.
- (3) In the case of a claim made by a company as a member of a consortium only a fraction of the excess referred to in sub-paragraph (1) above may be set off under that sub-paragraph, and that fraction shall be equal to that member's share in the consortium, subject to any further reduction under paragraph 6(2) of this Schedule.

*Relation of group relief to other relief*

- 5 (1) Group relief for an accounting period shall be allowed as a deduction against the claimant company's total profits for the period before reduction by any relief derived from a subsequent accounting period, but as reduced by any other relief from tax.
- (2) The said other relief shall be determined on the assumption that the company makes all relevant claims under section 58(2) and section 56(6) of the Finance Act 1965 (set-off of trading losses and capital allowances against total profits).
- (3) The said other relief includes relief under section 52(1) of the Finance Act 1965 (charges on income), and notwithstanding the requirement in the said section 52(1) that the relief is to be against total profits as reduced by any other relief, group relief shall not affect relief under the said section 52(1).
- (4) For the purposes of this paragraph " relief derived from a subsequent accounting period " means—
  - (a) relief under section 58(2) of the Finance Act 1965 in respect of a loss incurred in an accounting period after the accounting period the profits of which are being computed, and
  - (b) relief under section 56(6) of that Act in respect of capital allowances falling to be made for an accounting period after the accounting period the profits of which are being computed, and
  - (c) relief under section 87 of that Act (transitional relief on cessation of trade etc.) where the company ceases to possess the source of income in question at a time after the end of the accounting period the profits of which are being computed, and



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- (d) relief under section 59 of that Act (terminal loss in a trade) in respect of a loss incurred in an accounting period after the end of the accounting period the profits of which are being computed.
- (5) The reductions to be made in total profits of an accounting period against which any relief derived from a subsequent accounting period is to be set off shall include any group relief for that first-mentioned accounting period, and this sub-paragraph shall have effect notwithstanding that under section 87(3) of the Finance Act 1965 relief under that section is to be given in priority to any other relief.

*Corresponding accounting periods*

- 6 (1) For the purposes of this Schedule any accounting period of the claimant company which falls wholly or partly within an accounting period of the surrendering company corresponds to that accounting period.
- (2) If an accounting period of the surrendering company and a corresponding accounting period of the claimant company do not coincide—
- (a) the amount which may be set off against the total profits of the claimant company for the corresponding accounting period shall be reduced by applying the fraction
- $$\frac{A}{B}$$
- (if that fraction is less than unity), and
- (b) the said profits against which the amount mentioned in paragraph (a) above (as reduced where so required) may be set off shall be reduced by applying the fraction
- $$\frac{A}{C}$$
- (if that fraction is less than unity),

where

" A " is the length of the period common to the two accounting periods,  
" B " is the length of the accounting period of the surrendering company,  
and  
" C " is the length of the corresponding accounting period of the claimant company.

*Companies joining or leaving group or consortium*

- 7 Subject to paragraph 8 below, group relief shall be given if, and only if, the surrendering company and the claimant company are members of the same group, or fulfil the conditions for relief for a consortium, throughout the whole of the surrendering company's accounting period to which the claim relates, and throughout the whole of the corresponding accounting period of the claimant company.
- 8 (1) This paragraph has effect where on any occasion two companies become or cease to be members of the same group.
- (2) For the purposes specified below it shall be assumed as respects each company that on that occasion (unless a true accounting period of the company begins or ends then) an accounting period of the company ends, and a new one begins, the new accounting

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- period to end with the end of the true accounting period (unless before then there is a further break under this sub-paragraph), and—
- (a) that the losses or other amounts of the true accounting period are apportioned to the component accounting periods on a time basis according to their lengths, and
  - (b) that the amount of total profits for the true accounting period of the company against which group relief may be allowed in accordance with paragraph 5(1) of this Schedule is also so apportioned to the component accounting periods.
- (3) Where the one company is the surrendering company and the other company is the claimant company—
- (a) references to accounting periods, to profits, and to losses, allowances, expenses of management or charges on income of the surrendering company, in paragraphs 1 to 4 of this Schedule shall be construed in accordance with sub-paragraph (2) above,
  - (b) references to accounting periods in paragraphs 6 and 7 of this Schedule shall be so construed (so that if the two companies are members of the same group in the surrendering company's accounting period, they must under paragraph 6 also be members of the same group in any corresponding accounting period of the claimant company),
  - (c) references to profits, and amounts to be set off against the profits, in the said paragraph 6 shall be so construed (so that an amount apportioned under sub-paragraph (2) above to a component accounting period may fall to be reduced under the said paragraph 6(2)).
- (4) This paragraph shall apply with the necessary modifications where a company begins or ceases to fulfil the conditions for relief for a consortium, either as a surrendering company or as a claimant company, as it applies where two companies become or cease to be members of the same group.

*Exclusion of double allowances, etc.*

- 9 (1) Relief shall not be given more than once in respect of the same amount, whether by giving group relief and by giving some other relief (in any accounting period) to the surrendering company, or by giving group relief more than once.
- (2) In accordance with sub-paragraph (1) above, two or more claimant companies cannot, in respect of any one loss or other amount for which group relief may be given, and whatever their accounting periods corresponding to that of the surrendering company, obtain in all more relief than could be obtained by a single claimant company whose corresponding accounting period coincided with the accounting period of the surrendering company.
- (3) If claims for group relief are made by more than one claimant company which relate to the same accounting period of the same surrendering company, and—
- (a) all the claims so made are admissible only by virtue of paragraph 8 above, and
  - (b) there is a part of the surrendering company's accounting period during which none of those claimant companies is a member of the same group as the surrendering company,

those claimant companies shall not obtain in all more, relief than could be obtained by a single claimant company which was not a member of the same group as the

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surrendering company during that part of the surrendering company's accounting period (but was a member during the remainder of that accounting period).

- (4) If claims for group relief are made by a claimant company as respects more than one surrendering company for group relief to be set off against its total profits for any one accounting period, and—

- (a) all the claims so made are admissible only by virtue of paragraph 8 above, and
- (b) there is a part of the claimant company's accounting period during which none of the surrendering companies by reference to which the claims are made is a member of the same group as the claimant company,

the claimant company shall not obtain in all more relief to be set off against its profits for the accounting period than it could obtain on a claim as respects a single surrendering company (with unlimited losses and other amounts eligible for relief) which was not a member of the same group as the claimant company during that part of the claimant company's accounting period (but was a member during the remainder of that accounting period).

- (5) The provisions of this sub-paragraph have effect as respects a claim for group relief made by a company as a member of a consortium, in this sub-paragraph referred to as a " consortium claim "—

- (a) a consortium claim, and a claim other than a consortium claim, shall not both have effect as respects the loss or other amount of the same accounting period of the same surrendering company, unless each of the two claims is as respects a loss or other amount apportioned under paragraph 8(2)(a) above to a component of that accounting period, and the two components do not overlap.
- (b) in sub-paragraphs (3) and (4) above consortium claims shall be disregarded, and paragraph (a) above shall take effect according to the order in which claims are made.

- (6) Without prejudice to the provisions of section 331(5) of the Income Tax Act 1952, any reference in Part X of that Act to an allowance made includes a reference to an allowance which would be made but for the granting of group relief, or but for that and but for an insufficiency of profits or other income against which to make it.

#### *Claims and adjustments*

- 10 (1) A claim for relief under this Schedule—
- (a) need not be for the full amount available,
  - (b) shall require the consent of the surrendering company notified to the inspector in such form as the Board may require, and
  - (c) must be made within two years from the end of the surrendering company's accounting period to which the claim relates.
- (2) A claim for group relief by a company as a member of a consortium shall require the consent of each other member of the consortium, notified to the inspector in such form as the Board may require, in addition to the consent of the surrendering company.
- (3) If the inspector discovers that any group relief which has been given is or has become excessive he may make an assessment to tax under Case VI of Schedule D in the amount which ought in his opinion to be charged.

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This sub-paragraph is without prejudice to the making of an assessment under section 5(3)(c) of the Income Tax Management Act 1964, and to the making of all such other adjustments by way of discharge or repayment of tax or otherwise as may be required where a claimant company has obtained too much relief, or a surrendering company has forgone relief in respect of a corresponding amount.

*The three-year surplus*

- 11 Paragraphs 1 to 5 and 9 of this Schedule (as they relate either to a surrendering company or to a claimant company) shall not affect the calculation of the three-year surplus under section 85(6) of the Finance Act 1965 as amended by Schedule 7 to the Finance Act 1966.

*Companies with overseas trading income*

- 12 If under paragraph 3(4)(b) of Schedule 20 to the Finance Act 1965 the appropriate fraction of a loss incurred by one company is set off (for the purposes of section 84(3) of that Act) against income of another company, group relief in respect of that part of the loss shall be left out of account in any computation under the said section 84(3) as respects that other company or any other company.

*Cancellation of tax advantages from certain transactions in securities*

- 13 (1) The reference in section 28(2)(a) of the Finance Act 1960 to a person being entitled by reason of any exemption from tax to recover tax in respect of dividends received by him shall include a reference to his being so entitled by reason of the giving of group relief.
- (2) Where a company in the circumstances mentioned in section 28(2)(b) of that Act becomes entitled to a deduction as there mentioned, that section shall apply in relation to any tax advantage which in consequence of that deduction is obtained or obtainable by another company by way of group relief, as if obtained or obtainable by the other company in circumstances falling within the said paragraph (b).

SCHEDULE 11

Section 24.

AMENDMENTS OF CORPORATION TAX ACTS

**PART I**

GENERAL

*Life assurance business: relief for management expenses*

- 1 (1) In section 69(2) of the Finance Act 1965 (which restricts relief for management expenses for life assurance companies not charged to tax under Case I of Schedule D by reference to the corporation tax which would be payable if they were so charged) the following shall be substituted for the words from the beginning of the subsection to the end of paragraph (b):—

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“(2) Relief in respect of management expenses shall not be given to any such company, whether under section 62 of this Act or under subsection (1) above, so far as it would, if given in addition to all other reliefs to which the company is entitled, reduce the income tax and corporation tax borne by the company on the income and gains of its life assurance business for any accounting period to less than would have been paid if the company had been charged to tax in respect of that business under Case I of Schedule D ; and where relief has been withheld in respect of any accounting period by virtue of this subsection, the excess to be carried forward by virtue of section 57(2) of this Act shall be increased accordingly.”

- (2) Sub-paragraph (1) above shall have effect for accounting periods ending on or after 6th April 1966.

*Life assurance business: repayment of tax on investment income*

- 2 (1) Section 69(7) of the Finance Act 1965 (which prohibits, in general, the repayment of income tax on the policy holders' share of the franked investment income from investments held in connection with a company's life assurance business) shall have effect in relation to any income as if, for the reference to such part of it as belongs or is allocated to, or is reserved for or expended on behalf of, policy holders, there were substituted a reference to the part of it specified in sub-paragraph (3) below.
- (2) Section 427(2) of the Income Tax Act 1952 (under which, where the tax on its investment income exceeds seven shillings and sixpence in the pound, a company is entitled, notwithstanding the said section 69(7), to repayment of the excess on the policy holders' share) shall have effect in relation to any income as if, for the references in paragraphs (a) and (b) to such part of it as, in the opinion of the Commissioners, belongs or is allocated to, or is reserved for or expended on behalf of, policy holders, there were substituted references to the part specified in sub-paragraph (3) below of so much of that income as has not been excluded from charge to tax by virtue of any provision and against which no relief has been allowed by deduction or set-off.
- (3) The said part shall be, in the case of any income, the same fraction of it as the fraction which, on a computation of the profits of the company in respect of its life assurance business in accordance with the provisions applicable to Case I of Schedule D (whether or not the company is in fact charged to tax under that Case for the relevant accounting period or periods) would be connoted by the words in section 427(1) of the said Act of 1952 " such part of those profits as belongs or is allocated to, or is reserved for, or expended on behalf of, policy holders or annuitants ":

Provided that, if the income exceeds the profits as computed in accordance with those provisions other than the said section 427(1), the said part shall be that fraction of the income so far as not exceeding the profits, together with the amount of the excess.

- (4) Sub-paragraph (2) above shall not affect the said section 427(2) as it applies by virtue of the said section 69 to chargeable gains.
- (5) Sub-paragraphs (1) and (2) above shall have effect, as respects income tax, for the year 1966-67 as well as subsequent years of assessment and, as respects corporation tax, for accounting periods ending on or after 6th April 1965.

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- (6) For the avoidance of doubt, it is hereby declared that the reference in the said section 69(7) to repayment of income tax includes a reference to the setting off of income tax against tax which the company is liable to pay in respect of its own distributions.
- (7) The said section 69(7), as amended by sub-paragraph (1) above, shall not be taken to apply to repayments of income tax under section 62 of the said Act of 1965.
- (8) Paragraph 9(3) of Schedule 5 to the Finance Act 1966 (which provides that franked investment income by virtue of which annuities have been treated as charges on income shall be left out of account under section 48 of the said Act of 1965) shall have effect, and be deemed always to have had effect, as if, for the words " shall be left out of account under section 48 of the Finance Act 1965 ", there were substituted the words " shall be income the tax on which is not available for set-off against income tax which the company is liable to pay in respect of its own distributions ".

*Company distributions: transfers between companies and their members or participators*

- 3 (1) Schedule 11 to the Finance Act 1965 (which defines company distributions for the purposes of Part IV of that Act) shall have effect, and be deemed always to have had effect, subject to the amendments specified in sub-paragraphs (2) and (3) below.
- (2) At the end of paragraph 1(2) of that Schedule (which relates to the transfer of assets and liabilities between companies and their members) there shall be inserted the following proviso:—
 

“Provided that, where the company and the member receiving the benefit are both resident in the United Kingdom and either the former is a subsidiary of the latter or both are subsidiaries of a third company also so resident (the question whether one body is another's subsidiary being determined as if for the purposes of section 48(3) of this Act, subject to the modification that a body shall be treated as not being the owner of any share capital which it owns directly if a profit on the sale of the shares would be treated as a trading receipt of that body), the said amount shall not be treated as a distribution.”
- (3) After the proviso to paragraph 9(2) of that Schedule (which relates to the provision by close companies of benefits for participators) there shall be inserted the following additional proviso:—
 

“And provided also that where—

  - (a) the company and the participator are both resident in the United Kingdom and one is a subsidiary of the other or both are subsidiaries of a third company also so resident (the question whether one body is another's subsidiary being determined as if for the purposes of section 48(3) of this Act, subject to the modification that a body shall be treated as not being the owner of any share capital which it owns directly if a profit on the sale of the shares would be treated as a trading receipt of that body), and
  - (b) the benefit to the participator arises on or in connection with a transfer of assets or liabilities by the company to him or to the company by him,

the said amount shall not be treated as a distribution.”

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- (4) If any amount would, but for sub-paragraph (2) or (3) above, be treated as, or as part of, a distribution made in or after the year 1966-67 and would as so treated constitute also the net amount of a relevant distribution within the meaning of section 65 of the Finance Act 1965 (dividend stripping) then, for the purposes of corporation tax in respect of any chargeable gains, that amount shall be treated as if it were a capital distribution (within the meaning of Part III of the Finance Act 1965) received in respect of the holding.
- (5) Sub-paragraphs (2) and (3) above shall not affect the meaning of 'distribution' for the purposes of paragraphs 5, 6(1) and 7 of Schedule 17 to the Finance Act 1965 (dividend stripping: relation of distributions to profits), except so far as the said sub-paragraphs (2) and (3) relieve the company from liability to account for income tax otherwise falling under paragraph 5(1) of the said Schedule 17 to be included in a distribution.
- (6) There shall be made all such adjustments by way of discharge or repayment of tax as are necessary to give effect to the preceding provisions of this paragraph.

#### *Dividend stripping*

- 4 (1) Section 65(6) of the Finance Act 1965 (election for treatment of dividends as group income: exclusion of relevant distributions) shall cease to have effect.
- (2) Section 65(3) of the Finance Act 1965 (relevant distribution received by a company which is not a dealer: net amount of relevant distribution to be treated as a capital distribution in respect of the holding) shall apply to group income as if in the phrase " the net amount of the relevant distribution " the word " net " were omitted.
- (3) The said section 65 shall be deemed always to have had effect subject to this paragraph, and there shall be made all such adjustments by way of discharge or repayment of tax as are necessary to give effect to its provisions.

#### *Tax on company in liquidation*

- 5 (1) In this paragraph references to a company's final year are references to the financial year in which the affairs of the company are completely wound up, and references to a company's penultimate year are references to the last financial year preceding its final year.
- (2) Corporation tax shall be charged on the profits of the company arising in the winding-up in its final year at a rate which, subject to sub-paragraph (3) below, shall be the rate of corporation tax fixed for the penultimate year.
- (3) If the affairs of the company are completely wound up before an Act is passed fixing the rate of corporation tax for its penultimate year, corporation tax shall be charged on the company's profits arising in the winding-up in its final year, and if the winding-up commenced before the final year, on the company's profits arising at any time in its penultimate year, at the rate of corporation tax fixed by the budget resolution for the penultimate year (and without regard to the rate fixed by any subsequent Act); and any assessment made by virtue of section 49(5) of the Finance Act 1965 (provisional rate of tax) shall be subject to any such adjustment, by discharge or repayment of tax or by a further assessment, as may be required to give effect to this sub-paragraph.

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- (4) An assessment on the company's profits for an accounting period which falls after the commencement of the winding-up shall not be invalid because made before the end of the accounting period.
- (5) In making an assessment after the commencement of the winding up of the company but before the date when its affairs are completely wound up, the inspector may, with the concurrence of the liquidator, act on an assumption as to when that date will fall, so far as it governs section 51(6) of the Finance Act 1965 (company's accounting period or accounting periods beginning with commencement of winding up).
- (6) The assumption of the wrong date shall not alter the company's final and penultimate year, and if the right date is later an accounting period shall end on the date assumed, and a new accounting period shall begin and the said section 51(6) shall thereafter apply as if that new accounting period began with the commencement of the winding up.
- (7) In this paragraph " budget resolution " means a resolution of the Committee of Ways and Means of the House of Commons, or of the House of Commons, for fixing the rate of corporation tax for the financial year in question, and if there is more than one such resolution, means the first of them.
- (8) This paragraph shall have effect as respects any winding up completed after the passing of this Act.

*Close company: 35 per cent. test for quoted shares*

- 6 (1) In paragraph 1(3) of Schedule 18 to the Finance Act 1965 (under which certain companies with quoted shares are not close companies) " beneficially held by the public " shall be construed in accordance with this paragraph, and a corresponding construction shall be given to the reference to shares which have been allotted unconditionally to, or acquired unconditionally by, the public.
- (2) Shares shall be deemed to be beneficially held by the public if, and only if, sub-paragraph (3) below so provides, and if they are not within the exceptions in paragraph (a), (b) or (c) of the said paragraph 1(3) (shares held by a director of the company or his associate or by certain other companies) or within the exception in sub-paragraph (4) below.
- (3) Shares shall be deemed to be beneficially held by the public—
  - (a) if beneficially held by a company resident in the United Kingdom which is not a close company, or by a company not so resident which would not be a close company if it were so resident, or
  - (b) if held on trust for a fund or scheme approved under section 379 or section 388 of the Income Tax Act 1952 (superannuation funds and retirement schemes), or
  - (c) if they are not comprised in a principal member's holding.
- (4) Shares shall not be deemed to be held by the public if held as part of any fund the capital or income of which is applicable or applied wholly or mainly for the benefit of, or of the dependants of, the employees or directors, or past employees or directors, of the company, or of any company within paragraph (b) or (c) of the said paragraph 1(3).



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- (5) In paragraphs (a), (b) and (c) of the said paragraph 1(3) references to shares held by any person include references to any shares the rights or powers attached to which could be attributed to that person under paragraph 3(3) of Schedule 18 to the Finance Act 1965.
- (6) The said paragraph 1(3) shall not apply at any time when the total percentage of the voting power in the company possessed by all the principal members of the company exceeds 85 per cent.
- (7) For the purposes of this paragraph a person is a principal member of a company if he possesses a percentage of the voting power in the company of more than 5 per cent. and, where there are more than five such persons, if he is one of the five persons who possess the greatest percentages or if, because two or more persons possess equal percentages of the voting power in the company, there are no such five persons, he is one of the six or more persons (so as to include those two or more who possess equal percentages) who possess the greatest percentages.
- (8) In arriving at the voting power which a person possesses there shall be attributed to him any voting power which would be attributed to him for the purposes of paragraph 3 of Schedule 18 to the Finance Act 1965 (definition of control) by sub-paragraphs (3) and (4) of that paragraph (nominees, controlled companies and associates).
- (9) A principal member's holding consists of the shares which carry the voting power possessed by him.
- (10) This paragraph shall be deemed to have come into force on 11th April 1967.

*Computation of close company's distributable profits*

- 7 (1) In paragraph 7(1) of Schedule 18 to the Finance Act 1965 for the words  
    “(b) any franked investment income, less the amount of any relief given  
        against it for management expenses or charges on income”  
there shall be substituted the words  
    “(b) any franked investment income, less the amount of any relief given  
        against it under subsection (1) or subsection (7) of section 62 of this  
        Act”  
so that paragraph (b) refers to all relief under the said section 62, and not only to relief given under that section against management expenses or charges on income.
- (2) For the purposes of the said paragraph 7 as it applies to any company in any accounting period the amount on which corporation tax falls finally to be borne (but not the amount of that tax) shall be computed as if the said section 62 did not include subsection (5) of that section (which, as extended by subsection (6) of that section, makes an adjustment where in any year of assessment distributions exceed franked investment income so as to allow losses, allowances, management expenses or charges on income against which franked investment income arising in an earlier year of assessment has been set off to be carried forward).
- (3) This paragraph shall have effect as respects franked investment income arising in the year 1966-67 or in subsequent years of assessment.

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*Close companies in liquidation*

- 8 (1) Sections 77 and 78 of the Finance Act 1965 (shortfall in distributions of close company, and apportionment for surtax of close company's income) shall, notwithstanding the winding-up of a company, or the passing of any resolution or the making of any order or anything else done for the winding up of a company, continue to apply as if the company were not being wound up.
- (2) Paragraph 12 of Schedule 18 to the Finance Act 1965 (modification of the required standard for ascertaining shortfall in distributions of close company) shall apply for any accounting period ending after the date of a winding-up resolution or other event mentioned in paragraph 13(1) of that Schedule.
- (3) Where any such event occurs in the case of a close company, then any assessment on the company in respect of a shortfall in distributions for an accounting period after that event shall be an assessment as for a distribution made immediately before the end of that accounting period, and the amount due under the assessment shall be recoverable accordingly.
- (4) Paragraph 13(3) of the said Schedule 18 (which is superseded by this paragraph) shall cease to have effect.
- (5) This paragraph has effect as respects accounting periods beginning after 11th April 1967.

*Close companies: "director" and "associate"*

- 9 It is hereby declared that in paragraph 6(2)(c) and paragraph 6(3) of Schedule 18 to the Finance Act 1965 (definitions of director) the expression "either on his own or with one or more associates" requires a person to be treated as owning or as the case may be controlling what any associate owns or controls even if he does not own or control share capital on his own, and that—
- (a) in the proviso to the said paragraph 6(3) the expression "apportioned to him together with his associates (if any)", and
- (b) in paragraph 18(1)(b) of Schedule 5 to the Finance Act 1966 (definition of associate) the expression "either on his own or with his relatives"
- have a corresponding meaning.

**PART II**

COLLECTION OF TAX ON COMPANY DISTRIBUTIONS AND OTHER PAYMENTS

*Assessments*

- 10 (1) Income tax which has become due in accordance with paragraph 2(3) of Schedule 12 to the Finance Act 1965 (tax in respect of distributions and other payments to which paragraph 1 of that Schedule applies) may be assessed on the company (whether or not it has been paid when the assessment is made) if that tax, or any part of it, is not paid on or before the due date.
- (2) Paragraph 2(4) of the said Schedule 12 (distributions not included in returns, and estimated assessments) shall apply to payments to which paragraph 1 of that

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Schedule applies which are not distributions as it applies to payments which are distributions.

- (3) Any tax assessable under sub-paragraph (1) above and any tax assessable under the said paragraph 2(4) may be included in one assessment if the tax so included is all due on the same date, and Schedule 12 to the Finance Act 1965, paragraph 17 of Schedule 6 to the Finance Act 1966 and this Part of this Schedule shall apply to tax assessable or assessed under sub-paragraph (1) above as they apply to tax assessable or assessed under the said paragraph 2(4).
- (4) All the provisions of the Income Tax Acts as to the time within which an assessment may be made, so far as they refer or relate to the year of assessment for which an assessment is made, or the year of assessment to which an assessment relates, shall apply to an assessment under the said Schedule 12 (including an assessment under sub-paragraph (1) above) notwithstanding that, under the provisions of the said Schedule 12, the assessment may be said to relate to a month rather than to a year of assessment, and the provisions of section 47(1) of the Income Tax Act 1952 and of section 51 of the Finance Act 1960 as to the circumstances in which an assessment may be made out of time shall apply accordingly on the footing that any such assessment relates to the year of assessment the standard rate for which is the rate at which tax is charged by the assessment.

*Relief for income tax on franked investment income and other company income*

- 11 (1) Where a claim has been made under paragraph 3 of the said Schedule 12 no proceedings for collecting tax which would fall to be discharged if the claim were allowed shall be instituted pending the final determination of the claim, but this sub-paragraph shall not affect the date when the tax is due.
- (2) When the claim is finally determined any tax underpaid in consequence of sub-paragraph (1) above shall be paid.
- (3) Where proceedings are instituted for collecting tax assessed, or interest on tax assessed, under paragraph 10(1) of this Schedule or paragraph 2(4) or (5) of the said Schedule 12, effect shall not be given to any claim made after the institution of the proceedings so as to affect or delay the collection or recovery of the tax charged by the assessment or of interest thereon, until the claim has been finally determined.
- (4) When the claim is finally determined any tax overpaid in consequence of sub-paragraph (3) above shall be repaid.

*Due date of tax*

- 12 (1) An appeal against an assessment under the said Schedule 12 (including an assessment under, paragraph 10(1) above) shall not affect the date when the tax is due under paragraph 2(3) of that Schedule, and in paragraph 5(1) of that Schedule the words "subject to any appeal against the assessment" shall have effect subject to this sub-paragraph:

Provided that this sub-paragraph shall not apply to an appeal of which notice has been given to the inspector before 25th April 1967.

- (2) On the determination of any such appeal any tax overpaid shall be repaid.

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- (3) Section 58 of the Finance Act 1960 (interest on tax recovered to make good loss due to a taxpayer's fault) shall not apply in relation to tax under the said Schedule 12.

*Adjustments at end of year.*

- 13 Where the amount of any tax payable in accordance with sub-paragraph (2) of paragraph 1 of the said Schedule 12 (adjustment at end of year) is agreed between the company and the inspector—
- (a) the making of an assessment charging that tax, or an appeal against the assessment, shall not affect the date when the tax is due (that is to say, as provided by paragraph 5(1) of the said Schedule 12, fourteen days after the tax is so agreed), and
  - (b) the power of making an assessment under sub-paragraph (3) of the said paragraph 1 shall include power to make an assessment of the tax on that company if that tax, or any part of it, is not paid within the said fourteen days after the tax is so agreed (whether or not it has been paid when the assessment is made).

*Interest on tax*

- 14 (1) It is hereby declared that paragraph 5(3) of the said Schedule 12 (which applies section 495 of the Income Tax Act 1952 relating to interest on overdue income tax) applies to income tax which, in accordance with that Schedule, is paid without the making of any assessment (but is paid after it is due), and that where the tax is charged by an assessment (whether or not any part of it has been paid when the assessment is made) it applies as respects interest running before as well as after the making of the assessment.
- (2) Section 495(3)(b) of the Income Tax Act 1952 (exemption where interest on tax charged by an assessment does not exceed one pound, or where the amendment made by this Act has effect, five pounds) shall have effect as so applied—
- (a) as if all tax due from a company in accordance with paragraph 2(3) of the said Schedule 12 for any month, whether or not it is actually assessed, were included in a single assessment, and
  - (b) as if all tax due from a company in accordance with paragraph 1(2) of the said Schedule 12 for any year, whether or not it is actually assessed, were included in a single assessment.
- (3) The discharge or repayment of tax in respect of distributions, or payments other than distributions, made in any month in a year of assessment by setting off, under paragraph 3 of the said Schedule 12, income tax in respect of any franked investment income or other payment received in a later month in that year shall not affect interest under section 495 of the Income Tax Act 1952 on the tax so discharged or repaid—
- (a) for any period before the expiration of fourteen days from the end of the later month, unless the claim is made on an earlier date (but after the end of that later month); and
  - (b) if the claim is made on an earlier date (but after the end of the later month), any period ending before that earlier date.
- (4) Subject to sub-paragraph (3) above, the said section 495 shall apply as if any such tax which is discharged or repaid had never become payable.

- (5) Paragraph 5(3) of Schedule 12 to the Finance Act 1965 shall not be read as applying section 496 of the Income Tax Act 1952 by applying section 495 of that Act.
- (6) In this paragraph " month " has the same meaning as in paragraph 2(2) of the said Schedule 12.

*Exclusion of interest on tax up to 19th November 1966*

- 15 No tax under the said Schedule 12 shall carry interest from a date earlier than 19th November 1966.

*Commencement and construction*

- 16 (1) This Part of this Schedule shall be construed as one with Schedule 12 to the Finance Act 1965 and shall have effect as if it had been enacted when that Act was enacted.
- (2) References in this Part of this Schedule to proceedings for the collection of tax include references to proceedings by way of distraint or poinding for tax.

## SCHEDULE 12

Section 25.

SUPPLEMENTARY AND ADDITIONAL PROVISIONS  
WITH RESPECT TO SELECTIVE EMPLOYMENT TAX*Interpretation*

- 1 In this Schedule, the expression " the principal Act " means the Selective Employment Payments Act 1966.

*Restrictions on payments under section 25*

- 2 Subsection (1) or (2) of section 25 of this Act shall not apply—
- (a) if the employment in question of the employed person was in, or carried out from, an establishment for the time being registered under section 7(1) of the principal Act, unless the employer shows that he is not entitled to a payment in respect of that person and the contribution week in question under section 1 or 2 of that Act; or
  - (b) if the employer is entitled in respect of the employed person and the week in question to a payment under section 5 or 6 of the principal Act; or
  - (c) if the employed person's employment is an excepted employment as defined in section 10(1) of the principal Act other than employment in the Post Office Savings Bank; or
  - (d) if the employer is an employer to whom section 3 of the principal Act applies, unless the employed person was employed in the week in question in a part of the employer's business which is specified in Part II of Schedule 1 to that Act; or
  - (e) if the employer is, or the employed person is treated for the purposes of section 4 of the principal Act as employed by, an employer to whom the said section 4 applies ; or

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(f) if the employer is a national health service employer, that is to say, is a body specified in Schedule 3 to the Redundancy Payments Act 1965 ;  
 and subsection (1) of the said section 25 shall not apply in relation to an employed person in respect of whom the employer is entitled in respect of the week in question to a payment under subsection (2) of that section.

3 The Minister shall not be required to make any payment in respect of any employed person and any contribution week under subsection (1) of the said section 25 unless the employer produces such records as the Minister may reasonably require—

- (a) of the payment of selective employment tax;
- (b) of the number of hours worked by that employed person in that week; and
- (c) of the number of hours of work in a week normally involved for that person in consequence of the terms of any contract or by reason of any office held by him.

4 The Minister shall not be required to make any payment in respect of any employed person and any contribution week under subsection (2) of the said section 25 unless the employer produces such records of the payment of selective employment tax and of that employed person's employment outside the United Kingdom as the Minister may reasonably require.

#### *Claims for payments under section 25*

5 Any claim for a payment under subsection (1) or (2) of the said section 25 shall be made in such form and manner, contain such particulars, and be made within such period, as the Minister may direct; and any such payments shall be made at such times, in such manner, and subject to such conditions, if any, as the Minister may with the consent of the Treasury determine.

#### *Determination of questions*

6 The employer by whom a claim for a payment under subsection (1) or (2) of the said section 25 is made may require any question arising in connection with that claim, other than a question such as is mentioned in paragraph 7 or 8 of this Schedule, to be referred to and determined by a tribunal established under section 12 of the Industrial Training Act 1964.

7 If any question arises under subsection (2) of the said section 25—

- (a) as to whether a person was employed for any week outside both the United Kingdom and any area for the time being designated under section 1(7) of the Continental Shelf Act 1964 and, if so, by whom ; or
- (b) as to whether tax was not payable in respect of an employed person for any contribution week by reason of his being incapable of work as mentioned in that subsection or on unpaid leave,

the claimant may apply to the Minister for the determination of that question in accordance with Part IV of the National Insurance Act 1965, and for that purpose that question shall be treated as being a question such as is mentioned in section 64(1)(a) of that Act.

8 For the avoidance of doubt it is hereby declared that any question arising under Part IV of this Act, under the principal Act, or under Part VI of the Finance Act 1966, as to whether, or as to the person by whom, the tax in respect of any person and any contribution week is payable or has been paid shall be treated for the purpose

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of its determination as being a question such as is mentioned in section 64(1)(a) of the National Insurance Act 1965.

- 9 Section 97 of the National Insurance Act 1965 shall apply to any proceedings involving any question which arises as mentioned in paragraph 7 or 8 of this Schedule as it applies to the proceedings referred to in that section.
- 10 Paragraph 8 of this Schedule, so far as it relates to a question arising under Part VI of the Finance Act 1966, shall extend to Northern Ireland, but with the substitution for the reference to section 64(1)(a) of the National Insurance Act 1965 of a reference to section 63(1)(a) of the National Insurance Act (Northern Ireland) 1966 ; and section 93 of the last-mentioned Act shall apply to any proceedings involving any such question as it applies to the proceedings referred to in that section.

#### *Enforcement*

- 11 Any inspector for the purposes of the National Insurance Act 1965 may, subject to the production if requested of his certificate of appointment (whether furnished under section 90(6) of that Act or under section 49(6) of the National Insurance Act 1946), enter on any premises at or from which a person in relation to whom a claim for a payment under subsection (1) or (2) of section 25 of this Act has been made is or was employed, other than premises occupied as a private dwelling and not used by, or by permission of, the occupier for the purposes of a trade or business, and—
- (a) examine and make copies of or extracts from any such records as are mentioned in paragraph 3 or, as the case may be, paragraph 4 of this Schedule; and
  - (b) require any person on those premises to furnish to the inspector such information as may be reasonably required by the Minister in connection with that claim ;
- and section 8 of the principal Act (which relates to enforcement) shall have effect as if any reference in subsection (3) thereof to subsection (1) thereof included a reference to this paragraph.

#### *Set-off of payments*

- 12 Where any employer is entitled to the return of any amount paid by him by way of contributions under the National Insurance Act 1965 (including selective employment tax) otherwise than by way of contributions paid on behalf of an employed person, the Minister may, if he thinks fit, deduct from that amount the amount of any payment previously made to that employer under the principal Act or Part IV of this Act which would not have been made if those contributions had not been paid.
- 13 Any Minister by whom any payment falls to be made under any provision of the principal Act or of Part IV of this Act to an employer in respect of an employed person and a contribution week may deduct from the amount which would otherwise be payable any amount previously paid to that employer in respect of that person and that week by that or any other Minister under any other of those provisions.
- 14 Where a deduction from any payment to an employer is made under paragraph 12 or 13 of this Schedule in respect of a previous payment to that employer, the amount of that previous payment, or a part thereof equal to the amount of the deduction, shall not be otherwise recoverable from that employer.

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## SCHEDULE 13

Section 32.

## CAPITAL GAINS

## PART I

## CAPITAL GAINS TAX AND CORPORATION TAX

*Losses of husband and wife*

- 1 (1) In section 20(5) of the Finance Act 1965 in the passage " any allowable loss accruing in that year of assessment " (which restricts the losses of either husband or wife which may be set off against gains accruing to the other to losses accruing in the current year) the words " accruing in that year of assessment " shall cease to have effect, so as to remove that restriction.
- (2) This paragraph shall have effect for the years 1965-66 and 1966-67 as well as later years of assessment, and, in relation to losses accruing in the year 1965-66, and in the year 1966-67, 31st December 1967 shall be substituted for 6th July (that is 6th July 1966 and 6th July 1967) in the proviso to the said section 20(5) (time for applying for exclusion of set off of losses under the said subsection (5)).

*Replacement of business assets*

- 2 (1) Where section 33(1)(a) of the Finance Act 1965 applies to exclude a gain which, in consequence of Part II of Schedule 6 to that Act, is not all chargeable gain, the amount of the reduction to be made under paragraph (b) of the said section 33(1) (corresponding reduction in allowable expenditure in respect of new asset) shall be the amount of the chargeable gain, and not the whole amount of the gain ; and in subsection (2)(b) of the said section 33 (corresponding reduction in allowable expenditure in respect of the new asset where part only of the consideration in respect of the old asset has been applied as such expenditure) for the reference to the amount by which the gain is reduced under paragraph (a) of that subsection there shall be substituted a reference to the amount by which the chargeable gain is proportionately reduced under the said paragraph (a).
- (2) This paragraph shall be construed as one with the said section 33.
- (3) This paragraph shall have effect for all years of assessment and accounting periods beginning before or after the passing of this Act.

*Compensation and insurance money*

- 3 (1) Where paragraph 13(3)(a) of Schedule 6 to the Finance Act 1965 applies to exclude a gain which, in consequence of Part II of that Schedule, is not all chargeable gain, the amount of the reduction to be made under paragraph (b) of the said paragraph 13(3) (corresponding reduction in allowable expenditure in respect of new asset) shall be the amount of the chargeable gain and not the whole amount of the gain; and in sub-paragraph (4)(b) of the said paragraph 13 (corresponding reduction in allowable expenditure in respect of the new asset where part only of the consideration in respect of the old asset has been applied as such expenditure) for the reference to the amount by which the gain is reduced under paragraph (a) of that sub-paragraph there shall be



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substituted a reference to the amount by which the chargeable gain is proportionately reduced under the said paragraph (a).

- (2) This paragraph shall have effect for all years of assessment and accounting periods beginning before or after the passing of this Act.

*Premiums on conversion of securities*

- 4 (1) This paragraph applies where, on a conversion of securities, a person receives, or becomes entitled to receive, any sum of money which is by way of consideration (in addition to his new holding) for the disposal of the converted securities.
- (2) If the inspector is satisfied that the sum is small, as compared with the value of the converted securities, and so directs—
- (a) receipt of the sum shall not be treated for the purposes of Part III of the Finance Act 1965 as a disposal of part of the converted securities, and
  - (b) the sum shall be deducted from any expenditure allowable under the said Part III as a deduction in computing a gain or loss on the disposal of the new holding by the person receiving or becoming entitled to receive the said sum, and paragraph (a) above shall have effect notwithstanding paragraph 4(4) of Schedule 7 to the Finance Act 1965 as applied to conversions of securities by paragraph 5 of that Schedule.
- (3) A person who is dissatisfied with the refusal of the inspector to give a direction under this paragraph may appeal to the Commissioners having jurisdiction on an appeal against an assessment to tax in respect of a gain accruing to him on a disposal of the securities.
- (4) Paragraph 9 of Schedule 10 to the Finance Act 1966 (which deals with cases where no expenditure is attributable to the asset or that expenditure is small) shall apply as if this paragraph were mentioned in the said paragraph 9(1).
- (5) In this paragraph " conversion of securities " and " security " shall be construed in accordance with paragraph 5(3) of Schedule 7 to the Finance Act 1965.
- (6) This paragraph has effect as respects sums becoming payable on or after 6th April 1967.

*Shares in close company transferring assets at an undervalue*

- 5 (1) Paragraph 18 of Schedule 7 to the Finance Act 1965 shall not apply where the transfer of the asset is a disposal to which paragraph 2(1) of Schedule 13 to that Act (transfers within a group of companies) applies.
- (2) This paragraph shall have effect for all years of assessment and accounting periods beginning before or after the passing of this Act

*Part disposals*

- 6 It is hereby declared that paragraph 7 of Schedule 6 to the Finance Act 1965, and all other provisions for apportioning on a part disposal expenditure which is deductible in computing a gain, are to be operated before the operation of, and without regard to—
- (a) paragraph 20(1) of Schedule 7 to the Finance Act 1965 (husband and wife),

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- (b) paragraph 2(1) of Schedule 13 to that Act (transfers within group of companies),
- (c) section 33 of that Act (replacement of business assets), but without prejudice to the provisions of subsection (11) of that section,
- (d) any other enactment making an adjustment to secure that neither a gain nor a loss occurs on a disposal.

*Revival of transitory provisions in s.82 of Finance Act 1965*

- 7 The repeal of section 82 of the Finance Act 1965 effected as respects gains and losses accruing on or after 6th April 1966 by section 53(7) of, and Part VI of Schedule 13 to, the Finance Act 1966 shall be deemed never to have extended to subsection (2) or subsection (3) of the said section 82 (exclusion of companies and local authorities from Case VII of Schedule D, and transitional application for corporation tax purposes of Case VII provisions for computing gains and losses).

*Exclusion of premiums taxed under Case VIII of Schedule D*

- 8 It is hereby declared that in paragraph 5(1) of Schedule 8 to the Finance Act 1965 (under which the taxed amount of any premium for a lease is to be excluded in the computation under paragraph 7 of Schedule 6 to that Act) the reference to that computation is a reference to the entire computation of the gain or loss, and accordingly the taxed amount is to be excluded from the consideration for the disposal, in addition to being excluded from the numerator of the fraction to be employed in apportioning deductible expenditure.

*Expenditure by tenant under terms of lease*

- 9 (1) Paragraph 7 of Schedule 8 to the Finance Act 1965 (landlord's expenditure deductible in computing his gain on disposal of lease to include tenant's expenditure) shall apply on the disposal by way of grant of the lease and on any subsequent disposal of the asset out of which the lease is granted, and accordingly in that paragraph the words " on a disposal of the lease " shall cease to have effect.
- (2) This paragraph shall have effect as respects all years of assessment and accounting periods ending before or after the passing of this Act.

*Chargeable gains accruing to non-resident companies*

- 10 (1) If any tax payable by any person by virtue of section 41(2) of the Finance Act 1965 (under which shareholders in a non-resident company may be taxed in respect of a chargeable gain accruing to the company) is paid by the company to which the chargeable gain accrues, or in a case under subsection (9) of the said section 41 (chargeable gain traced through a non-resident company holding shares in which a chargeable gain accrues) is paid by any such other company, the amount so paid shall not for the purposes of income tax, capital gains tax or corporation tax be regarded as a payment to the person by whom the tax was originally payable.
- (2) This paragraph shall have effect as from 6th April 1965.

## PART II

### SHORT-TERM AND LONG-TERM GAINS

#### *Foreign bank accounts: short- and long-term gains*

- 11 (1) Paragraph 11(1) of Schedule 7 to the Finance Act 1965 and paragraph 15(1) of Schedule 9 to the Finance Act 1962 (exemption for debt in hands of original creditor) shall not apply to a debt owed by a bank which is not in sterling and which is represented by a sum standing to the credit of a person in an account in the bank.
- (2) This paragraph shall apply to any disposal on or after 6th April 1967.

#### *Exchange of shares and securities under nationalisation Acts : short-term gains*

- 12 For the purposes of paragraph 11 of Schedule 9 to the Finance Act 1962 (conversion of securities not to involve any disposal of the old holding or any acquisition of the new holding) 'conversion of securities' shall include any exchange of securities effected in pursuance of the Iron and Steel Act 1967 or any other enactment (including an enactment passed after this Act) which provides for the compulsory acquisition of any shares or securities and the issue of securities or other securities instead.

## SCHEDULE 14

Section 33.

### CHARGEABLE GAINS : LAND IN GREAT BRITAIN

#### *Definition of current use value*

- 1 (1) For the purposes of the principal section and this Schedule, the current use value of land shall be ascertained in accordance with this paragraph, and in this paragraph the time as at which current use value is to be ascertained is referred to as " the relevant time ".
- (2) It shall be assumed that planning permission—
- (a) would be granted for any development of the land which does not constitute material development, but
  - (b) would not be granted for any development of the land which constitutes material development.
- (3) No account shall be taken of any planning permission in force at the relevant time, in so far as it would authorise the carrying out of any project of material development of the land to be begun after that time (but account shall be taken of any planning permission in force at the relevant time in so far as it would authorise the carrying out of any project of material development of the land begun but not completed at the relevant time).
- (4) The following provisions in or made under Schedule 6 to the Land Commission Act 1967 shall apply, subject to any necessary modifications, for the purposes of this paragraph—
- (a) sub-paragraphs (1) and (2) of paragraph 4 (general principle of valuation, and disregard of charges on land),

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- (b) sub-paragraphs (3), (4) and (5) of paragraph 7 (minor provisions relating to planning permission, and exclusion of depreciation of other land),
- (c) any regulations in force at the relevant time under paragraph 11 (extension of categories of material development),

but in ascertaining the current use value of land disposed of to an authority possessing compulsory purchase powers sub-paragraphs (1), (2) and (4) of paragraph 4 of Schedule 9 to the Land Commission Act 1967 shall apply with any necessary modifications.

- (5) The provisions of the Land Commission Act 1967 applied by this paragraph shall have effect for the purposes of this paragraph notwithstanding that at the relevant time they had not come into force for the purposes of that Act, and the Betterment Levy (Planning Assumptions) Regulations 1967 and the Betterment Levy (Planning Assumptions) (Scotland) Regulations 1967 made under paragraph 11 of Schedule 6 to the Land Commission Act 1967 shall have effect for those purposes as if they had come into force on 6th April 1965.

*Adjustment for current use value reflecting new development*

- 2 (1) Where on or after 6th April 1967 a project of material development is begun and in accordance with paragraph 1(3) above account is to be taken of the relevant planning permission so as to increase the current use value of any land, then in computing a gain accruing on any subsequent disposal by the owner of the land—
- (a) the owner of the land shall be deemed at the time when the project of material development was begun to have incurred expenditure in respect of that land of an amount equal to that increase in current use value, being expenditure allowable as a deduction under paragraph 4(1)(b) of Schedule 6 to the Finance Act 1965, and
  - (b) the proviso to subsection (1) of the principal section shall not have effect.
- (2) If the planning permission so taken into account affects part only of the land, the expenditure shall be deemed to have been incurred exclusively in respect of that part.

*Restrictions on deductions allowable in computing gains*

- 3 (1) In applying paragraph 4(1)(b) of Schedule 6 to the Finance Act 1965 to any expenditure in computing a gain accruing on a disposal to which subsection (1) of the principal section applies the current use value of the land at the time of the disposal shall be compared with what that current use value would have been if the expenditure had not been incurred and—
- (a) if the current use value of the land would not have been less if the expenditure had not been incurred, the whole of that expenditure shall be excluded, and
  - (b) if it would have been less, but the amount of the expenditure exceeds the difference, the excess shall not be allowable as a deduction in making the computation.
- (2) If on or after 6th April 1967 there has been an increase in the current use value of any land as described in paragraph 2(1) of this Schedule sub-paragraph (1) above shall apply as respects expenditure incurred before that increase by reference to the current use value of the land at a time immediately before the increase, and by reference to what the current use value of the land would have been at that time if the expenditure had not been incurred.

*Expenses of valuation*

- 4 In paragraph 4(2)(b) of Schedule 6 to the Finance Act 1965 (expenses of ascertaining market value) the reference to market value shall include a reference to current use value, but any costs falling to be allowed under paragraph 19 of Schedule 6 to the Land Commission Act 1967 shall not also be allowed under the said paragraph 4.

References in this paragraph to the said paragraph 4 are references to that paragraph as extended by paragraph 5 of Schedule 10 to the Finance Act 1966 (expenses incurred by personal representatives).

*Part disposals*

- 5 (1) In applying paragraph 7(2)(b) of Schedule 6 to the Finance Act 1965 (apportionment of expenditure by reference to market value of what is undisposed of) to the computation of a gain accruing on a disposal to which subsection (1) of the principal section applies current use value shall be substituted for market value in that paragraph.
- (2) Where subsection (1) of the principal section applies to a part disposal—
- (a) if what is acquired from the person making the disposal is land as defined in this Schedule, the reference in subsection (1)(b) of the principal section to the current use value of the land is a reference to the current use value of the land which is so acquired,
- (b) if nothing is so acquired or if what is so acquired is not land as defined in this Schedule, subsection (1)(b) of the principal section shall not apply, and subject to the following provisions of this Schedule, no adjustment shall be made to the amount of the consideration for the part disposal.
- (3) Where subsection (1) of the principal section applies to a part disposal of any land, then in computing a gain accruing on any subsequent disposal by the owner of the land of the remainder of that land, the proviso to subsection (1) of the principal section shall not have effect.
- (4) The amount of the consideration for a part disposal which is or derives from a chargeable act or event within section 33, section 34 or subsection (3) or (5) of section 35 of the Land Commission Act 1967 (Cases D, E and part of Case F) shall be the amount, if any, by which the current use value (called V(1)) of the land out of which the part disposal is made at a time immediately before the part disposal exceeds the current use value (called V(2)) of that land after the part disposal, and accordingly the apportionment under paragraph 7 of Schedule 6 to the Finance Act 1965 shall be made by attributing the fraction
- $$\frac{V(1) - V(2)}{V(1)}$$
- of the apportionable expenditure to what is disposed of.
- (5) In ascertaining in accordance with paragraph 13(1)(c) of Schedule 6 to the Finance Act 1965 (compensation and insurance money) whether the amount of a capital sum derived from land, on a disposal to which subsection (1) of the principal section would apply, is small as compared with the value of the land, its value shall be its current use value.
- (6) Where under paragraph 4 of Schedule 10 to the Finance Act 1966 (part disposal on compulsory acquisition) a transfer is not to be treated as a disposal and, but for

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that, subsection (1) of the principal section would have applied to the disposal, for references in that paragraph to the amount of the consideration for the transfer, or to the market value of the land transferred, there shall be substituted references to the current use value of the land transferred, and for the reference in that paragraph to the market value of the holding before the transfer there shall be substituted a reference to its current use value at that time.

- (7) Notwithstanding section 45(5) of the Finance Act 1965 (compensation and insurance money: disposal to be treated as made when the money is received), the time when a disposal to which this paragraph applies is made shall for the purposes of—
- (a) comparing under sub-paragraph (4) above current use value before and after a part disposal,
  - (b) ascertaining whether, for the purposes of subsection (1) of the principal section or this Schedule a part disposal falls before 6th April 1967, or later, and
  - (c) ascertaining whether the proviso to subsection (1) of the principal section applies,

be the time when the value of the land is first affected by the event giving rise to, or constituting, the disposal.

#### *Leases*

- 6 (1) Without prejudice to paragraph 2(2) of Schedule 8 to the Finance Act 1965, or any other provision in Part III of that Act, the current use value of a lease (or of any land subject to a lease) is to be ascertained without regard to any premium due under the lease or any sublease, but with regard to all other rights under the lease (and, for the current use value of a lease subject to a sublease, under that sublease); and where under the preceding provisions a lease would have a negative value, the current use value of the lease shall be zero.

- (2) If a lease is granted out of any land after 5th April 1967 then in computing any gain accruing to the person granting the lease on any disposal of the land at a time after the grant of the lease, but while it subsists, the current use value of the land shall not exceed what its current use value would have been immediately after the grant of the lease if it had not been subject to the lease:

Provided that if any of the enactments mentioned in paragraph 8 of this Schedule (enactments making an adjustment to secure that neither a gain or loss accrues) is applicable by way of adjustment of the gain computed in accordance with this sub-paragraph, this sub-paragraph shall also apply to any disposal of the land by the transferee effected while the lease subsists, and so on if any of those enactments is so applicable on the disposal by that transferee.

- (3) Where there is a part disposal of a lease which is a wasting asset by way of the grant of a sublease then for the purpose of apportioning the expenditure attributable to the lease under paragraph 4(1)(a) and 4(1)(b) of Schedule 6 to the Finance Act 1965 the current use value of the sublease (called V (A)) shall be compared with what its current use value (called V(B)) would be if the rent payable under the sublease were the same as the rent payable under the lease, and out of each item of the expenditure there shall be apportioned to what is disposed of—

- (a) if V(A) is not less than V(B), the fraction which, under paragraph 1(3) of Schedule 8 to the Finance Act 1965 is to be written off over the period which is the duration of the sublease, and

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(b) if  $V(A)$  is less than  $V(B)$ , the said fraction multiplied by

$$\frac{V(A)}{V(B)}$$

and if the sublease is a sublease of part only of the land comprised in the lease this sub-paragraph shall apply only in relation to a proportion of the said expenditure which is the same as the proportion which the current use value of the land comprised in the sublease bears to the current use value of that and the other land comprised in the lease; and the remainder of that expenditure shall be apportioned to what remains undisposed of.

This sub-paragraph has effect instead of paragraph 7 of Schedule 6 to the Finance Act 1965, and instead of paragraph 4 of Schedule 8 to that Act.

*Substitution of current use value for market value*

- 7 (1) Subsection (1) of the principal section shall apply notwithstanding the provisions of section 22(4) or section 24(1) of the Finance Act 1965 or of any other enactment under which a person is to be treated as acquiring or disposing of land for a consideration equal to its market value (but not so as to prevent the other party to any transaction being treated as disposing of or acquiring land for a consideration equal to its market value unless subsection (1) of the principal section also applies to the disposal by that other party).
- (2) Subsection (1) of the principal section shall not affect the value to be placed on land as constituting the consideration for the disposal of some other asset, and this sub-paragraph applies in particular—
- (a) where an asset is disposed of, and the consideration consists of or includes land, but without prejudice to the application of the principal section to the gain accruing on that disposal of the land, or its disposal by the person acquiring it,
  - (b) where a shareholder acquires land by way of a capital distribution constituting a disposal or part disposal of his shares, but without prejudice to the application of the principal section to the disposal of the land by the company, and to the shareholder's disposal of the land,
  - (c) where, under paragraph 13(2) of Schedule 7 to the Finance Act 1965, a purchaser of an interest in settled property is treated as disposing of his interest and the consideration consists wholly or partly of land forming part of the settled property, but without prejudice to the application of the principal section to the disposal of the land by the trustee, and to any subsequent disposal of the land by the purchaser of the interest.
- (3) Without prejudice to sub-paragraph (2) above, subsection (1) of the principal section shall not affect the value to be placed on land acquired in satisfaction of a debt as constituting the consideration for disposal of the debt, nor the limitation on that value by reference to market value in paragraph 11(3) of Schedule 7 to the Finance Act 1965, but without prejudice to the application of the principal section to the gain accruing on the disposal of the land by the debtor, and to any subsequent disposal of the land by the creditor; and where the principal section applies to a subsequent disposal by the creditor (and he is the original creditor) the gain accruing on the disposal shall not be reduced under the said paragraph 11(3).
- (4) In paragraphs (d) and (e) of paragraph 2(1) of Schedule 10 to the Finance Act 1965 (jurisdiction in questions of market value and disclosure of information about market

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value) references to market value shall, in relation to land, include references to current use value ; and any regulations made under the said paragraph (d) or (e) before the passing of this Act shall, except where the context otherwise requires, be construed accordingly.

*Carry forward of gain or loss*

- 8 The provisions of the principal section shall have effect subject to, and be operated before the operation of—
- (a) paragraph 20(1) of Schedule 7 to the Finance Act 1965 (husband and wife),
  - (b) paragraph 2(1) of Schedule 13 to that Act (transfers within group of companies), and
  - (c) without prejudice to the provisions of this Schedule relating to section 33 of the Finance Act 1965, any other enactment making an adjustment to secure that neither a gain nor a loss accrues on a disposal.

*Replacement of business assets*

- 9 (1) Sub-paragraphs (2), (3) and (4) below shall apply in determining under subsection (1) or subsection (2) of section 33 of the Finance Act 1965 whether all or part of the consideration for a disposal is applied in acquiring other assets.
- (2) The principal section shall not apply and, accordingly, the amount of the consideration for the disposal of land shall not be restricted by virtue of that section to the current use value of the land.
- (3) Any part of the consideration which is applied in meeting betterment levy payable on the disposal shall be left out of account.
- (4) If part of the consideration is applied as described in subsection (1) of the said section 33 in acquiring land any further part of the consideration which is applied in meeting betterment levy payable in respect of material development of that land shall be treated as having been applied in acquiring that land.
- (5) Without prejudice to subsection (11) of the said section 33, the provisions of the principal section and this Schedule shall be applied in fixing the amount of the consideration for the disposal of, or of the interest in, the old assets, or for acquiring, or acquiring the interest in, the new assets, and in fixing the amount of the gain accruing on the disposal, before section 33 is applied, and accordingly the adjustments to be made under paragraphs (a) and (b) of subsection (1), and paragraphs (a) and (b) of subsection (2), of the said section 33 are adjustments of the amount of consideration or gain as computed, where relevant, in accordance with the principal section and this Schedule.

*Transfer of business on retirement*

- 10 (1) Section 34(3)(b) of the Finance Act 1965 (relief by reference to value of chargeable business assets of a family company transferred on retirement), and paragraph 2(2) of Schedule 10 to the Finance Act 1966 (restriction of relief on dissolution of family company where chargeable business assets are distributed to shareholders) shall have effect subject to the provisions of this paragraph.



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- (2) For the purposes of the said enactments, as they apply on the disposal of land or of any other assets, the value of any chargeable business assets consisting of land shall be the current use value of that land.

*Transfer of business to a company*

- 11 Where by virtue of paragraph 8(2) of Schedule 7 to the Finance Act 1965 a gain accruing on a disposal of land is not a chargeable gain and, but for that, subsection (1) of the principal section would apply to the disposal, the transferor shall be treated, notwithstanding anything in the said paragraph 8(2), as if the shares acquired by the transferor and representing consideration for the land transferred were acquired by him for a consideration equal to the market value of the land at the time of the transfer reduced by the amount of the chargeable gain which, but for the said paragraph 8(2), would have accrued to him on the disposal (or as the case may be increased by the amount of the allowable loss which would have so accrued), and except as provided by the preceding provisions of this paragraph, the principal section and this Schedule shall not apply to any disposal of the shares.

*Appropriations to and from stock-in-trade*

- 12 (1) The principal section shall not be taken as affecting the reference to market value in paragraph 1(1) of Schedule 7 to the Finance Act 1965 (under which a person who appropriates an asset as trading stock is to be treated as selling it for its market value).
- (2) A person to be treated under sub-paragraph (2) of the said paragraph 1 as having acquired any land (at the time when it is appropriated out of trading stock or is retained on his ceasing to carry on the trade) shall be treated as having acquired it for a consideration equal to its current use value at that time.

*Capital allowances and renewals allowances*

- 13 (1) Where any capital allowance or renewals allowance, as defined in paragraph 6 of Schedule 6 to the Finance Act 1965, is claimed or claimable in respect of expenditure on land to which this Schedule applies, and part of that expenditure is, under paragraph 3 of this Schedule, excluded from the sums allowable as a deduction in the computation under the said Schedule 6, it shall be assumed for the purposes of that Schedule that the capital allowance or renewals allowance is to be made, or made primarily, in respect of the part of that expenditure which is not so excluded.
- (2) Paragraph 28 of the said Schedule 6 shall apply where, under this Schedule, it is to be assumed that any land was on 6th April 1965 sold by the owner as it applies where that assumption is to be made under Part II of that Schedule.

*Tax on chargeable gains and estate duty*

- 14 Section 42(3) of the Finance Act 1966 (relief by reference to estate duty in respect of a gift inter vivos) shall not apply to a gift inter vivos consisting of land unless the current use value of the land at the time of the death exceeds the sums within paragraphs (a) and (b) of paragraph 4(1) of Schedule 6 to the Finance Act 1965 which, if the donee had disposed of the asset at the time of the death, would have been allowable in computing the gain accruing on that disposal and, if the said section 42(3) does so apply, that excess shall be the excess referred to in the

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expression " the said excess " in the provisions of the said section 42(3) which determine the proportion of estate duty by reference to which relief is to be given.

*Transitory provision for short-term gains subject to capital gains tax or corporation tax*

- 15 The principal section, without subsections (5) and (6), and with paragraphs 1 and 2 of this Schedule shall, notwithstanding that it is to be construed as one with Part III of the Finance Act 1965, apply with any necessary modifications where by virtue of section 17(15) or section 82(3) of the Finance Act 1965 any gain (or loss) accruing on the disposal is to be determined in accordance with the provisions applicable to income tax chargeable under Case VII of Schedule D (and not in accordance with the provisions of the said Part III).

*Uniform application of current use values*

- 16 (1) In the computation of a gain accruing on a disposal to which subsection (1) of the principal section applies, it shall be assumed, where relevant, that that subsection and this Schedule also had effect in relation to any prior disposal or other transaction, notwithstanding that the prior disposal or other transaction fell before 6th April 1967 (but on or after 6th April 1965), or that subsection (1) of the principal section was then displaced by an election.
- (2) This paragraph applies in particular as respects a prior part disposal or a prior disposal to which any of the enactments mentioned in paragraph 8 of this Schedule applied.
- (3) This paragraph also applies notwithstanding that by virtue of paragraph 3(1) of Schedule 6 to the Finance Act 1965 (exclusion of short-term gains) the gain accruing on any prior disposal was not a chargeable gain, and sub-paragraph (7) of the said paragraph 3 (under which an apportionment of consideration or expenditure made for the purposes of a short-term gain is to be followed on a later disposal) shall not apply in relation to a gain accruing on a disposal to which subsection (1) of the principal section applies.

*Interpretation*

- 17 In the principal section and this Schedule, unless the context otherwise requires—  
     " land " means a freehold interest in land or any lease of land,  
     " material development ", " planning permission " and " project of material development " have the same meanings as in the Land Commission Act 1967,  
 and in Scotland " freehold interest " shall be construed in accordance with section 100(2)(d) of the Land Commission Act 1967.

SCHEDULE 15

Section 34.

PROVISIONS CONSEQUENTIAL ON BETTERMENT LEVY

*Allowance for levy under Cases VUL and VI of Schedule D*

- 1 (1) For the purposes of section 22(1) of the Finance Act 1963 (taxation of premium on grant of lease) the amount of any premium payable to the landlord shall be reduced

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by the amount of any betterment levy charged on the premium, and that reduction shall be made before the reduction under the said section 22(1) depending on the length of the lease.

- (2) In applying subsection (6) of the said section 22 (premiums payable by instalments: claim for treatment as rent) to a premium which falls to be reduced under sub-paragraph (1) above (looking at the fraction by which it is reduced before any reduction depending on the length of the lease) a reduction by that fraction shall be made in the amount of each instalment.
- (3) Where a reduction is made under sub-paragraph (2) above, the provisions of section 29(6)(b) of the Finance Act 1963 (which prevent instalments taxed under the said section 22(6) from being treated as trading receipts) shall apply only to the part of each of the instalments which is so taxed.
- (4) For the purposes of sub-paragraph (1) above the amount of betterment levy charged on a premium is the principal amount of the betterment levy under Case B charged in respect of the grant of the lease reduced by applying the fraction
$$\frac{A}{B}$$
(if less than unity) where—
  - " A " is the capital value of the premium payable to the landlord as brought into account under paragraph 7 of Schedule 4 to the Land Commission Act 1967, and
  - " B " is the aggregate amount of consideration as computed for the purposes of charging betterment levy.
- (5) Sub-paragraphs (1) and (4) above shall also apply as respects any amounts brought into subsection (1) of section 22 of the Finance Act 1963 as a premium by subsection (2) of that section (landlord's benefit from tenant's obligation to carry out work on premises) so far as that benefit is brought into account under the said paragraph 7 of Schedule 4 to the Land Commission Act 1967 ; and references to premiums in this paragraph shall be construed accordingly.
- (6) For the purposes of sub-paragraph (1) above the amount of betterment levy charged on any sum brought into subsection (1) of the said section 22 as a premium by subsection (4) of that section (consideration for the variation or waiver of the terms of a lease) is the principal amount of the betterment levy under Case E or Case F charged in respect of the disposition for which that sum is consideration, but subject to a proportionate reduction as under sub-paragraph (4) above where the sum forms part only of the consideration brought into account in assessing the betterment levy in respect of the disposition and, where the levy is under Case F, subject to such adjustments of the consideration so brought into account as may be appropriate; and references to a premium in this paragraph shall be construed accordingly.
- (7) Any taxable amount under section 23 or section 24 of the Finance Act 1963 (assignment of lease at undervalue and sale with right to reconveyance) shall be reduced by so much of the principal amount of any betterment levy under Case A charged on the assignment or sale on which the charge to tax arises as is attributable to the said taxable amount, and that reduction shall be made before any reduction under the said section 23 depending on the length of the lease, or any reduction under the said section 24 depending on the time between the sale and a subsequent reconveyance.

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

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- (8) Any reduction to be effected under any of the preceding provisions of this paragraph shall be disregarded in arriving at—
- (a) " the amount chargeable on the superior interest " in paragraphs 8, 9 and 10 of Schedule 4 to the Finance Act 1963 (allowance to person paying premium in respect of amount chargeable on the premium), and
  - (b) " the amount chargeable " in Schedule 9 to that Act (allowance of trading deduction where premium paid).
- (9) Where for the purposes of Part III of the Land Commission Act 1967 a notice of assessment of betterment levy results in an operative assessment of levy it shall become final and conclusive for the purposes of this paragraph, but subject to any adjustment under section 54 or section 55 of that Act (mistake of fact and further notice of assessment of levy), or under any other provision of that Act.
- (10) Where betterment levy is chargeable in respect of land part only of which is the relevant land for the purposes of the charge to tax under Case VIII or Case VI of Schedule D, or where part of the consideration for a disposition is payable to a person other than the grantor in the circumstances mentioned in section 36(3) of the Land Commission Act 1967, the levy shall be apportioned in such manner as may be appropriate in the circumstances.
- (11) Any question arising in any appeal against an assessment to tax as to the application of the preceding provisions of this paragraph shall be determined on a reference to the Lands Tribunal.
- (12) The Land Commission shall afford to the inspector and to the Lands Tribunal such information as they may require for the purpose of this paragraph.
- (13) In relation to land in Scotland for any reference in this paragraph to the Lands Tribunal there shall be substituted a reference to the Lands Tribunal for Scotland:
- Provided that until sections 1 to 3 of the Lands Tribunal Act 1949 come into force as regards Scotland, this subsection shall have effect as if for the reference to the Lands Tribunal for Scotland there were substituted a reference to a person selected from the panel of referees appointed under Part I of the Finance (1909-1910) Act 1910.
- (14) This paragraph shall apply in relation to any chargeable act or event before, as well as after, the passing of this Act.

*Relief in respect of levy from estate duty on gifts inter vivos, etc.*

- 2 (1) If property comprised in a gift inter vivos, and not settled by the gift, is deemed for the purposes of estate duty to pass on a death, and by reason of a chargeable act or event at a time before the death betterment levy is chargeable—
- (a) on the donee or his personal representative in respect of a chargeable interest which is at that time comprised in the gift, and which has not been settled by the donee, or
  - (b) if the principal value of the property for the purpose of estate duty on the death is to be ascertained at a time before the death, on a successor to the donee in respect of a chargeable interest which at that time was comprised in the gift, and which was not settled by the donee,
- the principal value of the property for the purposes of estate duty on the death shall be reduced by the principal amount of the betterment levy, and that reduction shall

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

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be made before any reduction of that value under section 64 of the Finance Act 1960 (graduation of charge by reference to period between gift and death).

- (2) If any property ceasing to be settled property by virtue of subsection (8) proviso or subsection (12) proviso of section 38 of the Finance Act 1957 is to be treated as comprised in a gift inter vivos deemed for purposes of estate duty to pass on a death, or as the case may be as comprised in property in which an interest within section 43 of the Finance Act 1940 subsisted and, by reason of a chargeable act or event after it ceases to be settled property but before the death, betterment levy is chargeable on the person taking the settled property or his successor in respect of a chargeable interest which was comprised in that property when it ceased to be settled property, the principal value of the property for the purposes of estate duty on the death shall be reduced by the principal amount of the betterment levy, and that reduction shall be made before any reduction of that value under section 64 of the Finance Act 1960.
- (3) Where for the purposes of Part III of the Land Commission Act 1967 a notice of assessment of betterment levy results in an operative assessment of levy it shall become final and conclusive for the purposes of this paragraph, but subject to any adjustment under section 54 or section 55 of that Act (mistake of fact and further notice of assessment of levy), or under any other provision of that Act.
- (4) The Board may require the Land Commission to issue a certificate giving particulars of the relevant act or event and of the amount of the levy; and in any proceedings relating to relief under this paragraph the certificate shall be sufficient evidence of the facts which it states.

Where the Land Commission have been required to give a certificate under this sub-paragraph it shall be their duty to inform the Board of any adjustment of the levy falling to be made under the Land Commission Act 1967.

- (5) Where betterment levy is chargeable in respect of land part only of which is the land comprised in the gift, or where two or more persons are jointly or severally liable to pay the levy, the levy shall be apportioned by the Board in such manner as may be appropriate in the circumstances and section 60(3) of the Finance (1909-10) Act 1910 (right of appeal) shall apply to any question of apportionment under this sub-paragraph as it applies to a question of the value of any land.

The Land Commission shall afford to the Board all such information as they may require for the purpose of arriving at an apportionment under this sub-paragraph.

- (6) In this paragraph
  - " chargeable interest " has the meaning given by paragraph 2(1) of Schedule 5 to the Land Commission Act 1967 ;
  - " successor ", in relation to any person, means his successor in title, not being a person who derives title under a disposition for valuable consideration.
- (7) This paragraph shall apply in relation to any chargeable act or event before, as well as after, the passing of this Act.
- (8) This paragraph shall be construed as one with the Finance Act 1894.

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

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## SCHEDULE 16

Section 45.

## REPEALS

## PART I

## REPEALS IN CONNECTION WITH ABOLITION OF RETAILER'S LICENCES AND CLUB LICENCES

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	Section 148(1) to (3). Sections 149 to 155. In section 157(1), the words "whether " and " or by retail ". Section 157(2). In section 161(2) the word "retailed ". In section 167(1) the words "whether " and " or retail ". Section 169(1). In section 169(2), the words "or retailer ". In section 169(3), the words "or retailer ". In section 170(1), the words "or retailer ". In section 307(1), in the paragraph which, as amended, begins " justices' certificate ", the words " a certificate of a licensing court granted under the Licensing (Scotland) Act, 1903, or ".
7 & 8 Eliz. 2. c. 51.	The Licensing (Scotland) Act 1959.	In section 32(2) the words " under the appropriate excise licence " wherever those words occur. Section 47(5). In section 57, the words " under the appropriate excise licence ". In section 58(2), the words " and (5)".

The above repeals shall not have effect, in the case of the repeal of section 4(6) of the Finance Act 1959, until 1st May 1968 or, in any other case, until 1st October 1967.

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

Chapter	Short Title	Extent of Repeal
		<p>In section 59(1), the words " to obtain an excise licence for the sale by retail of exciseable liquor, or ".</p> <p>In section 60(1), the words " and holding also a retailer's on-licence in respect of those premises ".</p> <p>In section 60(3)(b), the words " and a retailer's on-licence ".</p> <p>In section 60(5), the words " and retailer's on-licence ".</p> <p>Section 60(9) and (10).</p> <p>In section 65, the words " to hold a retailer's on-licence ", and the words from " and a retailer's on-licence may be granted " to the end of the section.</p> <p>Section 67(5).</p> <p>In section 68(1), the words from the beginning to " has been transferred to him; but " and the words " has in pursuance of this Part of this Act been granted a retailer's on-licence and ".</p> <p>Section 72.</p> <p>In section 82(4), the words " under a licence ".</p> <p>In section 131(2), the words " and an excise licence ".</p> <p>In section 164(1) and (2), the words " or by any person not holding an excise licence for the sale of exciseable liquor in such premises ".</p> <p>Section 193.</p> <p>In section 198(c), the words " by virtue of an order made by the Commissioners under subsection (3) of the said</p>

The above repeals shall not have effect, in the case of the repeal of section 4(6) of the Finance Act 1959, until 1st May 1968 or, in any other case, until 1st October 1967.

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

Chapter	Short Title	Extent of Repeal
7 & 8 Eliz. 2. c. 58.	The Finance Act 1959.	<p>section one hundred and fifty "</p> <p>In section 199(1), in the definition of " exciseable liquor ", the words " whether " and " or by retail "; the definitions of " occasional licence " and " retailer's on-licence "; and in the definition of " she-been ", the words " and excise licence ".</p> <p>In Schedule 2, the words " under the appropriate excise licence " wherever those words occur.</p> <p>In Schedule 4, in Form 4, the words from " and the said " where last occurring to " said period ".</p> <p>Schedule 11.</p> <p>Section 2(1) from " and no " onwards.</p> <p>Section 2(2) to (4).</p> <p>Section 3(1).</p> <p>In section 3(3) the words " or retailer " wherever those words occur.</p> <p>Section 4 (except subsection (6)).</p> <p>As from 1st May 1968, section 4(6).</p>
10 & 11 Eliz. 2. c. 51.	The Licensing (Scotland) Act 1962.	<p>In section 1(2)(b) and in section 1(3)(b), the words " in accordance with the appropriate excise licence ".</p> <p>In section 17(2), the words " or licence ".</p> <p>In section 21(1), the words from the beginning of the subsection to " shall cease to have effect, but ".</p>

The above repeals shall not have effect, in the case of the repeal of section 4(6) of the Finance Act 1959, until 1st May 1968 or, in any other case, until 1st October 1967.



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Chapter	Short Title	Extent of Repeal
<p>1964 c. 26.</p>	<p>The Licensing Act 1964.</p>	<p>In Schedule 1, the words " under the appropriate excise licence " in both places where those words occur.</p> <p>In section 1(1), the words " and the Customs and Excise Act 1952" and " the holder to hold an excise licence for ".</p> <p>In section 1(2)(a) and in section 1(2)(b) the words from " authorising the " to " a licence ".</p> <p>In section 4(1), the words " or British wine alone ".</p> <p>Section 10(2) from " and the " onwards.</p> <p>Section 11(6).</p> <p>In section 12(1), the words " or British wine alone ".</p> <p>Section 36(4).</p> <p>Section 55(1).</p> <p>Section 55(2) from the beginning to " by the club, and ".</p> <p>In section 93(5), the words " or British wine alone ".</p> <p>In section 152(1), the words from the beginning to " but " and the words from " has in " to " subsequently ".</p> <p>Section 159(2).</p> <p>In section 160(1)(a) and in section 160(1)(b), the words " him to hold an excise licence for ".</p> <p>Schedule 13.</p>
<p>1966 c. 18.</p>	<p>The Finance Act 1966.</p>	<p>In Schedule 2, paragraph 3.</p>

The above repeals shall not have effect, in the case of the repeal of section 4(6) of the Finance Act 1959, until 1st May 1968 or, in any other case, until 1st October 1967.

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

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## PART II

### REPEALS IN CONNECTION WITH ABOLITION OF CERTAIN PERMITS

Chapter	Short Title	Extent of repeal
15 & 16 Geo. 6 & 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	Section 108. Section 147(1) from " and where " onwards. Section 147(2). Section 174. Section 241(1), (3) and (4). Section 242(1)(a) and (b).
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	Section 3(3).

The above repeals shall not take effect until the expiration of the period of seven days beginning with the date of the passing of this Act.

## PART III

### OTHER CUSTOMS AND EXCISE REPEALS

Chapter	Short Title	Extent of repeal
15 & 16 Geo. 6 & 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	Section 225. In section 226(1), the words " or vinegar-maker ". In section 227(1)(a) and (c), the words " or vinegar-makers ". Section 237(2)(d). In section 263(3), the words " manufactured by that trader ". In section 307(1), the definition of " vinegar-maker ". Schedules 1, 2, 3 and 5.
1965 c. 25.	The Finance Act 1965.	Section 1(1). In section 1(3), the words " (1) and " and the words from " and drawback " onwards.
1966 c. 18.	The Finance Act 1966.	Section 16.
1966 c. 46.	The Bus Fuel Grants Act 1966.	Section 1(1)(a)(i).

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Chapter	Short Title	Extent of repeal
		In section 1(1)(a)(ii), the word " later " and the words from " including " onwards.

#### PART IV

##### PURCHASE TAX REPEAL

Chapter	Short Title	Extent of repeal
<a href="#">1963 c. 9.</a>	The Purchase Tax Act 1963.	Section 23(2).

The above repeal shall not take effect until the day appointed under section 9 of this Act.

#### PART V

##### REPEALS AS TO PROBATE

Chapter	Short Title	Extent of Repeal
<a href="#">44 &amp; 45 Vict. c. 12.</a>	The Customs and Inland Revenue Act 1881.	In section 33(1), the words from " or to any " to " appointed for the purpose ".  In section 33(3), the words " in communication with the Commissioners of Customs and Excise " and the words from " and make " to " officers of Customs and Excise ".  Section 33(4).
<a href="#">63 &amp; 64 Vict. c. 55.</a>	The Executors (Scotland) Act 1900.	Section 9.
<a href="#">15 &amp; 16 Geo. 6 &amp; 1 Eliz. 2. c. 44.</a>	The Customs and Excise Act 1952.	In Part II of Schedule 10, paragraphs 14 and 18.
<a href="#">9 &amp; 10 Eliz. 2. c. 37.</a>	The Small Estates (Representation) Act 1961.	In section 1(1)(a), the words " which, as subsequently amended, enables " and the words " to be made to an officer of Customs and Excise ".  In section 1(1)(b), the words " either to an officer of Customs and Excise or ".  In Schedule 1, paragraph 5.

The above repeals shall not take effect until the day appointed under section 10 of this Act.

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

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## PART VI

### SUBVENTION PAYMENT REPEALS

Chapter	Short Title	Extent of Repeal
1 & 2 Eliz. 2. c. 34.	The Finance Act 1953.	Section 20.
2 & 3 Eliz. 2. c. 44.	The Finance Act 1954.	In Schedule 4, paragraph 3.
10 & 11 Eliz. 2. c. 44.	The Finance Act 1962.	In section 25(3), paragraph (a) and the words following paragraph (b).
1964 c. 37.	The Income Tax Management Act 1964.	In Schedule 4, the entry relating to section 20(4) of the Finance Act 1953.
1965 c. 25.	The Finance Act 1965.	In Schedule 15, paragraph 10. In Schedule 21, in paragraph 2(3) the words from " and (when a subvention payment " to the end of the sub-paragraph.

The above repeals do not have effect in relation to a deficit of any accounting period ending before the passing of this Act.

## PART VII

### STAMP DUTY REPEALS

Chapter	Short Title	Extent of Repeal
54 & 55 Vict. c. 39.	The Stamp Act 1891.	In section 115, the words " county council " and " county council or ", where-ever occurring.
60 & 61 Vict. c. 24.	The Finance Act 1897.	Section 8.
62 & 63 Vict. c. 9.	The Finance Act 1899.	In section 8(1), the words " local authority ". Section 8(3). In section 8(4), the words " local authority " (twice).

The above repeals shall have effect—

- (a) so far as they relate to section 115 of the Stamp Act 1891, to any enactment applying that section, and to section 66 of the Finance Act 1963, as from 1st August 1967, but subject to the savings contained in section 29(5) of this Act,
- (b) so far as they relate to section 8 of the Finance Act 1899 and subsequent enactments relating to duty under that section, as respects loan capital issued on or after 1st August 1967, and
- (c) subject to the preceding paragraphs, as respects instruments executed or issued on or after 1st August 1967.

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

Chapter	Short Title	Extent of Repeal
7 Edw. 7. c. 13.	The Finance Act 1907.	In section 8(5), the words " county stock " and " municipal stock ", the words " local authority " where first occurring, the words from " any county council " to " date or ", and the words from " and the expression " to the end.
1 & 2 Geo. 6. c. 46.	The Finance Act 1938.	In section 10(1), the words " local authority " and " authority ", and the words from " but this section " to the end.
9 & 10 Geo. 6. c. 64.	The Finance Act 1946.	In section 10(2), the words " local authority ".
5 & 6 Eliz. 2. c. 56.	The Housing Act 1957.	Section 50.
10 & 11 Eliz. 2. c. 46.	The Transport Act 1962.	In section 54(5), the words " county council or ".
1963 c. 25.	The Finance Act 1963.	In Schedule 8, paragraphs 2 and 3.
1963 c. 46.	The Local Government (Financial Provisions) Act 1963.	Sections 26 and 29(17).
1964 c. 67.	The Local Government (Development and Finance) (Scotland) Act 1964.	In section 57, the words " Finance Act 1899, section 8 ".
1965 c. 16.	The Airports Authority Act 1965.	Section 66.
1965 c. 63.	The Public Works Loans Act 1965.	In Schedule 1, paragraph 3.
		In the schedule, paragraph 3.
		In Schedule 1, paragraph 11.
		Section 3.

The above repeals shall have effect—

- (a) so far as they relate to section 115 of the Stamp Act 1891, to any enactment applying that section, and to section 66 of the Finance Act 1963, as from 1st August 1967, but subject to the savings contained in section 29(5) of this Act,
- (b) so far as they relate to section 8 of the Finance Act 1899 and subsequent enactments relating to duty under that section, as respects loan capital issued on or after 1st August 1967, and
- (c) subject to the preceding paragraphs, as respects instruments executed or issued on or after 1st August 1967.

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Chapter	Short Title	Extent of Repeal
1966 c. 12.	The Post Office Savings Bank Act 1966.	In the Schedule, paragraph 2.
1966 c. 49.	The Housing (Scotland) Act 1966.	In Schedule 7, paragraphs 2 and 3.
1967 c. 17.	The Iron and Steel Act 1967.	Section 40(1).

The above repeals shall have effect—

- (a) so far as they relate to section 115 of the Stamp Act 1891, to any enactment applying that section, and to section 66 of the Finance Act 1963, as from 1st August 1967, but subject to the savings contained in section 29(5) of this Act,
- (b) so far as they relate to section 8 of the Finance Act 1899 and subsequent enactments relating to duty under that section, as respects loan capital issued on or after 1st August 1967, and
- (c) subject to the preceding paragraphs, as respects instruments executed or issued on or after 1st August 1967.

## PART VIII

### MINERAL RIGHTS DUTY REPEALS

Chapter	Short Title	Extent of Repeal
10 Edw. 7. & 1 Geo. 5. c. 8.	The Finance (1909-10) Act 1910.	Part I, except, in section 33(2), the words from the beginning to " in manner provided by rules under this section " .
1 & 2 Geo. 5. c. 2.	The Revenue Act 1911.	In Scotland, section 7.
2 & 3 Geo. 5. c. 8.	The Finance Act 1912.	Section 11.
<ol style="list-style-type: none"> <li>(1) The above repeals shall not affect liability to, or the assessment, collection or recovery of, mineral rights duty for the financial year ending on 31st March 1967, or for any previous financial year, or any other right, liability or proceedings in respect of or concerning that duty for any such year.</li> <li>(2) In Scotland, the above repeals, so far as they relate to subsections (2) to (5) of section 33, and section 34, of the Finance (1909-10) Act 1910, to so much of section 42 of that Act as has effect for the purposes of those provisions, and to section 7 of the Revenue Act 1911, shall not have effect until the coming into force in that country of the Lands Tribunal Act 1949.</li> </ol>		

## PART IX

### PROVISIONAL COLLECTION OF TAXES

Chapter	Short Title	Extent of Repeal
3 & 4 Geo. 5. c. 3.	The Provisional Collection of Taxes Act 1913.	In section 1(1) (before the provisos) the words " the Committee of Ways and Means of " and the

The above repeals shall come into force on the same date as the sections of this Act about provisional collection of taxes and shall not affect the Provisional Collection of Taxes Act 1913 as that Act applies to the Parliament of Northern Ireland.

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

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	<p>words " (so long as it is a Committee of the whole House)".</p> <p>In section 1(1), proviso (a), in proviso (b) the words " or the resolution is rejected by the House ", and in proviso (d) the words " either by the House or ".</p> <p>In section 1(2), the words " by the Committee ".</p> <p>In section 2(1), the words from " or by " to " whole House)".</p> <p>In section 265(1), the words " in respect of any goods ", the words " the Committee of Ways and Means of " and the words " (being a Committee of the whole House)".</p>
1965 c. 25.	The Finance Act 1965.	<p>In section 49(6), the words " the Committee of Ways and Means of ", the words " (being a Committee of the whole House) " and the words (at the end of the subsection) " by the Committee of Ways and Means ".</p>

The above repeals shall come into force on the same date as the sections of this Act about provisional collection of taxes and shall not affect the Provisional Collection of Taxes Act 1913 as that Act applies to the Parliament of Northern Ireland.

## PART X

### OTHER REPEALS

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.	The Income Tax Act 1952.	<p>In section 12(1) the words " the Special Commissioners ".</p> <p>Section 218 except so far as any provision of that section is applied for the purposes of section 17 of the Finance Act 1960.</p> <p>In section 436(2) the words " any interest on money</p>

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

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Chapter	Short Title	Extent of Repeal
1965 c. 25.	The Finance Act 1965.	<p>borrowed for the purpose of acquiring securities " and the word " other " as respects the year 1967-68 and subsequent years of assessment, and as respects accounting periods ending on or after 6th April, 1967.</p> <p>In section 495(4) the words from " shall be recoverable " to " is payable ".</p> <p>In section 10, sub-sections (3) and (6).</p> <p>In section 20(5), the words " accruing in that year of assessment " in the first place.</p> <p>Section 65(6).</p> <p>Section 95.</p> <p>In Schedule 8, in paragraph 7 the words " on a disposal of the lease ".</p> <p>In Schedule 12, in paragraph 1(3) the words " or is not paid in pursuance of such an agreement ".</p> <p>In Schedule 18, paragraph 13(3) as respects any accounting period beginning after 11th April 1967.</p>