



Finance Act 1969

CHAPTER 32

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HER MAJESTY'S STATIONERY OFFICE

Finance Act 1969

CHAPTER 32

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ELIZABETH II



1969 CHAPTER 32

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. [25th July 1969]

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 follows:—

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CUSTOMS AND EXCISE

1.—(1) As from 16th April 1969 or, in the case of the duties referred to in subsection (3) of this section, as from six o'clock in the evening on 15th April 1969, 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 1968 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—

Termination of surcharge under Finance Act 1961 s. 9 and related increases in duties. 1961 c. 36. S.I. 1968/1845.

- (a) the provisions of subsections (2) to (4)(a) of this section shall have effect with a view to making in the rates

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of those duties and taxes increases which, taking into account international agreements and other relevant matters, are comparable to the amount of the adjustment aforesaid, together, in certain cases, with a further amount; and

1968 c. 44. (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 10(1) of the Finance Act 1968, was extended until the end of August 1969) shall extend until the end of August 1970 or such later date as Parliament may hereafter determine.

1964 c. 49. (2) As from 16th April 1969, for the following provisions of the Finance Act 1964 setting out rates of customs and excise duties and of drawback, namely—

(a) Table 1 in Schedule 1 (spirits other than imported perfumed spirits) as substituted by section 1(1) of the Finance Act 1968;

1967 c. 54. (b) Schedule 2 (beer) as substituted by section 1(2) of the Finance Act 1967;

(c) Schedule 3 (wine) as substituted by the said section 1(1);

(d) Schedule 4 (British wine) as substituted by the said section 1(1);

1965 c. 25. (e) Schedule 5 (tobacco) as amended by section 1(2) of the Finance Act 1965 and section 1(2) of the Finance Act 1968,

there shall be substituted the provisions set out in Schedules 1, 2, 3, 4 and 5 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 15th April 1969—

1964 c. 92. (a) section 2 of the Finance (No. 2) Act 1964 (which, as amended by section 2(1)(a) of the Finance Act 1968, provides for a duty of customs at the rate of three shillings and elevenpence 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 elevenpence" of the words "four shillings and sixpence";

1954 c. 44. (b) the rate at which rebate of the customs or excise duty on hydrocarbon oils is allowed under section 199 of the Customs and Excise Act 1952 for heavy oils

delivered for home use shall in all cases be a rate PART I
2·4 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, as amended 1964 c. 49.
by section 1(3)(c) of the Finance Act 1967, provides 1967 c. 54.
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 2·2 pence a gallon less than the rate
at which the duty is charged) shall have effect with the
substitution for the words "2·2 pence" of the words
"2·4 pence".

(4) Subject to any new order of the Treasury under section 2
of the Purchase Tax Act 1963, Part I of Schedule 1 to that 1963 c. 9.
Act (chargeable and exempt goods and rates of tax) as amended
by section 5 of the Finance Act 1968 shall have effect— 1968 c. 44.

- (a) as from 16th April 1969, with the substitution for any
reference to $12\frac{1}{2}$ per cent., 20 per cent., $33\frac{1}{3}$ per cent. or
50 per cent. of a reference respectively to $13\frac{3}{4}$ per cent.,
22 per cent., $36\frac{2}{3}$ per cent. or 55 per cent. ; and
(b) as from 27th May 1969, with the further amendments
specified in Schedule 6 to this Act (being amendments
adding further goods to those chargeable with purchase
tax or amending the provisions as to exemptions).

(5) The provisions of Schedule 7 to this Act shall have effect
for the purpose of—

- (a) defining whisky for all purposes of customs and excise ;
(b) relaxing the restrictions on the fortification of British
wine ;
(c) making in section 4(3) of the Finance Act 1964 amend-
ments consequential on section 3(1)(c) of the Finance
Act 1968 and subsection (2) of this section ;
(d) revising the provisions as to relief from the duty of
customs or excise on hydrocarbon oil.

2.—(1) There shall be charged a duty of excise on a licence Excise duty
(to be known as a betting premises licence) authorising the on use of
use of premises for off-course betting. premises for
off-course
betting.

(2) Premises are used for off-course betting if, not being
comprised in a track, they are used in the course of the business
of a bookmaker or the Horserace Totalisator Board for the
purpose of effecting betting transactions with or through a book-
maker or the Board, being transactions which result in bets
chargeable under section 12 of the Finance Act 1966 with the 1966 c. 18.
general betting duty.

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(3) Subject to paragraph 4 of Schedule 8 to this Act, the duty on a betting premises licence shall be—

- (a) in the case of premises which for rating purposes constitute or are comprised in a hereditament having a rateable value, three times that value; and
- (b) in any other case, £150.

(4) As from 1st October 1969, no premises in Great Britain shall be used for off-course betting unless the user holds a betting premises licence in respect thereof which is for the time being in force; and for this purpose “the user”—

- (a) in the case of premises used in the course of the business of a bookmaker, means the bookmaker or a servant or agent of his responsible to him for effecting betting transactions on the premises; and
- (b) in the case of premises used in the course of the business of the Horserace Totalisator Board, means the Board.

(5) Subsection (4) of this section shall not apply to the use of premises in circumstances where the user and all the persons with whom betting transactions are effected either reside or work on those premises, or on premises of which those premises form part.

(6) A betting premises licence in respect of any premises shall not be granted to a person other than the Horserace Totalisator Board unless either—

- (a) he is the holder of a betting office licence under Part I of the Act of 1963 authorising him to use the premises as a betting office; or
- (b) he is the holder of a bookmaker's permit under that Act and the Commissioners are satisfied that the premises are not, and will not during the currency of the licence be, used as a betting office;

and such a licence shall not be granted to the Board unless either they are the holders of a betting office licence under the said Part I authorising them to use the premises as a betting office or the Commissioners are, with respect to the premises, satisfied as mentioned in paragraph (b) of this subsection.

(7) Where a betting office licence under Part I of the Act of 1963, authorising the use of any premises as a betting office, ceases to be in force, any betting premises licence granted to the holder in respect of those premises shall become void; and where a person is the holder of a bookmaker's permit under that Act and the permit ceases to be in force, any betting premises licence of which he is the holder (in respect of any premises, wherever situated) shall become void.

(8) A betting premises licence shall expire at the end of 30th September next after the date on which it is expressed to take effect.

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(9) The provisions of Schedule 8 to this Act (being provisions as to administration and enforcement) shall have effect with respect to betting premises licences and the duty thereon.

(10) For the avoidance of doubt, it is hereby declared that nothing contained in, or done under, this section or Schedule 8 to this Act shall make lawful anything which would be unlawful apart from those provisions.

(11) In this section and in Schedule 8 to this Act—

“the Act of 1963” means the Betting, Gaming and Lotteries 1963 c. 2. Act 1963;

“betting transaction”, “bookmaker” and “track” have the same meaning as in the Act of 1963;

“Great Britain” includes the territorial waters of the United Kingdom adjacent to Great Britain;

“hereditament”, in relation to Scotland, means lands and heritages;

“premises” includes any place whatsoever and any means of transport; and

“rateable value”, in relation to a hereditament, means (without prejudice to paragraph 6 of Schedule 8 to this Act) the rateable value shown in the valuation list (or, in Scotland, the valuation roll) as for the time being in force.

3.—(1) As from 1st October 1969, a duty of excise, to be known as bingo duty, shall be charged on the playing of bingo in Great Britain and be paid by the promoter of the bingo. Bingo duty.

(2) Bingo duty shall be charged in respect of bingo played in a particular week; and the amount of the duty shall be—

(a) two-and-a-half per cent. of the total of the money taken by or on behalf of the promoter in that week as payment by players for their cards, plus

(b) (subject to subsection (4) of this section) one-thirty-ninth of the amount (if any) by which that total, after deduction of the two-and-a-half per cent. chargeable under paragraph (a), is exceeded by the total value of the prizes won in that week's bingo.

(3) For the purposes of this section, a player's “cards” are the sets of numbers or symbols (in whatever form or lay-out) with which he plays bingo, matching them against calls made by the house; and a player pays for a card when he gives money

PART I in exchange for, or for the use of, a particular card, whether it is appropriated to a particular game or can be appropriated by the player to a game of his choice.

(4) Where bingo is promoted at one place and, for the purpose of a particular game, it is combined with bingo played at another place and promoted by another person, so that the players at both places share in the chance of winning a prize contributed partly by one promoter and partly by the other, then for the purposes of the charge to bingo duty under subsection (2)(b) of this section—

- (a) as against the promoter of the bingo at the place where the prize is won there shall be counted so much only of the value of the prize as represents his contribution ; and
- (b) so much of the value of the prize as represents the contribution of the other promoter shall be counted as a prize won at bingo promoted by him ;

and where in the case of bingo so combined the prize is provided wholly by or on behalf of one of the promoters concerned, its whole value shall be counted against him under the said subsection (2)(b), wherever it is won.

(5) It shall not be lawful for a game of bingo, being bingo which is chargeable with bingo duty and is promoted at a place in Great Britain, to be combined as mentioned in subsection (4) of this section with other bingo played elsewhere than in Great Britain, except where the other bingo is played in Northern Ireland or the Isle of Man and is chargeable, under an Act of the Parliament of Northern Ireland or, as the case may be, Tynwald with duty corresponding to bingo duty and at a rate not less than that which is chargeable under this section.

(6) Bingo duty shall be recoverable jointly and severally from all or any of the following persons—

- (a) the promoter ;
- (b) any person who took money as payment by players for cards or paid prizes to players ;
- (c) any person who was responsible for the management of the premises on which bingo was played ;
- (d) where the promoter or any such person as is mentioned in paragraph (b) or (c) of this subsection is a company, any director of the company.

(7) The playing of bingo shall not be chargeable with bingo duty in any of the cases specified in Part I of Schedule 9 to this Act.

(8) In section 32(1)(b) of the Act of 1963 (which makes it a condition of lawful gaming that money or money's worth put down by players as stakes or paid by them as losses is not to

be disposed of otherwise than to a player as winnings) after the word "winnings" there shall be added the words "or by payment of bingo duty".

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(9) The provisions of Part II of Schedule 9 to this Act (being provisions as to administration and enforcement) shall have effect with respect to bingo duty.

(10) In this section and in Schedule 9 to this Act—

"the Act of 1963" means the Betting, Gaming and Lotteries 1963 c. 2. Act 1963 ;

"bingo" includes any version of that game, by whatever name called, except a version whose rules permit a player to withdraw any part of his initial stake after the game has begun ;

"Great Britain" includes the territorial waters of the United Kingdom adjacent to Great Britain ;

"money" includes any token, voucher or other object given by a player in exchange for cards and recognised for the purpose of the exchange to represent a particular sum of money ;

"prize" means anything won or to be won at bingo, whether money or something else having a value, and "value" and "paid", in relation to prizes, shall be construed accordingly ;

"the promoter", in relation to bingo, means the person to whom the players look for the payment of prizes, and "promote" and "promotion" shall be construed accordingly ; and

"week" means a period of seven days beginning with Monday and includes the period of five days beginning with 1st October 1969.

(11) In proceedings relating to bingo duty under the excise Acts an averment in any process that a particular game is a version of bingo shall, until the contrary is proved, be sufficient evidence that it is so.

(12) For the avoidance of doubt, it is hereby declared that nothing contained in or done under the provisions of this section or Schedule 9 to this Act shall make lawful anything which would be unlawful apart from those provisions.

4.—(1) The amount of the duty under section 13 of the Gaming Finance Act 1966 on a gaming licence in respect of any premises licence duty granted so as to expire on a date later than 30th September 1969 1966 c. 18.

PART I shall be determined with the substitution for the Table set out in subsection (2) of that section (as amended by section 4(3) of the Finance Act 1968) of the Table set out in Part I of Schedule 10 to this Act.

1968 c. 44.

(2) As from 1st October 1969, a gaming licence under the said section 13 shall not be required for any gaming by way of bingo, and the power of the Treasury by order under subsection (6) of that section to add to the games mentioned in subsection (5) thereof shall not include power to add the game of bingo, except a version of that game not chargeable with bingo duty under section 3 of this Act.

(3) In accordance with subsection (2) of this section, section 13 of, and Schedule 3 to, the Finance Act 1966 shall be amended as shown in Part II of Schedule 10 to this Act.

1966 c. 18.

(4) Where, after 30th June 1969, a gaming licence authorising the use of premises for gaming by way of bingo only has been granted so as to expire at the end of 30th September 1970, and at any time after 1st October 1969 the holder of the licence surrenders it to the proper officer, he shall be entitled to repayment of three-quarters of the amount of the duty paid on the licence.

Gaming machines.

5.—(1) There shall be charged a duty of excise on a licence (to be called a gaming machine licence) authorising gaming machines to be provided for gaming on premises in respect of which the licence is granted.

(2) Part I of Schedule 11 to this Act shall have effect for defining what is a gaming machine for the purposes of this section and that Schedule: and for those purposes a “penny machine” is a gaming machine which, in order to be played once, requires the insertion of a single penny and which cannot be played in any other way.

(3) A gaming machine licence shall be either—

(a) an ordinary licence, being—

(i) a whole-year licence for the period from 1st October in any year to 30th September in the following year, or

(ii) a half-year licence for the period from 1st October in any year to 31st March in the following year or from 1st April in any year to 30th September in that year; or

- (b) a holiday season licence (for penny machines only) for the period from 1st March in any year to 31st October in that year,

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(all dates inclusive); and where a licence of either description is granted so as to have effect for the remainder of a licence period which has partly expired, the charge to duty shall be unaffected by the circumstance that a licence of the other description has been in force in respect of the same premises for any part of that period.

(4) The duty on an ordinary licence shall be determined by reference—

- (a) to whether the premises in question have, or have not, local authority approval under the Gaming Acts; and
- (b) to whether the licence authorises the provision of 'machines chargeable at the lower, or the higher, rate and to the number of machines of either description which it authorises.

(5) Part II of Schedule 11 to this Act shall have effect with respect to the cases in which premises are to be treated as having local authority approval under the Gaming Acts; and for the purposes of an ordinary licence—

- (a) a machine is chargeable at the lower rate if it can only be played by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, not exceeding threepence; and
- (b) a machine is chargeable at the higher rate in any other case;

except that, where the game playable by means of a machine can be played more than once for the insertion of a coin or coins of a denomination, or aggregate denomination, exceeding threepence, the machine is to be treated as chargeable at the lower rate if in effect the amount payable to play the game once does not exceed threepence.

(6) The duty on an ordinary whole-year licence shall be in accordance with the following Tables and—

- (a) Table A shall apply where the Commissioners are satisfied that the premises in question will, on the date on which the licence is first in force, have local authority approval under the Gaming Acts; and
- (b) Table B shall apply in any other case.

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TABLE A

Premises with local authority approval

Description of machines authorised by the licence	Number of machines of that description so authorised	Duty on whole-year licence
Chargeable at the lower rate.	One machine	£12 10s. 0d.
	Two or more machines	£12 10s. 0d. plus £75 per machine in excess of one.
Chargeable at the higher rate	One machine	£25.
	Two or more machines	£25 plus £150 per machine in excess of one.

TABLE B

Premises without local authority approval

Description of machines authorised by the licence	Number of machines of that description so authorised	Duty on whole-year licence
Chargeable at the lower rate	One machine	£50.
	Two or more machines	£50 plus £150 per machine in excess of one.
Chargeable at the higher rate	One machine	£100.
	Two or more machines	£100 plus £300 per machine in excess of one.

(7) The duty on an ordinary half-year licence shall be eleven-twentieths of that which it would have been if the licence were an ordinary whole-year, but otherwise identical, licence.

(8) A holiday season licence shall be granted only for premises as to which the Commissioners are satisfied that they will, on the date on which the licence is first in force, have local authority approval under the Gaming Acts by virtue of paragraph 5 or 6 of Schedule 11 to this Act; and—

- (a) the licence shall be one which authorises the provision only of penny machines up to a number specified in the licence; and

(b) the duty on the licence shall be £15 multiplied by that number.

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(9) For the purposes of this section, a machine which two or more persons can play simultaneously (whether or not participating with one another in the same game) shall not be treated as one machine but—

- (a) in the case of a penny machine, shall be treated for the purposes of a holiday season licence as a number of penny machines equal to the number of persons who can play the machine simultaneously ;
- (b) in the case of a penny machine or any other machine which no player can play except by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, not exceeding threepence, shall be treated for the purposes of an ordinary licence as a number of machines, all chargeable at the lower rate, equal to the number of persons who can play the machine simultaneously ; and
- (c) in a case not falling within paragraph (b) of this subsection, shall be treated for the purposes of an ordinary licence as a number of machines, all chargeable at the higher rate, equal to that number of persons ;

and the number of persons who can play a particular machine simultaneously shall be determined by reference to the number of individual playing positions provided on the machine.

(10) Part III of Schedule 11 to this Act shall have effect for exempting from the requirement of a gaming machine licence the provision of gaming machines at certain charitable entertainments and pleasure fairs and for the temporary exemption of certain premises where only penny machines are provided.

(11) As from 1st October 1969—

- (a) except where one of the exemptions in Part III of Schedule 11 to this Act applies, no gaming machine shall be provided for gaming on any premises situated in Great Britain unless there is a gaming machine licence for the time being in force in respect of the premises ;
- (b) at any time when an ordinary licence is in force in respect of any such premises and authorises the provision only of gaming machines chargeable at one of the two rates, no gaming machine chargeable at the other rate shall be provided for gaming on those premises ;
- (c) at any time when an ordinary licence is so in force and authorises the provision of a specified number of

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machines chargeable at a specified rate, gaming machines chargeable at that rate shall not be provided for gaming on those premises in excess of the number authorised by the licence for machines so chargeable; and

(d) at any time when a holiday season licence is in force in respect of any such premises, gaming machines shall not be provided for gaming on those premises except penny machines up to the number specified in the licence.

(12) A machine is provided for gaming on any premises if it is made available thereon in such a way that persons resorting to the premises can play it; and where on any premises one or more gaming machines are so made available, any such machine anywhere on the premises shall be treated as provided for gaming thereon, notwithstanding that it is not so made available or is not in a state in which it can be played.

(13) The provisions of Part IV of Schedule 11 to this Act (being provisions as to administration and enforcement) shall have effect with respect to gaming machine licences and the duty thereon.

(14) For the avoidance of doubt, it is hereby declared that nothing contained in, or done under, this section or Schedule 11 to this Act shall make lawful anything which would be unlawful apart from those provisions.

(15) In this section and in Schedule 11 to this Act—

1963 c. 2. “the Act of 1963” means the Betting, Gaming and Lotteries Act 1963;

1968 c. 65. “the Act of 1968” means the Gaming Act 1968;

“coin” means coin lawfully current in the United Kingdom;

“Great Britain” includes the territorial waters of the United Kingdom adjacent to Great Britain; and

“premises” includes any place whatsoever and any means of transport.

1966 c. 18. (16) As from 1st October 1969, section 14 of the Finance Act 1966 (which charges an excise licence duty in respect of gaming machines, but with an incidence different from that of this section) shall cease to have effect; and accordingly in section 15 of that Act (supplemental provisions as to duties on betting and gaming), in subsections (4) and (6), for the words “sections 12 to 14” (in both places) there shall be substituted the words “sections 12 and 13”.

(17) Where, after 30th June 1969, a gaming machine licence under section 14 of the Finance Act 1966 has been granted so as to expire at the end of 30th September 1970, and at any time after 1st October 1969 the holder of the licence surrenders it to the proper officer, he shall be entitled to repayment of three-quarters of the amount of the duty paid on the licence. PART I
1966 c. 18.

6.—(1) As from 1st September 1969, the Vehicles (Excise) Act 1962 shall have effect as if in section 6 (which provides for certain exemptions from duty) after subsection (2) there were inserted the following subsections:— Vehicle
licences.
1962 c. 13.

“(2A) A mechanically propelled vehicle shall not be chargeable with any duty under this Act if purchase tax in respect of the vehicle is remitted under section 23 of the Purchase Tax Act 1963 on the ground that the vehicle has been acquired from its manufacturer by a person who is an overseas resident; but if at any time purchase tax becomes payable in respect of that vehicle under section 9 of the Finance Act 1967, or would have become so payable but for any authorisation or waiver under subsection (1) of the said section 9, then the provisions of subsection (2C) of this section shall apply in relation to that vehicle. 1963 c. 9.
1967 c. 54.

(2B) Where in the case of any mechanically propelled vehicle it is shown to the satisfaction of the authority with whom the vehicle is registered—

- (a) that the vehicle is not chargeable with purchase tax; and
- (b) that the vehicle is being acquired from a person who is for the time being registered as a manufacturer of such vehicles by the Minister and who is the manufacturer of the vehicle for the purposes of that register; and
- (c) that the person so acquiring the vehicle would fall to be treated as an overseas resident for the purposes of the said section 23,

that authority may exempt the vehicle from duty under this Act for a period of twelve months subject to specified conditions, being such conditions as the Minister may from time to time think necessary for the protection of the revenue; but if at any time during those twelve months any of the conditions subject to which the exemption is granted is not complied with, the provisions of subsection (2C) of this section shall apply in relation to the vehicle.

(2C) Where under subsection (2A) or (2B) of this section the provisions of this subsection are to apply in relation to a vehicle, the vehicle shall be deemed never to have been exempted from duty under the said subsection (2A) or

PART I
1967 c. 54.

(2B) and, without prejudice to the provisions of section 12 of the Finance Act 1967 (under which an amount related to the period during which a vehicle was unlicensed is required to be paid by the keeper of the vehicle who is convicted of using it during that period), unless, or except to the extent that, the authority with whom the vehicle is registered sees fit to waive payment of the whole or part of the duty, there shall be recoverable by that authority as a debt due to that authority—

- (a) from the person by whom the vehicle was acquired from its manufacturer, the duty in respect of the whole period since the registration of the vehicle ;
or
- (b) from any other person who is for the time being the keeper of the vehicle, the duty in respect of the period since the vehicle was first kept by that other person,

other than any part of that period by reference to which there was calculated an amount ordered to be paid by the person in question in respect of the vehicle in pursuance of subsection (1) of the said section 12.”

(2) As from 1st January 1970—

1962 c. 13.

(a) for subsections (1) to (5) of section 12 of the Vehicles (Excise) Act 1962 (which relate to trade licences) there shall be substituted the new subsections (1) to (5) set out in Part I of Schedule 12 to this Act, being new subsections designed—

(i) to restrict the vehicles which may be used under a trade licence, in the case of a motor trader, to vehicles temporarily in his possession in the course of his business as a motor trader and recovery vehicles kept by him for the purpose of dealing with disabled vehicles in the course of that business or, in the case of a vehicle tester, to vehicles submitted for testing by him in the course of his business as a vehicle tester ;

(ii) to restrict the purposes for which vehicles may be used under a trade licence ;

(iii) to substitute for general trade licences and limited trade licences a single type of trade licence at the rate of duty applicable in accordance with those new subsections ;

(iv) to make further consequential amendments to the existing subsections ;

(b) the provisions of the said Act of 1962 or of the Vehicle and Driving Licences Act 1969 specified in Part II of the said Schedule 12 shall have effect with the supplementary or consequential amendments respectively so specified. PART I
1969 c. 27.

(3) Any reference in the Vehicle and Driving Licences Act 1969 to any provision of the Vehicles (Excise) Act 1962 which has been amended by this section shall be construed as a reference to that provision as so amended. 1962 c. 13.

(4) This section shall be construed as one with the Vehicles (Excise) Act 1962.

PART II

INCOME TAX AND CORPORATION TAX

Rates of Tax

7. Income tax for the year 1969-70 shall be charged at the standard rate of 41·25 per cent. (which is equivalent to 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. Charge of
income tax
1969-70.

8. Income tax for the year 1968-69 shall be charged, in the case of an individual whose total income exceeded £2,000, at the same higher rates in respect of the excess as were charged for the year 1967-68. Surtax rates
for 1968-69.

9. Corporation tax shall be charged for the financial year 1968 at the rate of 45 per cent. Charge of
corporation
tax for
financial year
1968.

Reliefs and deductions

10.—(1) The provisions of this section shall have effect for the year 1969-70 and subsequent years of assessment. Alterations of
personal
reliefs.

(2) In section 210 of the Income Tax Act 1952 (personal reliefs), as amended by section 10(2) of the Finance Act 1965, in paragraph (a) of subsection (1) (married) for the reference to £340 there shall be substituted a reference to £375, in paragraph (b) of that subsection (single) for the reference to £220 there shall be substituted a reference to £255, and in subsection (2) of the said section 210 (wife's earned income relief) for the reference to £220 there shall be substituted a reference to £255. 1952 c. 10.
1965 c. 25.

PART II
1952 c. 10.

(3) The following Table shall be substituted for the Table set out in section 220(1) of the Income Tax Act 1952 (reduced rate relief):—

TABLE

Where the relevant amount—

does not exceed £260 ... a deduction equal to 11·25 per cent. of the relevant amount (which is equivalent to a deduction of 2s. 3d. for each pound of the relevant amount);

exceeds £260 ... the same deduction as if the relevant amount were £260.

1963 c. 25. (4) In subsections (2) and (3) of section 211 of the Income Tax Act 1952 (old age relief), as amended by section 12(2) of the Finance Act 1963, for the references to £900 (maximum income qualifying for full relief) there shall be substituted references to £1,000.

1967 c. 54. (5) In section 216(1) of the Income Tax Act 1952 (relief for dependent relative), as amended by subsections (2) and (3) of section 16 of the Finance Act 1967, for the reference to £235 (lower income limit of dependent relative) there shall be substituted a reference to £245, for the reference to £310 (the normal higher income limit) there shall be substituted a reference to £320 and for the references in the said section 216(1) and the said subsection (3) to £345 (the higher income limit where the claimant is a woman other than a married woman living with her husband) there shall be substituted references to £355.

1957 c. 49.
1968 c. 44. (6) Section 13 of the Finance Act 1957 (relief for persons over sixty five with small incomes), as amended by section 14(1) of the Finance Act 1968, shall be amended by substituting for the references to £415 and £665 (income limits for exemption) references to £425 and £680 and for the reference to £230 (the excess over those limits beyond which relief by reduction of tax is excluded) a reference to £265.

1952 c. 33.
1965 c. 25. (7) In section 15(2) of the Finance Act 1952 (relief for small incomes), as amended by section 10(5) of the Finance Act 1965, for the reference to £705 (income limit for marginal relief) there shall be substituted a reference to £710.

1960 c. 44. (8) In section 17(2) of the Finance Act 1960 (additional relief for widows and others in respect of children) for the reference to £75 (which was substituted by section 16(5) of the Finance Act 1967) there shall be substituted a reference to £100, and the reference to £75 in section 218(4) of the Income Tax Act 1952 (which is applied for the purposes of the said section 17) shall be construed accordingly.

(9) The amounts of tax deductible or repayable under section 157 of the Income Tax Act 1952 (pay as you earn) before 22nd June, 1969, shall be deemed not to have been affected by the preceding provisions of this section, but this subsection shall not prevent any necessary correction being made on or after that day by adjusting subsequent deductions or repayments under that section or, if need be, by an assessment.

PART II
1952 c. 10.

11.—(1) Section 212 of the Income Tax Act 1952 (which entitles the parent of a child who is under sixteen or receiving full-time education to relief or, if that relief is not due or claimed, entitles the individual maintaining the child to similar relief) shall be amended in accordance with subsections (2) and (3) below.

Child relief,
accumulation
settlements
and family
allowances.

(2) In subsection (1) of the said section 212, for the words from “that he has living” to “educational establishment” there shall be substituted the words—

- “(a) that there is living at any time within the year of assessment a child of his with respect to whom one of the conditions in subsection (2) of this section is fulfilled, or
(b) that for the year of assessment he has the custody of and maintains at his own expense a child (other than a child of his) with respect to whom one of those conditions is fulfilled”;

and any reference in any enactment passed before the passing of this Act to relief under subsection (2) of the said section 212 shall be construed as a reference to relief under subsection (1)(b) of that section, as amended by this subsection.

(3) For subsection (2) of the said section 212 there shall be substituted the following subsection:—

- “(2) The conditions referred to in subsection (1) of this section are—
(a) that the child is born in, or is under the age of sixteen years at the commencement of, the year of assessment referred to in that subsection; or
(b) that the child is over the age of sixteen years at the commencement of that year of assessment but is receiving full-time instruction at any university, college, school or other educational establishment.”

(4) At the end of the said section 212 there shall be added the following subsection:—

- “(6) Notwithstanding anything in section 9 of the Family Law Reform Act 1969 or any corresponding enactment of 1969 c. 46.

- PART II** the Parliament of Northern Ireland or any rule of law in Scotland, for the purposes of this section a child whose birthday falls on 6th April shall be taken to be over the age of eleven at the commencement of the year which begins with his eleventh birthday and over the age of sixteen at the commencement of the year which begins with his sixteenth birthday.”
- 1952 c. 10. (5) For the purposes of section 228 of the Income Tax Act 1952 (relief in respect of income accumulated under trusts) no account shall be taken of any tax paid in respect of income for a year of assessment beginning after the year 1968-69 or of any relief to which a person would have been entitled for such a year of assessment in the circumstances mentioned in that section.
- 1968 c. 44. (6) Subsection (4) of section 14 of the Finance Act 1968 (which for 1968-69 provided that an individual's total reliefs should be reduced in respect of each family allowance in respect of which he was assessable to income tax) shall be amended by substituting—
- (a) for the words “ 1968-69 ” the words “ 1969-70 or any subsequent year of assessment ”, and
 - (b) for the words from “ tax at the standard rate on £36 ” to the end of the subsection the words “ tax at the standard rate on £42 or, if the payments in question are payments for a part only of the year, by a proportionate part of that amount ”,
- and subsections (5) to (7) of that section (which contain ancillary provisions) shall have effect accordingly.
- Albert and Edward medals. **12.—**(1) Annuities paid to holders of the Albert Medal or of the Edward Medal by virtue of holding that award shall be disregarded for all the purposes of the Income Tax Acts.
- (2) This section has effect as from 14th November 1968 (that is to say the date on which annuities became so payable).
- Relief for painters, sculptors and other artists. **13.—**(1) In section 471 of the Income Tax Act 1952 (copyright: relief by spreading lump sums over two or three years) after subsection (1) insert—
- “ (1A) Where the artist obtains any sum for the sale of a painting, sculpture or other work of art, or by way of commission or fee for the creation of the work of art, and—
- (a) he was engaged on the making of the work of art for a period of more than twelve months, or
 - (b) he was engaged for a period of more than twelve months in making a number of works of art for an exhibition, and the work is one of them,
- he shall be entitled to claim that effect shall be given to the following provisions of this section as respects that sum.”

(2) Nothing in section 22 of the Finance Act 1953 (which amends the said section 471) shall be taken as affecting the relief given by this section. PART II
1953 c. 34.

(3) This section shall apply to sums falling to be included in computing profits or gains for the year 1969-70 or any subsequent year of assessment, and in relation to those sums shall authorise the making of assessments for years of assessment earlier than the year 1969-70.

14.—(1) If the Treasury direct that this section shall apply to any securities issued by a local authority and expressed in the currency of a country which at the time of the issue is outside the scheduled territories, interest on those securities— Local authority borrowing in foreign currency.

- (a) shall be paid without deduction of income tax, and
- (b) so long as the beneficial owner is not resident in the United Kingdom, shall be exempt from income tax (but not from corporation tax).

(2) Where for repayment of the principal amount due under the securities there is an option between one or more currencies within subsection (1) above and one or more other currencies, that subsection shall be applicable to the securities if the option is exercisable only by the holder of the securities, and shall not be applicable to the securities in any other case.

(3) Section 429 of the Income Tax Act 1952 (treatment for tax, including corporation tax, of income of foreign life assurance funds) shall have effect as if references to securities in subsection (2) of that section included any securities to which this section applies. 1952 c. 10.

(4) Where any income of any person is by virtue of any provision of the Income Tax Acts to be deemed to be income of any other person, that income shall not be exempt from tax by virtue of this section by reason of the first-mentioned person not being resident in the United Kingdom.

(5) In this section—

“local authority” has the meaning given by section 66(2) of the Finance Act 1965, 1965 c. 25.

“the scheduled territories” means the territories specified in Schedule 1 to the Exchange Control Act 1947 as 1947 c. 14. for the time being in force.

15. For the definition of “farm land” in section 526(1) of the Income Tax Act 1952 (which includes the farmhouse) and the related definition of “farming” substitute Definitions of farm land and farming.

“farm land” means land in the United Kingdom wholly or mainly occupied for the purposes of husbandry,

PART II

but excluding any dwelling or domestic offices, and excluding market garden land, and "farming" shall be construed accordingly'.

Children

Reduction in age of majority for tax purposes.
1969 c. 46.
1969 c. 39.

16.—(1) Subject to the following provisions of this section, section 1 of the Family Law Reform Act 1969 and section 1 of the Age of Majority (Scotland) Act 1969 (which reduce the age of majority to eighteen except for the purposes of the statutory provisions referred to in Schedule 2 thereof) shall apply for the purposes of any statutory provision, as defined in those sections, relating to income tax (including surtax), capital gains tax, corporation tax or estate duty; and accordingly paragraph 3 of Schedule 2 to each of those Acts shall cease to have effect.

(2) At the end of section 13 of the Family Law Reform Act 1969 (powers of Parliament of Northern Ireland to make laws for purposes similar to purposes of Part I of that Act) there shall be added the words "as amended by the Finance Act 1969".

1952 c. 10.

(3) Notwithstanding anything in subsection (1) above, for the year 1969-70 and subsequent years of assessment any reference to an infant in Chapter II of Part XVIII of the Income Tax Act 1952 (settlements on children generally) shall be construed as a reference to a person who either—

(a) has not attained the age of eighteen; or

(b) has attained that age but has not attained the age of twenty-one and is not working regularly, within the meaning of section 15(4) of the Finance Act 1968.

1968 c. 44.

(4) Section 15 of, and Schedule 8 to, the Finance Act 1968 (aggregation for 1969-70 and subsequent years of certain income of unmarried infants with income of their parents) shall have effect, and shall be deemed always to have had effect, as if any reference therein to an infant were a reference to a person who has not attained the age of eighteen.

(5) Without prejudice to subsection (3) of the said section 15 (which disapplies that section and provisions of the said Chapter II where for any year of assessment the aggregate income of an infant does not exceed £5) income paid to or for the benefit of a child of a settlor shall not be treated as provided in section 397(1) of the said Act of 1952 (income of child under settlement made by his parent treated as parent's income) for any year of assessment in which the child is over the age of eighteen if the aggregate amount of the income paid to or for the benefit of the child which, but for this subsection, would be so treated by virtue of the said Chapter II, does not exceed £5.

17. Section 15(2) of the Finance Act 1968 (which excludes certain income of an infant from aggregation with his or her parent's income) shall be amended—

- PART II
Exclusion
from
aggregation
of certain
income of
infants.
1968 c. 44.
- (a) by adding, at the end of paragraph (b) (which relates to income from sums paid by way of damages for personal injuries) the words "or paid in respect of any such personal injury by a body established for charitable purposes only or by the Criminal Injuries Compensation Board or under any enactment of the Parliament of Northern Ireland providing for compensation in respect of criminal injuries"; and
- (b) by inserting after the said paragraph (b) the words "or (c) income consisting of payments made to a female infant by the putative father of a child of the infant and for the benefit, maintenance or education of that child."

Disallowance of interest as a deduction

18.—(1) In section 169(1) of the Income Tax Act 1952 (allowable deductions from income in charging income tax at standard rate), and in section 2(2)(a) of that Act (corresponding provision for surtax), references to yearly interest or annual interest shall be omitted.

Disallowance
of interest as
a deduction.
1952 c. 10.

This subsection applies—

- (a) to interest paid after 5th April 1970, and
- (b) to interest paid earlier on any debt incurred after 15th April 1969.

(2) Section 200 of the Income Tax Act 1952 (relief for interest paid gross to banks etc. out of taxed income) shall cease to have effect.

This subsection applies to all interest paid after 5th April 1970, and to interest paid in the year 1969-70 in respect of any period beginning after 30th June 1969.

(3) Section 445(3)(b) of the Income Tax Act 1952 (relief for payments to building societies, etc.) shall cease to have effect

This subsection applies—

- (a) to interest paid after 5th April 1970,
- (b) to interest paid earlier on any debt incurred after 15th April 1969.

(4) In section 137(l) of the Income Tax Act 1952 (disallowance as business expenses of annual interest etc. paid out of taxed profits) the reference to annual interest shall be omitted.

PART II This subsection applies—

- (a) for the purposes of income tax for the year 1969-70 and earlier years of assessment, to interest paid on any debt incurred after 15th April 1969, and
- (b) for the purposes of income tax for the year 1970-71 and subsequent years of assessment, to any payment of annual interest, whenever made.

1965 c. 25. (5) No payment of interest made by a company which is such a payment as is mentioned in section 52(3) of the Finance Act 1965 (charges on income of companies) shall be treated as a charge on income unless—

- (a) the company exists wholly or mainly for the purpose of carrying on a trade, or
- (b) the payment of interest is wholly and exclusively laid out or expended for the purposes of a trade carried on by the company, or
- (c) the company is an investment company (as defined by section 57(4) of the Finance Act 1965, and including an authorised unit trust scheme), or
- (d) the payment of interest would be eligible for relief under the next following section, or section 24 of this Act, if it were made by an individual.

This subsection applies—

- (i) to interest paid after 5th April 1970, and
- (ii) to bank, discount house or stock exchange interest paid in the year 1969-70 in respect of any period beginning after 30th June 1969, and
- (iii) to interest paid in the year 1969-70 on any debt incurred after 15th April 1969, not being bank, discount house or stock exchange interest,

and in this subsection “trade” has the meaning given by section 89(2)(j) of the Finance Act 1965.

1952 c. 10. (6) In section 132(1)(c) of the Income Tax Act 1952 (allowable deductions in Cases IV and V of Schedule D) the reference to annual interest shall be omitted.

This subsection applies—

- (a) to interest on any debt incurred after 15th April 1969, and
- (b) to interest paid after 5th April 1975 on a debt incurred on or before 15th April 1969.

(7) Schedule 13 to this Act shall have effect for supplementing this and the nine next following sections which in that Schedule are referred to as “the principal sections”.

(8) Any payment made for the period ending on 15th May, 1970, in respect of yearly interest on a debt incurred on or before 15th April 1969, and secured on land in Scotland shall, if made on or before 15th August 1970, be deemed for the purposes of this section to have been paid and payable before 6th April 1970.

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19.—(1) Interest eligible for relief under this section shall, if the person paying the interest so claims, be deducted from or set off against his income for the year of assessment in which the interest is paid, and income tax shall be discharged or repaid accordingly. Loans for purchase or improvement of land.

(2) Subject to the provisions of this section, interest is eligible for relief under this section if it is paid by a person for the time being owning an estate or interest in land in the United Kingdom on a loan to defray money applied—

- (a) in purchasing the estate or interest, or one absorbed into, or given up to obtain, the estate or interest, or
- (b) in improving or developing the land, or buildings on the land, or
- (c) in paying off another loan where the claimant could have obtained relief under this section for interest on that other loan if it had not been paid off (and, if free of interest, assuming it carried interest).

(3) Subsection (2) above shall not apply to a loan unless made in connection with the application of the money, and either on the occasion of its application, or within what is in the circumstances a reasonable time from the application of the money, and that subsection shall not apply to a loan the proceeds of which are applied for some other purpose before being applied as described in that subsection.

(4) If and so far as a loan made by allowing the debtor to overdraw an account is applied in improving land or buildings (otherwise than by the construction of a building or part of a building) no relief shall be given in respect of interest on the loan falling due more than three years after the end of the year of assessment in which the loan is so applied.

(5) References in this section to money applied in improving or developing land or buildings include references to payments in respect of maintenance or repairs incurred by reason of dilapidation attributable to a period before the estate or interest was acquired, but otherwise do not include references to payments in respect of maintenance or repairs, or any of the other payments mentioned in paragraph 1 of Schedule 4 to the Finance Act 1963 c. 25. Act 1963 (payments deductible from rent).

PART II

(6) References in this section to money applied in improving or developing land include references to expenditure incurred or defrayed directly or indirectly in respect of street works, other than works of maintenance or repair, for any highway or road, or in Scotland any right of way, adjoining or serving the land.

(7) References in this section to an estate or interest in land include references to the property in any caravan but, unless it is a large caravan, no relief shall be given by virtue of this subsection in respect of the payment of any interest unless—

1967 c. 9.

(a) the caravan, taken with the land on which it stands, is for the time being a rateable hereditament for the purposes of the General Rate Act 1967 or any corresponding enactment in force in Scotland or Northern Ireland, and

(b) the owner, or his wife or her husband, has, as occupier of the caravan, duly paid rates under that Act or any such enactment for the period in which the interest was paid.

In this subsection “hereditament”, in relation to Scotland, means lands and heritages.

(8) References in this section to an estate or interest do not include references—

(a) to a rentcharge or, in Scotland, a superiority or the interest of a creditor in a contract of ground annual ; or

(b) to the interest of a chargee or mortgagee, or, in Scotland, the interest of a creditor in a charge or security of any kind over land.

(9) Where relief for any year of assessment is given under this section in respect of interest on any debt, then interest on that debt shall not be allowable as a deduction for any other purpose of the Income Tax Acts for that year or any subsequent year of assessment if and so far as this section applies to that interest ; and where interest on any debt is allowed as a deduction in computing profits or gains or losses for the purposes of income tax for any year of assessment (being the year 1970-71 or any later year of assessment), then this section shall not apply to interest on that debt in relation to that or any subsequent year of assessment.

In this subsection references to relief having been given or a deduction being allowed are references to its being given or allowed in a claim or assessment which has been finally determined.

(10) Subsection (2)(a) above shall not apply—

(a) where the seller and purchaser are a husband and his wife, and either sells to the other, or

- PART II
- (b) where the purchaser, or the wife or husband of the purchaser, has, since 15th April 1969, disposed of an estate or interest in the land in question and it appears that the main purpose of the disposal and purchase was to obtain relief in respect of interest on the loan, or
- (c) where the purchasers are the trustees of a settlement, and the seller is the settlor, or the wife or husband of the settlor, and it appears that the main purpose of the purchase is to obtain relief in respect of interest on the loan, or
- (d) where the purchaser is directly or indirectly purchasing from a person connected with him, and the price substantially exceeds the value of what is acquired,

and subsection (2)(b) above shall not apply where the person spending the money is connected with the person who, directly or indirectly, receives the money, and the money substantially exceeds the value of the work done.

For the purposes of this subsection—

- (i) references to a husband and wife are references to a husband and his wife living with him,
- (ii) any question whether a person is connected with another shall be determined in accordance with paragraph 21 of Schedule 7 to the Finance Act 1965. 1965 c. 25.

(11) In this section, as it applies throughout the United Kingdom—

“caravan” has the meaning given by section 29(1) of the Caravan Sites and Control of Development Act 1960, 1960 c. 62.

“large caravan” means one which has either or both of the following dimensions—

- (a) an overall length (excluding any drawbar) exceeding 22 feet;
- (b) an overall width, exceeding 7 feet 6 inches

where “overall length” and “overall width” have the meanings given in Regulation 3 of the Motor S.I. 1966/1288 Vehicles (Construction and Use) Regulations 1966,

“street works” means any works for the sewerage, levelling, paving, metalling, flagging, channelling and making good of a road, and includes the provision of proper means for lighting a road.

20.—(1) This section applies to a loan to an individual to defray money applied—

- (a) in acquiring any part of the ordinary share capital of a close company within subsection (2) below, or

Loan applied
in acquiring
interest in
close company

PART II

- (b) in lending money to such a close company which is used wholly and exclusively for the purposes of the business of the company or of any associated company (being a close company within subsection (2) below) of the company, or
 - (c) in paying off another loan where relief could have been obtained under this section for interest on that other loan if it had not been paid off (and, if free of interest, assuming it carried interest).
- (2) Subsection (1) above applies to a close company—
- (a) if it is a trading company, or
 - (b) if it is a member of a trading group, or
 - (c) if the whole, or substantially the whole, of its income is of one or more of the following descriptions, that is—
 - (i) estate or trading income, or
 - (ii) interest and dividends or other distributions received from a subsidiary which is itself within paragraph (a), (b) or (c) of this subsection.
- (3) Relief shall be given in respect of any payment of the interest by the individual on the loan—
- (a) if when the interest is paid he has a material interest in the company, and
 - (b) if, taking the period from the application of the proceeds of the loan until the interest was paid as a whole, he has worked for the greater part of his time in the actual management or conduct of the business of the company, or of any associated company of the company, and
 - (c) if he shows that in that period he has not recovered any capital from the close company, apart from any amount taken into account under the next following subsection.
- (4) If at any time after the application of the proceeds of the loan the individual has recovered any amount of capital from the close company without using that amount in repayment of the loan, he shall be treated for the purposes of this section as if he had at that time repaid that amount out of the loan, and so that out of the interest otherwise eligible for relief and payable for any period after that time there shall be deducted an amount equal to interest on the amount of capital so recovered.

If under the following provisions of this Act this section applies to a loan part only of which fulfils the conditions in this section, so as to afford relief for interest on that part, the deduction to be made under this subsection shall be made wholly out of interest on that part.

(5) The individual shall be treated as having recovered an amount of capital from the close company if— PART II

- (a) he receives consideration of that amount or value for the sale of any part of the ordinary share capital of the company, or any consideration of that amount or value by way of repayment of any part of that ordinary share capital, or
- (b) the close company repays that amount of a loan or advance from him, or
- (c) he receives consideration of that amount or value for assigning any debt due to him from the close company.

In the case of a sale or assignment otherwise than by way of a bargain made at arm's length, the sale or assignment shall be deemed to be for consideration of an amount equal to the market value of what is disposed of.

(6) Subsections (3), (4) and (5) above shall apply to a loan within subsection (1)(c) above as if it, and any loan it replaces, were one loan, and so that—

- (a) references to the application of the proceeds of the loan are references to the application of the proceeds of the original loan, and
- (b) any restriction under subsection (4) above which applied to any loan which has been replaced shall apply also to the loan which replaces it.

(7) Subsection (1) above shall not apply to a loan unless made in connection with the application of the money, and either on the occasion of its application, or within what is in the circumstances a reasonable time from the application of the money, and that subsection shall not apply to a loan the proceeds of which are applied for some other purpose before being applied as described in that subsection.

(8) Interest eligible for relief under this section shall be deducted from or set off against the income of the individual for the year of assessment in which the interest is paid, and income tax shall be discharged or repaid accordingly.

(9) Expressions used in this section which are given a meaning by any provision in Schedule 18 to the Finance Act 1965 ^{1965 c. 25.} shall have that meaning in this section, and for the purposes of this section—

- (a) "distribution" has the same meaning as in Part IV of the Finance Act 1965,
- (b) the question whether a company is the subsidiary of another company shall be determined in accordance with paragraph 9 of Schedule 12 to the Finance Act 1965,

PART II

- (c) the question whether a person has a material interest in a company shall be determined in accordance with paragraph 7 of Schedule 14 to this Act.

Loan applied in acquiring interest in a partnership.

21.—(1) This section applies to a loan to an individual to defray money applied—

- (a) in purchasing a share in a partnership, or
 (b) in contributing money to a partnership by way of capital or a premium, or in advancing money to the partnership, where the money contributed or advanced is used wholly and exclusively for the purposes of the trade, profession or vocation carried on by the partnership, or
 (c) in paying off another loan where relief could have been obtained under this section for interest on that other loan if it had not been paid off (and, if free of interest, assuming it carried interest).

(2) Relief shall be given in respect of any payment of interest by the individual on the loan—

- (a) if throughout the period from the application of the proceeds of the loan until the interest was paid he has personally acted in the conduct of the trade, profession or vocation carried on by the partnership, and
 (b) if he shows that in that period he has not recovered any capital from the partnership, apart from any amount taken into account under the next following subsection.

(3) If at any time after the application of the proceeds of the loan the individual has recovered any amount of capital from the partnership without using that amount in repayment of the loan, he shall be treated for the purposes of this section as if he had at that time repaid that amount out of the loan, and so that out of the interest otherwise eligible for relief and payable for any period after that time there shall be deducted an amount equal to interest on the amount of capital so recovered.

If under the following provisions of this Act this section applies to a loan part only of which fulfils the conditions in this section, so as to afford relief for interest on that part the deduction to be made under this subsection shall be made wholly out of interest on that part.

(4) The individual shall be treated as having recovered an amount of capital from the partnership if—

- (a) he receives a consideration of that amount or value for the sale of any part of his interest in the partnership, or

- (b) the partnership returns any amount of capital to him or repays any amount advanced by him, or
- (c) he receives consideration of that amount or value for assigning any debt due to him from the partnership.

PART II

In the case of a sale or assignment otherwise than by way of a bargain made at arm's length, the sale or assignment shall be deemed to be for consideration of an amount equal to the market value of what is disposed of.

(5) Subsections (2), (3) and (4) above shall apply to a loan within subsection (1)(c) above as if it, and any loan it replaces, were one loan, and so that—

- (a) references to the application of the proceeds of the loan are references to the application of the proceeds of the original loan, and
- (b) any restriction under subsection (3) above which applied to any loan which has been replaced shall apply also as respects the loan which replaces it.

(6) Subsection (1) above shall not apply to a loan unless made in connection with the application of the money, and either on the occasion of its application, or within what is in the circumstances a reasonable time from the application of the money, and that subsection shall not apply to a loan the proceeds of which are applied for some other purpose before being applied as described in that subsection.

(7) Interest eligible for relief under this section shall be deducted from or set off against the income of the individual for the year of assessment in which the interest is paid, and income tax shall be discharged or repaid accordingly.

22.—(1) Where an individual is a member of a partnership which under section 44 of the Capital Allowances Act 1968 is entitled to a capital allowance or liable to a balancing charge for any year of assessment in respect of machinery or plant belonging to the individual, he shall be entitled to relief on any interest paid by him in that year on a loan to defray money applied as capital expenditure on the provision of that machinery or plant.

Loan to purchase machinery or plant used by a partnership.
1968 c. 44.

(2) No relief shall be given under this section in respect of interest falling due and payable more than three years after the end of the year of assessment in which the debt was incurred.

(3) Where the machinery or plant is in use partly for the purposes of the trade, profession or vocation carried on by the partnership and partly for other purposes section 28 of the said Act (part-time use) shall apply in relation to relief under this section as it applies in relation to writing-down allowances.

PART II

(4) Interest eligible for relief under this section shall be deducted from or set off against the income of the individual for the year of assessment in which the interest is paid, and income tax shall be discharged or repaid accordingly.

Loan to pay
estate duty.

23.—(1) This section applies to any loan to the personal representatives of a deceased person the proceeds of which are applied—

1894 c. 30.

(a) in paying, before the grant of representation, estate duty in accordance with section 6(2) of the Finance Act 1894, being estate duty in respect of personal property of which the deceased was competent to dispose at his death payable on delivery of the Inland Revenue affidavit, or

(b) in paying off another loan where relief could have been obtained under this section for interest on that other loan if it had not been paid off.

(2) Interest paid on the loan in respect of any period ending within one year from the making of the loan within subsection (1)(a) above shall be deducted from or set off against the income of the personal representatives as such for the year in which the interest is paid:

1940 c. 29.

Provided that in relation to estate duty on property the principal value of which falls to be ascertained under section 55 of the Finance Act 1940 (shares and debentures of certain companies) this subsection shall have effect with the substitution for “one year” of “three years”.

(3) No relief shall be given under this section in respect of interest on so much of any loan as is applied in paying estate duty in respect of property situate in Great Britain which did not pass to the personal representatives as such, or in respect of property which, even if it had been situate in Great Britain, would not have passed to the personal representatives as such.

(4) Sufficient evidence of the amount of estate duty paid in accordance with the said section 6(2) in respect of any particular description of property, and of any statements relevant to its computation in the Inland Revenue affidavit, may be given by the production of a document purporting to be a certificate from the Board.

(5) For the purposes of this section—

(a) “estate duty” means estate duty leviable under the law in force in Great Britain or the law in force in Northern Ireland, together with any interest payable on the duty,

(b) references to interest in respect of a period ending on or before a given time apply whether or not interest continues to run after that time. PART II

(6) This section shall apply to estate duty leviable under the law of Northern Ireland with the substitution for the estate duty enactments mentioned in this section of the corresponding enactments forming part of the law of Northern Ireland, and with the substitution of "Northern Ireland" for "Great Britain" in subsection (3) above, and the reference to the Board shall include a reference to the Ministry of Finance for Northern Ireland.

24.—(1) Relief shall be given in respect of any payment of interest falling due before 6th April 1975 on a debt incurred on or before 15th April 1969, being annual interest— Loans made on or before 15th April 1969.

(a) on which the recipient is chargeable to tax under Case III of Schedule D, and

(b) which is not interest on a debt incurred by overdrawing an account with the creditor,

where both the date when the payment fell due and its amount were fixed by or under arrangements made when the debt was incurred, or subsequent arrangements in force on 15th April 1969.

(2) Relief shall be given in respect of any bank, discount or stock exchange interest paid after 5th April 1970 if, assuming that it had been paid without deduction of tax when it became due and payable, relief could have been given in respect of it under section 200 of the Income Tax Act 1952. 1952 c. 10.

(3) Interest eligible for relief under this section shall be deducted from or set off against the income of the person paying the interest for the year of assessment in which the interest is paid, and income tax shall be discharged or repaid accordingly.

25.—(1) This section has effect as respects relief under sections 19 to 24 of this Act (in this Act referred to, together with this section, as "the sections of this Act giving relief in respect of interest"). Relief for payments of interest; further provisions.

(2) Where credit is given for any money due from the purchaser under any sale, that shall be treated for the purposes of the said sections as the making of a loan to defray money applied by the purchaser in making the purchase.

(3) If interest is paid at a rate in excess of a reasonable commercial rate, so much of any payment as represents such an excess shall not be eligible for relief under any of the said sections.

PART II

(4) Where the whole of a debt does not fulfil the conditions required by any one of the said sections, relief shall be given under the section only in respect of the proportion of any payment of interest equal to the proportion of the debt fulfilling those conditions at the time of the application of the money in question.

1964 c. 37.

(5) The relief shall only be given on the making of a claim to which section 9 of the Income Tax Management Act 1964 shall apply, and an appeal on the claim shall be to the General Commissioners unless the appellant elects that it shall lie instead to the Special Commissioners.

(6) If relief is given in respect of any interest under any of the said sections, the interest shall not be allowable as a deduction for any other purpose of the Income Tax Acts.

(7) No relief shall be given against income chargeable to corporation tax, or any other income of a company.

(8) No relief shall be given in respect of—

1952 c. 10.

(a) interest which is payable under deduction of tax by virtue of section 169 or section 170 of the Income Tax Act 1952, except where paid without deduction of tax to a bank carrying on a bona fide banking business in the United Kingdom, or

(b) interest in respect of which relief may be given under section 200 or section 445(3)(b) of that Act, or

(c) interest paid before 6th April, 1969.

Deduction of
income tax
from payment
of interest.

26.—(1) Where any yearly interest of money chargeable to tax under Case III of Schedule D is paid—

(a) by a company, or by a local authority, or

(b) by or on behalf of a partnership of which a company is a member, or

(c) by any person to another person whose usual place of abode is outside the United Kingdom,

the person by or through whom the payment is made shall, on making the payment, deduct out of it a sum representing the amount of income tax thereon at the standard rate in force at the time of the payment.

(2) Subsection (1)(a) above shall not apply to a payment made in a fiduciary or representative capacity, and subsection (1) above shall not apply—

(a) to interest payable in the United Kingdom on an advance from a bank carrying on a bona fide banking business in the United Kingdom, or

(b) to interest paid by such a bank in the ordinary course of that business. PART II

(3) In section 170(1)(a) of the Income Tax Act 1952 (payments not out of profits or gains charged to income tax) the words "interest of money" shall be omitted. 1952 c. 10.

(4) Subsections (2) and (4) of the said section 170, and section 50 of the Finance Act 1963 (certificates of deduction), shall apply to payments within subsection (1) above as they apply to payments within the said section 170(1). 1963 c. 25.

(5) Nothing in this section applies to the right of election under section 48(7) of the Finance Act 1965 (payments by one member of a group of companies to another member). 1965 c. 25.

(6) This section applies—

(a) to interest paid after 5th April 1970, and

(b) to interest paid after the passing of this Act on a debt incurred after 15th April 1969.

(7) So far as it relates to interest paid before the passing of this Act, the resolution of the Commons House of Parliament prohibiting in certain cases the deduction of tax from interest on a debt incurred after 15th April 1969 is hereby confirmed as if contained in this Act, and where that resolution did not apply to any payment of interest before the passing of this Act on a debt incurred after 15th April 1969, the deduction shall be treated as having been made under this section, and not under section 169 or section 170 of the Income Tax Act 1952.

27.—(1) Subject to the provisions of this section, all interest paid by a close company in any accounting period shall be apportioned under section 78 of the Finance Act 1965 (apportionment for surtax) as if the interest were income of the close company for the accounting period. Special provisions for certain close companies.

(2) Subsection (1) of this section shall not apply to a company—

(a) if it is a trading company, or

(b) if it is a member of a trading group, or

(c) if the whole, or substantially the whole, of its income is of one or more of the following descriptions, that is—

(i) estate or trading income,

(ii) interest, and dividends or other distributions, received from a subsidiary which is itself within paragraphs (a), (b) or (c) of this subsection.

PART II

(3) Subsection (1) of this section shall not apply—

- (a) to interest which would be eligible for relief under sections 19 or 24 above if paid by an individual, or
- (b) to interest which is money wholly and exclusively laid out or expended for the purposes of a trade carried on by the company.

(4) If any amount of interest apportionable under subsection (1) above is interest paid to a participator in the close company, the amount apportionable to that participator by virtue of subsection (1) above shall be reduced by the first-mentioned amount (and without requiring the reduction to be reflected in the amount apportioned to any other person).

(5) Subsection (2) of the said section 78 (annual payments) shall not apply to any annual interest.

(6) Subsection (4) of the said section 78 (restrictions on the making of apportionments) has effect subject to the provisions of this section, and an amount apportionable by virtue of this section shall be in addition to amounts (if any) apportionable under the said section 78 without this section.

(7) In determining under the said section 78 and the enactments applying for the purposes of that section the person to whom any amount is to be apportionable by virtue of this section, any interest which any person possesses as a loan creditor shall be disregarded (but without prejudice to the making of an apportionment to him in any other capacity).

1965 c. 25. (8) Expressions used in this section which are given a meaning by any provision in Schedule 18 to the Finance Act 1965 shall have that meaning in this section and for the purposes of this section—

- (a) “distribution” has the same meaning as in Part IV of the Finance Act 1965,
- (b) the question whether a company is a subsidiary of another company shall be determined in accordance with paragraph 9 of Schedule 12 to the Finance Act 1965.

(9) This section applies—

- (a) to interest paid after 5th April 1970, and
- (b) to bank, discount house or stock exchange interest paid in the year 1969-70 in respect of any period beginning after 30th June 1969, and
- (c) to interest paid in the year 1969-70 on any debt incurred after 15th April 1969, not being bank, discount house or stock exchange interest.

Companies

PART II

28.—(1) Section 74 of the Finance Act 1965 (restriction on deductions for remuneration of directors other than whole-time service directors) shall cease to have effect.

Close companies: no restriction on deductions for directors' remuneration. 1965 c. 25.

(2) This section applies as respects accounting periods ending after the end of March 1969 :

Provided that in the case of any such accounting period beginning before the end of March 1969 the said section 74 shall apply, but the decrease under that section in allowable deductions for the accounting period shall be the proportion of the decrease which would be made apart from this section which the part of the accounting period before the end of March 1969 bears to the whole accounting period.

(3) The following provisions of this section have effect where a close company has an accounting period of less than twelve months beginning or ending between 1st January 1968 and 31st March 1969 unless the terminal date of the accounting period (or of each such accounting period) was decided, or fixed by a decision, before 15th April 1969, and there is sufficient evidence of the decision in some document in existence before 15th April 1969.

(4) Where any accounting period of the close company falls wholly or partly within the nine months beginning on 1st April 1969 and ending with 31st December 1969, and the remuneration of its directors (other than whole-time service directors) for the accounting period, or, as the case may be, for the part falling within those nine months, exceeds the limit determined below, the deduction which may be made for the directors' remuneration in computing for corporation tax the close company's profits for the accounting period shall be diminished by an amount equal to the excess, and that shall be in addition to such diminution, if any, as is to be made under the said section 74 as modified by the proviso to subsection (2) above.

(5) The said limit is—

- (a) for an accounting period comprising the whole of the said period of 9 months, $\frac{9}{18}$ ths of the remuneration of directors (other than whole-time service directors) for the eighteen months beginning on 1st July 1968 and ending on 31st December 1969,
- (b) for an accounting period comprising part only of the said 9 months, a proportionately smaller fraction of the said remuneration.

(6) If any part of the 18 months or the 9 months does not fall within any accounting period of the close company, the

PART II denominator, or as the case may be the numerator, of the fraction of 9/18ths shall be proportionately reduced.

For the purpose of this subsection an accounting period falling after the commencement of the winding up of the close company shall be treated as if it were not an accounting period.

(7) For the purposes of this section all necessary apportionments of remuneration to part of an accounting period shall be made on a time basis according to the respective lengths of the parts of the period.

(8) This section shall be construed as one with the said section 74.

Other amendments of Corporation Tax Acts. **29.** Schedule 14 to this Act (which amends the provisions of the Corporation Tax Acts, including the provisions about close companies) shall have effect.

Avoidance of tax

Change in ownership of company: disallowance of trading losses.

30.—(1) If—

(a) within any period of three years there is both a change in the ownership of a company and (either earlier or later in that period, or at the same time) a major change in the nature or conduct of a trade carried on by the company, or

(b) at any time after the scale of the activities in a trade carried on by a company has become small or negligible, and before any considerable revival of the trade, there is a change in the ownership of the company,

1965 c. 25. no relief shall be given under section 58 of the Finance Act 1965 (relief for trading losses against future trading profits or total profits) by setting a loss incurred by the company in an accounting period beginning before the change of ownership against any income or other profits of an accounting period ending after the change of ownership.

(2) In applying this section to the accounting period in which the change of ownership occurs, the part ending with the change of ownership, and the part after, shall be treated as two separate accounting periods, and the profits or losses of the accounting period shall be apportioned to the two parts.

The apportionment shall be on a time basis according to the respective lengths of those parts except that if it appears that that method would work unreasonably or unjustly such other method shall be used as appears just and reasonable.

(3) In subsection (1) above “major change in the nature or conduct of a trade” includes— PART II

- (a) a major change in the type of property dealt in, or services or facilities provided, in the trade, or
- (b) a major change in customers, outlets or markets of the trade,

and this section applies even if the change is the result of a gradual process which began outside the period of three years mentioned in subsection (1)(a) above.

(4) In relation to any relief available under section 61 of the Finance Act 1965 (company reconstructions) to a successor company, subsection (1) above shall apply as if any loss sustained by a predecessor company had been sustained by a successor company and as if the references to a trade included references to the trade as carried on by a predecessor company. 1965 c. 25.

(5) Schedule 15 to this Act shall have effect for supplementing this section, which is there referred to as the “principal section”.

(6) This section and that Schedule shall be construed as one with Part IV of the Finance Act 1965.

(7) This section shall not apply if the change of ownership took place before 15th April 1969, and subsection (1)(a) above shall not apply if the major change in the nature or conduct of the trade was completed before that date.

In other respects this section has effect by reference to circumstances and events before that date, as well as by reference to later circumstances and events.

31.—(1) This section has effect where—

- (a) transactions or arrangements are effected or made to exploit the earning capacity of an individual in any occupation by putting some other person in a position to enjoy all or any part of the profits or gains or other income, or of the receipts, derived from the individual's activities in that occupation, or anything derived directly or indirectly from any such income or receipts, and
- (b) as part of, or in connection with, or in consequence of, the transactions or arrangements any capital amount is obtained by the individual for himself or for any other person, and
- (c) the main object, or one of the main objects, of the transactions or arrangements was the avoidance or reduction of liability to income tax.

Sale by individual of income derived from his personal activities.

PART II

(2) Any such capital amount shall for all the purposes of the Income Tax Acts be treated as being earned income of the individual which arises when the capital amount is receivable, and which is chargeable to tax under Case VI of Schedule D.

(3) In this section—

(a) references to any occupation are references to any activities of any of the kinds pursued in any profession or vocation, irrespective of whether the individual is engaged in a profession or vocation, or is employed by or holds office under some other person, and

(b) references in subsection (1) above to income or receipts include references to payments for any description of copyright or licence or franchise or other right deriving its value from the activities, including past activities, of the individual.

(4) This section shall not apply to a capital amount obtained from the disposal—

(a) of assets (including any goodwill) of a profession or vocation, or of a share in a partnership which is carrying on a profession or vocation, or

(b) of shares in a company,

so far as the value of what is disposed of, at the time of disposal, is attributable to the value of the profession or vocation as a going concern, or as the case may be to the value of the company's business as a going concern:

Provided that if the value of the profession, vocation or business as a going concern is derived to a material extent from prospective income or receipts derived directly or indirectly from the individual's activities in the occupation, and for which, when all capital amounts are disregarded, the individual will not have received full consideration, whether as a partner in a partnership or as an employee or otherwise, this subsection shall not exempt the part of the capital amount so derived.

In this subsection references to the company's business include references to the business of any other company in which it holds shares directly or indirectly.

(5) For the purposes of subsection (1)(b) above the cases where an individual obtains any capital amount for some other person include cases where the individual has put some other person in a position to receive the capital amount by providing that other person with something of value derived, directly or indirectly, from the individual's activities in the occupation.

(6) This section shall apply whether or not all or any of the relevant arrangements took place before the passing of this Act, but shall not apply as respects a capital amount receivable before 15th April 1969.

PART II

32.—(1) This section is enacted to prevent the avoidance of tax by persons concerned with land or the development of land. Artificial transactions in land.

(2) This section applies wherever—

- (a) land, or any property deriving its value from land, is acquired with the sole or main object of realising a gain from disposing of the land, or
- (b) land is held as trading stock, or
- (c) land is developed with the sole or main object of realising a gain from disposing of the land when developed,

and any gain of a capital nature is obtained from the disposal of the land—

- (i) by the person acquiring, holding or developing the land, or by any connected person, or
- (ii) where any arrangement or scheme is effected as respects the land which enables a gain to be realised by any indirect method, or by any series of transactions, by any person who is a party to, or concerned in, the arrangement or scheme ;

and this subsection applies whether any such person obtains the gain for himself or for any other person.

(3) Where this section applies, the whole of any such gain shall for all the purposes of the Income Tax Acts and the Corporation Tax Acts be treated—

- (a) as being income which arises when the gain is realised, and which constitutes profits or gains chargeable to tax under Case VI of Schedule D for the year of assessment or company's accounting period in which the gain is realised, and
- (b) subject to the following provisions of this section, as being income of the person by whom the gain is realised.

(4) For the purposes of this section land is disposed of if, by any one or more transactions, or by any arrangement or scheme, whether concerning the land or property deriving its value from the land, the property in the land, or control over the land, is effectually disposed of, and references in subsection (2) above to the acquisition or development of property with a view to realising the gain from disposing of the land shall be construed accordingly.

PART II

(5) For the said purposes—

- (a) where, whether by a premature sale or otherwise, a person directly or indirectly transmits the opportunity of making a gain to another person, that other person's gain is obtained for him by the first-mentioned person, and
- (b) any number of transactions may be regarded as constituting a single arrangement or scheme if a common purpose can be discerned in them, or if there is other sufficient evidence of a common purpose.

(6) For the purposes of this section such method of computing a gain shall be adopted as is just and reasonable in the circumstances, taking into account the value of what is obtained for disposing of the land, and allowing only such expenses as are attributable to the land disposed of, and in applying this subsection—

- (a) where a freehold is acquired and the reversion is retained on disposal, account may be taken of the way in which the profits or gains under Case I of Schedule D of a person dealing in land are computed in such a case, and
- (b) account may be taken of the adjustments to be made in computing such profits or gains under subsections (5), (6) and (7) of section 29 of the Finance Act 1963 (allowance for tax on premiums on leases).

1963 c. 25.

In the application of this subsection to Scotland, "freehold" means the estate or interest of the proprietor of the *dominium utile* or, in the case of property other than feudal property, of the owner, and "reversion" means the interest of the landlord in property subject to a lease.

(7) Subsection (2)(c) of this section shall not apply to so much of any gain as is fairly attributable to the period, if any, before the intention to develop the land was formed, and which would not fall under paragraph (a) or paragraph (b) of that subsection; and in applying this subsection account shall be taken of the treatment under Case I of Schedule D of a person who appropriates land as trading stock.

(8) If all or any part of the gain accruing to any person is derived from value, or an opportunity of realising a gain, provided directly or indirectly by some other person, whether or not put at the disposal of the first-mentioned person, subsection (3)(b) of this section shall apply to the gain, or that part of it, with the substitution of that other person for the person by whom the gain was realised.

(9) This section shall not apply to a gain accruing to an individual which by virtue of section 29 of the Finance Act 1965 (private residences) is exempt from capital gains tax, or which would be so exempt but for the provisions of paragraph 2 of Schedule 12 to the Finance Act 1968 (residence acquired partly with a view to making a gain). PART II
1965 c. 25.
1968 c. 44.

(10) Where there is a disposal of shares in—

- (a) a company which holds land as trading stock, or
- (b) a company which owns directly or indirectly 90 per cent. or more of the ordinary share capital of another company which holds land as trading stock,

and all the land so held is disposed of in the normal course of its trade by the company which held it, and so as to procure that all opportunity of profit in respect of the land arises to that company, then this section shall not by virtue of subsection (2)(i) apply to any gain to the holder of shares as being a gain on property deriving value from that land (but without prejudice to any liability under paragraph (ii) of the said subsection (2)).

(11) Where a person who considers that paragraph (a) or paragraph (c) of subsection (2) of this section may apply as respects a gain of a capital nature which that person has obtained from the disposal of land, or which he would obtain from a proposed disposal of land, supplies to the inspector to whom he makes his return of income written particulars showing how the gain has arisen or would arise—

- (a) the inspector shall, within thirty days from his receipt of the particulars, notify that person whether or not he is satisfied that, in the circumstances as described in the particulars, the gain will not, or would not, be chargeable to tax on that person under this section, and
- (b) if the inspector notifies that person that he is so satisfied, the gain shall not be chargeable on that person under this section:

Provided that if the particulars given under this section with respect to the gain are not such as to make full and accurate disclosure of all facts and considerations relating thereto which are material to be known to the inspector, any notification given by the inspector under this subsection shall be void.

(12) In this section—

- (a) references to the land include references to all or any part of the land, and “land” includes buildings, and any estate or interest in land or buildings;

PART II (b) references to property deriving its value from land include—

(i) any shareholding in a company, or any partnership interest, or any interest in settled property, deriving its value directly or indirectly from land, and

(ii) any option, consent or embargo affecting the disposition of land,

1965 c. 25. and for the purposes of this section any question whether a person is connected with another shall be determined in accordance with paragraph 21 of Schedule 7 to the Finance Act 1965.

(13) Schedule 16 to this Act shall have effect to supplement this and the last preceding section, and this and the last preceding section are in that Schedule referred to as the “principal sections”.

(14) This section shall apply whether or not all or any of the relevant transactions, or all or any part of any relevant arrangement or scheme, was effected before the passing of this Act, but shall not apply to any gain realised before 15th April 1969.

(15) The following provisions, enacted to prevent avoidance of tax by transactions in land and other property, shall cease to have effect as respects any transaction or event carried out or occurring on or after 15th April 1969.

The said provisions are—

1960 c. 44. (a) in the Finance Act 1960, sections 21 to 24, all of section 25 except subsection (4), and section 26, and

1962 c. 44. (b) in the Finance Act 1962, sections 23 and 24 and in section 25 subsection (1) except so far as it relates to section 28, and subsection (2).

Transfer of assets abroad. 1952 c. 10. **33.**—(1) Section 412 of the Income Tax Act 1952 (avoidance of tax by transactions resulting in transfer of income to persons abroad) shall have effect subject to the following provisions of this section.

(2) In subsection (1) of that section (which deals with cases where, by means of a transfer of assets, either alone or in conjunction with associated operations, an individual acquires rights by virtue of which he has power to enjoy income of a person abroad) for the words from “such an individual” to “he has” there shall be substituted the words “by virtue or in consequence of any such transfer, either alone or in conjunction with associated operations, such an individual has”.

(3) In subsection (6) of that section (which provides that in determining whether an individual has power to enjoy income of a person abroad, account shall be taken of all benefits which accrue to him as a result of the relevant transfer and any associated operations) after the words "accrue to the individual" there shall be inserted the words "(whether or not he has rights at law or in equity in or to those benefits)".

PART II

(4) After subsection (3) of section 413 of the Income Tax Act 1952 (which contains provisions supplemental to section 412) there shall be inserted the following subsection:—

"(4) In any case where an individual has for the purposes of the last preceding section power to enjoy income of a person abroad by reason of his receiving any such benefit as is referred to in subsection (5)(c) of that section, then notwithstanding anything in subsection (1) of this section, the individual shall be chargeable to income tax by virtue of that section for the year of assessment in which the benefit is received on the whole of the amount or value of that benefit except in so far as it is shown that the benefit derives directly or indirectly from income on which he has already been charged to tax for that or a previous year of assessment."

(5) This section shall have effect for all the purposes of income tax for the year 1969-70 and subsequent years of assessment and also for estimating an individual's total income for the purposes of surtax for the year 1968-69.

Case VIII of Schedule D

34.—(1) In section 25(5)(a) of the Finance Act 1963 (ascertainment of duration of a lease) the words "either" and "or leases by the tenant" shall be repealed, and at the end of the said paragraph (a) add "by the landlord".

(2) Paragraph (b) of the said section 25(5) (circumstances making it unlikely that the lease will continue until the expiration of its term) shall be applied by reference to the facts which were known or ascertainable at the time of the grant of the lease, and the proviso to the said section 25(5) shall be repealed:

Provided that in relation to tax under section 22(4) of the Finance Act 1963 (premium for variation or waiver of any of the terms of a lease) for the reference above to the time of the grant of the lease there shall be substituted a reference to the time when the contract providing for the variation or waiver is entered into.

(3) In applying the said paragraph (b) it shall be assumed that all parties concerned, whatever their relationship, act as they would act if they were at arm's length.

PART II

(4) After paragraph (b) of the said section 25(5) add:—

“ (c) where the terms of the lease include provision for the extension of the lease beyond a given date by notice given by the tenant account may be taken of any circumstances making it likely that the lease will be so extended ”.

(5) Subject to the next following subsection, this section has effect—

1963 c. 52. (a) as respects a lease granted after 12th June 1969, and
(b) so far as it relates to section 22(4) of the Finance Act 1963, as respects a variation or waiver the contract for which is entered into after that date.

(6) So far as relates to relief under—

1952 c. 10.
1965 c. 25. (a) section 342 of the Income Tax Act 1952 or section 58(1) of the Finance Act 1965 (carry forward of trading losses), or

1953 c. 34. (b) section 341 of the Income Tax Act 1952 as applied by section 15(3) of the Finance Act 1953 (set-off of trading loss against general income of succeeding year), or

(c) paragraph 1 of Schedule 4 to the Finance Act 1963 (sums deductible from rent),

given by setting a loss against, or making a deduction from, income of—

- (i) the year 1969-70 or any subsequent year of assessment, or
- (ii) a company's accounting period ending after 5th April 1969,

this section shall be deemed to have had effect as from the passing of the Finance Act 1963, and as respects leases granted at any time.

(7) In applying subsection (6) above it shall be assumed—

(a) that all relief which could not be affected by the operation of that subsection was given (for all years of assessment and accounting periods before or after the passing of this Act) before relief which could be affected by the operation of that subsection, and

(b) that, in particular, any loss which would not have been sustained if subsection (1) of this section had always had effect was postponed to any other loss in giving relief against income of a year of assessment before the year 1969-70, or a company's accounting period ending on or before 5th April 1969.

This subsection shall have effect notwithstanding the provisions of paragraph 17 of Schedule 4 to the Finance Act 1963, or any other enactment governing the order in which reliefs are given.

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(8) All such adjustments shall be made, whether by way of assessment or discharge or repayment of tax, as are required to give effect to this section.

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ESTATE DUTY

35.—(1) Estate duty shall no longer be levied and paid at graduated rates on the principal value of the property comprised in an estate but, subject to any enactment providing for the reduction of the amount payable on any particular property comprised in the estate, there shall be levied and paid by way of estate duty on the estate an amount determined in accordance with Part I of Schedule 17 to this Act by reference to the aggregate principal value of all the property comprised in the estate. Amount and estate rate of estate duty.

(2) Subject to any such enactment as aforesaid, the amount of estate duty payable on any particular property comprised in an estate shall be the amount produced by levying duty on the principal value of that property at the estate rate, that is to say, the rate per cent. representing the proportion which the amount determined in relation to the estate under subsection (1) of this section bears to the aggregate principal value of all the property comprised in the estate; and any reference in the enactments relating to estate duty (other than section 29 of the Finance Act 1949) to the rate or amount of duty on, or on the principal value of, property shall be construed as a reference to the estate rate, or, as the case may be, to the amount produced by levying duty on the principal value of the property at the estate rate. 1949 c. 47.

36.—(1) In section 2(1) of the Finance Act 1894 (which provides in relation to estate duty that property passing on a death shall be deemed to include property of the descriptions specified in the paragraphs of that subsection) for the words “shall be deemed to include” there shall be substituted the words “means for the purposes of estate duty”. Changes as to property passing on death. 1894 c. 30.

(2) For paragraph (b) of the said section 2(1) (which specifies property in which the deceased or any other person had an interest ceasing on the death of the deceased to the extent to which a benefit accrues or arises by the cesser of that interest) there shall be substituted the following paragraph (hereafter in

PART III this Part of this Act and in Part II of Schedule 17 thereto referred to as “the substituted section 2(1)(b)” :—

“ (b) subject to section 37 of the Finance Act 1969, property in the case of which—

(i) at any time during the period of seven years ending with the date of the deceased’s death the property was comprised in a settlement and the deceased was entitled to a beneficial interest in possession in that property as, or as successor to an interest of, a beneficiary under the settlement ; or

(ii) the property being or having been comprised as aforesaid and the deceased having at a time before the period of seven years aforesaid been entitled to such an interest in that property as is mentioned in sub-paragraph (i) of this paragraph which determined or was disposed of at a date before the beginning of that period, the deceased was not at all times during that period entirely excluded from possession and enjoyment of the property and from any benefit to him by contract or otherwise ; or

(iii) the property being, or having at a time after 15th April 1969 been, comprised in settled property subject to a trust conferring a discretion on the trustees or some other person as to the application of all or part of any of the combined income of all the property from time to time subject to that trust which is for the time being available for distribution (not being a discretion only as to the amount for the time being of an annuity under the settlement or as to the provision of maintenance for a person under the age which by virtue of the law which regulates the disposition constituting the settlement falls to be treated for the purposes of the trust as full age)—

(aa) the deceased having immediately before the date of his death been eligible to benefit as a result of the discretion aforesaid and the property in question having at that date been subject to the trust, the deceased has so benefited at any time during the material period (that is to say, so much of the period of seven years ending with that date as falls after 15th April 1963) at which the property was subject to the trust ; or

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(bb) the deceased having ceased to be eligible as aforesaid, or the property in question having ceased to be subject to the trust, at a time within the period of seven years ending with the date of his death, the deceased has so benefited at a time during the material period (that is to say, so much of the period of seven years ending with the date when the deceased or, as the case may be, that property so ceased as falls after 15th April 1963) at which that property was subject to the trust ; or

(cc) the deceased or the property in question having ceased as aforesaid before the beginning of the period of seven years ending with the date of his death, but the deceased not having been entirely excluded from possession and enjoyment of that property and from any benefit to him by contract or otherwise at all times during that period, the deceased has so benefited at a time during the material period (that is to say, so much of the period of seven years ending with the date when the deceased or, as the case may be, that property so ceased as falls after 15th April 1963) at which that property was subject to the trust ; or

(iv) the property was at the date of the deceased's death comprised in settled property held by trustees under a settlement made by the deceased whereby that settled property was held on trust to accumulate, or with a power for the trustees at the discretion of the trustees or some other person to accumulate, the whole or part of any income of that settled property, and that trust for, or power of, accumulation determined at the death."

(3) At the end of the said section 2(1) there shall be added the following paragraphs :—

“(e) without prejudice to section 3 of this Act, property consisting of an interest of the deceased as a partner under a partnership agreement, being an interest to which under the terms of that or some other agreement some person other than the deceased's executor as such becomes or will become entitled on or by reference to the deceased's death otherwise than by the exercise of an option to acquire that interest ;

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(f) subject to section 37(5) of the Finance Act 1969, property subject to an option to purchase granted otherwise than by the deceased's will to a person other than the deceased and exercisable on or by reference to the deceased's death, in a case where the property passes, or would if there had been no option to purchase it have passed, on the deceased's death apart from this paragraph ;

(g) in the application of this Act to Scotland—

(i) property of which the deceased was not at the time of his death competent to dispose and which on his death devolves in accordance with the terms of a special destination contained in any deed ;

(ii) property of which the deceased was at the time of his death a proper liferenter ;

(iii) the interest of lessee under any lease, other than such a lease as is mentioned in section 36(5)(a)(ii) of the Finance Act 1969, being an interest held by the deceased at the time of his death but of which he was not at that time competent to dispose."

1894 c. 30. (4) Without prejudice to paragraph (a) of subsection (5) of this section, in paragraph (i) of section 22(1) of the Finance Act 1894 (which provides that in that Act the expression "settlement" means any instrument, whether relating to real property or personal property, which is a settlement within the meaning of section two of the Settled Land Act 1882, or if it related to real property would be a settlement within the meaning of that section, and includes a settlement effected by a parol trust)—

1882 c. 38. (a) for the words "section two of the Settled Land Act 1882" there shall be substituted the words "the Settled Land Act 1925";

1925 c. 18.

(b) after the words "real property" in the second place where they occur there shall be inserted the words "in England or Wales";

(c) for the words "that section" there shall be substituted the words "that Act";

and in the application to Scotland of the said paragraph (i) as amended by the foregoing provisions of this subsection for the words from "any instrument" to "that Act" there shall be substituted the words "any deed by virtue of which any property, wherever situated, is for the time being held in trust for any purposes".

(5) In the enactments relating to estate duty—

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(a) the expression “settlement”—

(i) for the avoidance of doubt is hereby declared to include—

(aa) any disposition whereby property is held by trustees on trust to accumulate the whole or part of any income of that property or with a power for the trustees to make payments out of that income at the discretion of the trustees or some other person with or without a power to accumulate surplus income ; and

(bb) any disposition regulated by the law of a territory outside Great Britain which would constitute a settlement within the meaning of section 22(1)(i) of the Finance Act 1894 1894 c. 30. if it had been regulated by the law of England or, as the case may require, of Scotland ;

(ii) shall include a lease of property which is for a life or lives or for a period ascertainable only by reference to a death or which is terminable on, or at a date ascertainable only by reference to, a death, that property being treated as the property comprised in the settlement ;

(iii) in relation to Scotland, shall include an entail and any deed by virtue of which an annuity is charged on, or on the rents of, any property, that property being treated as the property comprised in the settlement ;

(b) notwithstanding anything in section 22(1)(j) of the Finance Act 1894, the expression “interest in expectancy” shall, except for the purposes of section 7(6) of that Act, include a reversion expectant upon the termination of such a lease as is referred to in paragraph (a)(ii) of this subsection ;

(c) an interest in settled property shall be treated as having determined on its ceasing to exist as a separate interest ;

(d) when part of any settled property is disposed of for the purpose of paying any tax or duty (including any tax or duty under the laws of any territory outside Great Britain) for which the trustees are accountable and which is properly payable out of the capital of the settled property or of paying any costs, expenses or fees of the trustees which are properly so payable, that

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part shall not be treated as passing by reason of an interest under the settlement on any death occurring after the disposition ;

- (e) in the application of those enactments to Scotland, and subject to any provision thereof relating to the eligibility of a person to benefit under such a trust as is mentioned in sub-paragraph (iii) of the substituted section 2(1)(b), where a person is at any time entitled to an interest of any kind under a settlement that person shall be deemed to be entitled at that time to a corresponding interest in the property comprised in that settlement, and (notwithstanding the provisions of section 40(2) of this Act) this paragraph shall be deemed always to have had effect.
- (6) For the purposes of the substituted section 2(1)(b)—
- (a) the expression “successor” in relation to an interest in settled property of a beneficiary under the settlement means a successor, whether immediate or otherwise and whether by disposition or devolution, to that beneficiary’s interest ;
 - (b) where in the case of any property comprised in a settlement, the deceased was at any time beneficially entitled in possession to an interest which was not an interest as, or as successor to an interest of, a beneficiary under that settlement but which by one or more further settlements or other dispositions or devolutions had been created out of or derived from an interest of a beneficiary under that settlement, then, for the purposes of sub-paragraph (i) or (ii) of the substituted section 2(1)(b), the deceased shall be deemed to have been entitled at that time to a beneficial interest in possession in that property as successor to an interest of a beneficiary under that settlement ;
 - (c) where any property subject to such a trust as is mentioned in sub-paragraph (iii) or (iv) of the substituted section 2(1)(b) was an interest in property comprised in another settlement or was an interest which by one or more further settlements or other dispositions or devolutions had been created out of or derived from an interest of a beneficiary under another settlement, then, for the purpose of charging estate duty by virtue of the said sub-paragraph (iii) or (iv), as the case may be, the property comprised in that other settlement, so far as it consists of property in which the interest subject to that trust subsists, shall be treated for the purposes of that sub-paragraph as being the property subject to that trust ;

- (d) references in this Part of this Act to the income of any property shall be construed as references to that income after the deduction of any costs, expenses or fees properly payable out of that income ; PART III
- (e) in relation to Scotland, references in this Part of this Act to the disposition of an interest in settled property shall include references to the propulsion of the fee under any tailzied destination ;

and, for the purposes of section 28(2) of the Finance Act 1949 1949 c. 37.
 (which relates to estate duty on property situated outside Great Britain), where in the case of any property passing on a death as being or having been property comprised in a settlement the deceased was or is deemed to have been entitled to an interest in that property as successor to an interest of a beneficiary under that settlement, or where in the case of any property so passing paragraph (c) of this subsection applies to that property, that property shall be deemed to pass on the death under or by reason of the disposition constituting that settlement or, as the case may be, the disposition constituting the other settlement referred to in the said paragraph (c).

(7) Where a deceased person was immediately before his death beneficially entitled to a joint tenancy of any property, his severable share of that property shall be treated for the purposes of estate duty as property of which he was competent to dispose at his death.

(8) In the application to Scotland of sections 2 and 22 of the Finance Act 1894 as amended by the foregoing provisions 1894 c. 30.
 of this section, and in subsection (5)(a)(iii) of this section, the expression " deed " shall include any disposition, arrangement, contract, resolution, instrument or writing.

37.—(1) Where on any death estate duty falls to be charged Part only of
 on any property by virtue of sub-paragraph (i) or (ii) of the property to be
 substituted section 2(1)(b) by reason of an interest in that treated as
 property— passing in
certain cases.

(a) if that interest did not confer a right to receive the whole of any income of that property during the whole of the relevant period, that is to say, any period during which the deceased was entitled to that interest which falls within the period of seven years ending with the relevant date, namely—

(i) if the interest determined or was disposed of at a date before the death, that date, or

(ii) in any other case, the date of the death,

but conferred a right to receive a part of that income which varied in accordance with, or as the result of,

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the exercise of any power in that behalf, there shall be treated as passing on the death by virtue of the said sub-paragraph (i) or (ii) part only of that property, being a part bearing to the whole of that property the same proportion as the aggregate amount received by the deceased during the relevant period out of that income by virtue of that interest bears to the aggregate amount of that income during that period ;

- (b) if paragraph (a) of this subsection does not apply but at the relevant date aforesaid that interest extended to part but not to the whole of any income of the property, there shall be treated as passing on the death by virtue of the said sub-paragraph (i) or (ii) part only of that property, being a part bearing to the whole of that property a proportion equal to the proportion of any income of the property to which the interest extended (or would if there had been any such income have extended) at that date.

(2) Where on any death estate duty falls to be charged on any property by virtue of the said sub-paragraph (i) or (ii) but the interest in question was an interest by virtue of which the deceased was entitled jointly or in common with one or more other persons to the use and enjoyment, but not to receive any income, of the property, there shall be treated as passing on the death by virtue of that sub-paragraph part only of that property, being a part bearing to the whole of that property the same proportion as at the relevant date, namely—

- (a) if the deceased's interest determined or was disposed of at a date before the death, that date, or
 (b) in any other case, the date of the death,

the annual value of the deceased's interest bore to the aggregate of the annual values of the interests of the deceased and the other person or persons in question.

(3) Where on any death estate duty falls to be charged by virtue of sub-paragraph (iii) of the substituted section 2(1)(b) on any property which is or has been comprised in settled property subject to such a trust as is mentioned in that sub-paragraph, but the whole of the combined income of all the property from time to time subject to that trust arising during the relevant period was not paid to or applied for the benefit of the deceased as a result of the discretion so mentioned, there shall be treated as passing on the death by virtue of that sub-paragraph part only of the property in question, being a part bearing to the whole of the property in question the same proportion as, subject to paragraph (d) of this subsection, the part of the combined

income of that property which was so paid or applied during that period bears to the whole of that income arising during that period ; and for the purposes of this subsection—

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- (a) the expression “ the relevant period ” means such period during which the property in question was subject to the trust and the deceased was eligible to benefit as a result of the discretion aforesaid as falls within the material period for the purposes of head (aa), (bb) or (cc), as the case may require, of the said sub-paragraph (iii) ;
- (b) subject to paragraph (c) of this subsection, any sum paid to or applied for the benefit of any person eligible to benefit as a result of the discretion aforesaid out of any of the property subject to the trust, whether purporting to be so paid or applied out of income or by way of a distribution of capital, being a sum paid or applied after 15th April 1963 and not being a sum paid as mentioned in section 36(5)(d) of this Act, shall be treated as having been paid or applied out of income as a result of that discretion if or to the extent that the sum in question does not exceed the amount, if any, by which the aggregate amount of all the income with respect to which that discretion was exercisable arising during the period beginning with 16th April 1963 and ending with the date when the sum in question was so paid or applied exceeds the aggregate amount of all sums previously paid or applied out of that property during that period to persons eligible as aforesaid and, if or to the extent that the sum in question does not fall to be treated under this paragraph as having been paid or applied out of income, it shall be treated as having been paid or applied by way of a distribution of capital ;
- (c) in determining, for the purposes of the application of paragraph (b) of this subsection to a particular sum paid or applied as therein mentioned, the aggregate amount of all sums previously so paid or applied, there shall be left out of account any sum so previously paid or applied if or to the extent that it falls to be treated under that paragraph as having been made by way of a distribution of capital ; and if two or more sums were so paid or applied on the same date, that paragraph shall apply as if both or all of those sums had been a single sum of their aggregate amount, and, if part only of that aggregate amount falls to be treated under that paragraph as having been paid or applied out of income and both or all of those payments or

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applications were not to or for the benefit of the same person, that part shall be apportioned between the different payments or applications in proportion to the sums respectively paid or applied ;

- (d) if, in consequence of paragraphs (b) and (c) of this subsection, the aggregate amount which falls to be treated as having been paid or applied during the relevant period as a result of the discretion aforesaid out of income exceeds the amount of the income with respect to which that discretion applies which arose during that period, the combined income of all the property from time to time subject to the trust arising during that period shall be treated as increased by the amount of the excess ;
- (e) the amount of the combined income of the property from time to time subject to the trust during any period shall be treated as increased by an amount equal to the value of any benefit by way of the use and enjoyment of any of that property during that period afforded to any person by the trustees in accordance with the trust, and the person to whom that benefit was afforded shall be treated as having received out of that income during that period an amount equal to that value.

(4) Where on any death estate duty falls to be charged on any property by virtue of sub-paragraph (iv) of the substituted section 2(1)(b) but at the date of the death the whole of the income of the settled property in which the property in question was comprised arising during the whole of the period during which the trust or power to accumulate has subsisted has not been accumulated, there shall be treated as passing on the death by virtue of the said sub-paragraph (iv) part only of the property in question, being a part bearing to the whole of the property in question the same proportion as the amount of that income less any payments by the trustees made out of that income (or which would by virtue of paragraphs (b) and (c) of subsection (3) of this section fall to be treated as so made) bears to the whole of that income ; but for the purposes of this subsection paragraph (e) of the said subsection (3) shall be disregarded.

(5) Where on any death estate duty falls to be charged on any property by virtue of paragraph (f) of section 2(1) of the Finance Act 1894 as inserted by section 36(3) of this Act—

1894 c. 30.

- (a) the principal value of the property shall be determined as if there had been no option to purchase ;
- (b) if the option is exercised, but the purchase price under the option is less than the principal value of the

property determined as aforesaid, there shall be treated as passing on the death as separate properties— PART III

(i) a part of the property bearing to the whole thereof the same proportion as the purchase price bears to that principal value ;

(ii) without prejudice to section 3 of the Finance Act 1894, a part equal to the remainder of the property,

the principal values of those parts being taken to be the corresponding proportions of that principal value ;

- (c) where paragraph (b) of this subsection does not apply, there shall be treated as passing on the deceased's death the property freed from the option ;
- (d) the persons accountable for any duty on the property on a part thereof passing by virtue of paragraph (b)(i) or on the whole thereof passing in accordance with paragraph (c) of this subsection shall be the persons who would have been accountable for the duty on the property if there had been no option to purchase, and the person accountable for any duty on a part of the property passing by virtue of paragraph (b)(ii) of this subsection shall be the person by whom or for whose benefit the option was exercised.

38.—(1) If, in a case where estate duty falls, or would apart from paragraph 2 of Part II of Schedule 17 to this Act or section 7(10) of the Finance Act 1894 fall, to be charged on a death by virtue of any of the sub-paragraphs of the substituted section 2(1)(b) on property which has been settled property— Estate duty in respect of interests in expectancy.

- (a) the settlement has come to an end before the death ;
but
- (b) while the settlement subsisted, one or more interests in expectancy in the settled property were purchased within the period of seven years ending with the date of the death either by the deceased or out of, or by means of, any property which would have passed for the purposes of estate duty on the deceased's death if he had died immediately before the purchase,

then, notwithstanding anything in the said paragraph 2 or section 7(10), in addition to any other charge of estate duty, estate duty shall be chargeable on the property passing on that death by virtue of the sub-paragraph in question of the substituted section 2(1)(b), but as if the principal value of that property were an amount equal to the amount or value of the consideration given for the purchase or purchases.

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1894 c. 30.

(2) Where on any death estate duty falls to be charged by virtue of the substituted section 2(1)(b) on settled property as respects which the settlement continues to subsist at the death, and the property passing on the death also includes any interest in expectancy in the settled property which was purchased as mentioned in subsection (1)(b) of this section, then, notwithstanding anything in section 7(10) of the Finance Act 1894, estate duty shall also be chargeable in respect of that interest; and for that purpose the principal value of that interest shall be taken to be—

- (a) the amount or value of the consideration given for the purchase; or
- (b) if the persons accountable for the duty so elect by notice in writing given to the Board within twelve months of the death or such longer period as the Board may allow, the principal value of that interest determined in accordance with section 7(5) of the Finance Act 1894;

and section 7(6) of the Finance Act 1894 shall not apply to that interest unless notice of an election under paragraph (b) of this subsection has been given in relation to that interest.

(3) For the purposes of subsections (1) and (2) of this section, where a settlement has come to an end as respects part but not all of the property comprised in it, there shall be deemed to have been a separate settlement of that part; and for the purposes of the said subsection (2)—

- (a) where at the death there are separate interests in or derived out of an interest purchased, the purchase of that interest shall be treated as having comprised a separate purchase of each of those interests;
- (b) where a purchased interest has ceased to subsist as a separate interest before the death and before the time when it was originally limited to determine and has been absorbed or enlarged into another interest, that other interest shall be treated as if it had been the subject-matter of the purchase, so, however, that for the purposes of paragraph (b) of the said subsection (2), the value on which duty is charged shall, instead of being the principal value of that other interest, be such proportion of that principal value as is attributable to any purchased interest which that other interest is treated under this paragraph as representing.

(4) For the purposes of subsection (1) or (2)(a) of this section—

- (a) any consideration for the purchase of an interest in settled property consisting of another interest under the settlement shall be disregarded except where there has

been a prior purchase such as is mentioned in subsection (1)(b) of this section of that other interest, in which case the consideration for that prior purchase shall be treated (except for the purpose of determining the value of that consideration) as given not for that prior purchase but, in place of that other interest, for the first-mentioned purchase ;

- (b) where under section 37 of this Act part only of the property in which the purchased interest subsisted would fall to be treated as passing on the death, the consideration for the purchase shall be treated as reduced to a corresponding extent.

(5) Where such a purchase as is mentioned in subsection (1)(b) of this section was made not less than four years before the death, the amount or value of the consideration for the purchase for the purposes of subsection (1) or (2)(a) of this section, or the principal value of the interest for the purposes of subsection (2)(b) of this section, shall (after any deduction therefrom by virtue of subsection (7) of this section) be treated as reduced—

- (a) if the purchase was made less than five years before the death, by fifteen per cent. ;
- (b) if the purchase was made not less than five but less than six years before the death, by thirty per cent. ;
- (c) if the purchase was made not less than six years before the death, by sixty per cent.

(6) Where such a purchase as is mentioned in subsection (1)(b) of this section was made from a body of persons established for public or charitable purposes only or from the trustees of a trust so established, this section shall have effect in relation to that purchase as if in the said subsection (1)(b) for the reference to seven years there were substituted a reference to one year.

(7) Where duty is chargeable by virtue of subsection (1) or (2) of this section by reason of a purchase of an interest, and the deceased incurred any debt or created any incumbrance wholly or partly as consideration for that purchase, that consideration for the debt or incumbrance shall be left out of account for the purpose of section 31 of the Finance Act 1939 (which excludes 1939 c. 41. or limits the making for purposes of estate duty of an allowance for certain debts incurred or incumbrances created by the deceased for the purchase of property coming ultimately from himself) ; and where duty is chargeable by virtue of the said subsection (2) any allowance for a debt or incumbrance, to the extent to which it could not be made apart from this subsection, shall be made by deduction from the value on which the duty is charged by virtue of the said subsection (2) and not otherwise.

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(8) For the purposes of this section—

- (a) where such a trust in relation to any property as is mentioned in sub-paragraph (iii) of the substituted section 2(1)(b) is expectant on the determination of a prior interest in that property, eligibility to benefit under that trust shall be deemed to be an interest in expectancy in that property of all the persons so eligible;
- (b) any transaction whereby a person for money or money's worth acquires an interest or secures its extinction for his benefit shall be deemed to be a purchase of that interest by him, and any interest extinguished shall be treated as absorbed into the interest benefiting from the extinction;
- (c) any consideration for a purchase given otherwise than in cash shall be valued as at the date of the purchase;
- (d) any consideration given for the purchase of more than one interest under a settlement or for the purchase of an interest under a settlement and for something else, shall be apportioned as may be just.

Objects of national, scientific, historic or artistic interest.

1930 c. 28.
1950 c. 15.
1965 c. 25.

39.—(1) Where on any death an object to which section 40 of the Finance Act 1930 (which relates to the exemption from estate duty of objects of national, scientific, historic or artistic interest) applies has been exempted under subsection (1) of that section in pursuance of an undertaking under section 48(1) of the Finance Act 1950 as amended by section 31(7) of the Finance Act 1965 from estate duty in respect of that death, the provisions of this section shall have effect if duty subsequently becomes chargeable in relation to that object under subsection (2) of the said section 40 by reason of a sale or other disposal of the object or under subsection (3) of the said section 48 by reason of a non-observance of the undertaking.

(2) If the event giving rise to the charge under the said subsection (2) or (3) occurred within the period of three years beginning with the date of the death, then, notwithstanding anything in the said section 40 or 48, the charge shall be on the principal value of the object at the date of the death, no allowance shall be made under section 31(8) of the Finance Act 1965 in determining that value, and that value shall, for all the purposes of estate duty, be aggregated with the principal value of the estate of which the object would but for the exemption have formed part as if the object had never been exempted.

(3) If the event giving rise to the charge under the said subsection (2) or (3) occurred after the expiration of the period aforesaid, then, notwithstanding anything in the said section

40 or 48, the rate at which estate duty becomes chargeable in relation to the object shall be the rate which would have been the estate rate of duty on the property comprised in the estate of which the object would have formed part on the death but for its exemption from duty if the aggregate principal value of that estate for the purposes of duty in respect of the death had been increased by the amount of the proceeds of sale or the value of the object at the time of the disposal otherwise than on sale or at the time of the non-observance of the undertaking, as the case may be.

(4) Where two or more objects exempted as mentioned in subsection (1) of this section from estate duty in respect of the same death are objects which at the date of the death together formed a set, then if—

(a) there being a sale or other disposal of one of those objects, there is a sale or other disposal of another or others of them (whether by the same or by a different person) either—

(i) to the same person ; or

(ii) to persons who are acting in concert or who are, in the terms of paragraph 21 of Schedule 7 to the Finance Act 1965, connected persons,

1965 c. 25.

whether on the same or a different occasion ; or

(b) there being a non-observance of the undertaking referred to in the said subsection (1) in regard to one or more of those objects, there is a further non-observance of that undertaking in regard to another or others of them whether by the same or by a different person and whether on the same or a different occasion ; or

(c) there being a non-observance of that undertaking in regard to one or more of those objects, the object or objects in question and another or others of the objects comprised in the set are sold or otherwise disposed of in such manner that paragraph (a) of this subsection applies,

then, notwithstanding anything in subsection (4) of the said section 48, for the purpose of charging duty in accordance with this section under the said subsection (2) or (3) all the sales or other disposals referred to in paragraph (a) of this subsection, or all the non-observances referred to in paragraph (b) of this subsection, or, in a case falling within paragraph (c) of this subsection, all the non-observances and sales or other disposals there referred to, as the case may be, shall be treated as having taken place at the date of the earliest of them and to have been a sale of all the objects affected by the sales or other disposals or non-observances in question as a single item at a price equal to the aggregate amount of the proceeds of sale of any of those

PART III objects which has been sold since the death and the principal value at that earliest date of any of those objects which has not been sold since the death; and on each occasion on which this subsection operates in relation to any sale or other disposal or non-observance, any estate duty previously charged in relation to any of the objects affected by that or any previous relevant sale or other disposal or non-observance or, by virtue of subsection (2) of this section, on any estate of which any of those objects would have formed part but for their exemption from duty shall be adjusted accordingly.

Supplementary and transitional provisions as to estate duty. **40.**—(1) There shall have effect with respect to estate duty the supplementary provisions contained in Part II of Schedule 17 to this Act; and the enactments specified in Part III of that Schedule shall have effect subject to the amendments respectively so specified, being amendments consequential on the provisions of this Part of this Act and the repeal by this Act of the enactments specified in Part V of Schedule 21 to this Act.

(2) The provisions of this Part of this Act shall apply in relation to any death occurring after 15th April 1969 but—

(a) where an interest in property comprised in a settlement has determined before that date, there shall not be charged on any death by way of estate duty on that property which is attributable to that interest a greater amount than would have fallen to be charged on that death by way of such duty on that property if the relevant provisions as defined by subsection (3) of this section had not been passed;

(b) the provisions of section 38(5) of this Act shall not have effect so as to give a lesser percentage reduction in the principal value of any property than the percentage reduction (if any) which, assuming that the deceased had died on 19th March 1968, would have fallen to be made as respects the property under subsection (1) of section 64 of the Finance Act 1960 if section 35 of the Finance Act 1968 and the relevant provisions aforesaid had not been passed;

1960 c. 44.

1968 c. 44.

(c) for the purposes of aggregation, property passing on a death after 15th April 1969 as comprised in a gift of, or of rights under, either a policy of assurance on the life of the deceased issued in respect of an insurance made before 20th March 1968 or a contract for a deferred annuity becoming payable on the death of the deceased entered into before 20th March 1968 shall be treated in accordance with subsections (7) to (13) of section 38 of the Finance Act 1968 as if the repeal by this Act of those subsections, the proviso to

section 4 of the Finance Act 1894 and section 33(2) and (3) of the Finance Act 1954 had not been made ;

PART III

1894 c. 30.

1954 c. 44.

- (d) where an interest in expectancy in any property was before 15th April 1969 bona fide sold or mortgaged for full consideration in money or money's worth, then—

(i) no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would have been payable if the relevant provisions aforesaid had not been passed ; and

(ii) in the case of a mortgage any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee,

and section 56(1) of the Finance Act 1940 (which relates to transactions with companies under the control of not more than five persons) shall apply for the purposes of this paragraph as it applies for the purposes of section 3 of the Finance Act 1894 ;

- (e) the repeal by this Act of paragraph (16) of section 23 of the Finance Act 1894 shall not affect any relief which would otherwise have been due under that paragraph in a case where estate duty has been paid, whether before or after 15th April 1969, on the death on or before that date of one of the parties to a marriage, so far as respects the payment of estate duty on the death of the other party to the marriage.

(3) In subsection (2) of this section the expression “the relevant provisions” means the following provisions of this Act, namely—

- (a) sections 36, 37 and 38 ;
 (b) Schedule 17 other than Part I and other than paragraphs 7, 8, 13 and 19 of Part III ;
 (c) Part V of Schedule 21 other than so much thereof as is consequential only on the provisions of section 35.

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CAPITAL GAINS AND BETTERMENT LEVY

Capital gains

41.—(1) Subject to the following provisions of this section, a gain shall not be a chargeable gain for the purposes of capital gains tax or corporation tax on chargeable gains if it accrues on the disposal by any person of any specified securities, as defined in subsection (2) below.

Gilt-edged securities exempt from tax on capital gains.

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(2) For the purposes of this section “specified securities” means the securities specified in Part I of Schedule 18 to this Act and such of the following securities, denominated in sterling and issued after 15th April 1969, as may be specified by order made by the Treasury by statutory instrument, namely,—

- 1968 c. 13. (a) stocks and registered bonds issued under section 12 of the National Loans Act 1968 ; and
- 1948 c. 67. (b) stocks and registered bonds guaranteed by the Treasury and issued under the Electricity (Scotland) Acts 1943 to 1954, the Electricity Acts 1947 and 1957 and the Gas Act 1948 ;

and the Treasury shall cause particulars of any order made under this subsection to be published in the London and Edinburgh Gazettes as soon as may be after the order is made.

- 1965 c. 25. (3) Subsection (1) above applies to disposals of specified securities after 15th April 1969 and, except in the case of any disposal which is deemed to occur on that day by virtue of any provision of section 24 (deaths) or section 25 (settled property) of the Finance Act 1965, to any disposal of specified securities which occurred after 3.30 p.m. on that day.

(4) Subsection (1) above does not apply in the case of a disposal by a company, within the meaning of Part IV of the Finance Act 1965, unless the disposal of the securities occurs more than twelve months after their acquisition, and for the purposes of this subsection—

- 1962 c. 44. (a) if in consequence of a conversion on their redemption of any specified securities, those securities and a new holding of specified securities are, under paragraph 4(2) of Schedule 7 to the Finance Act 1965, as applied by paragraph 5 of that Schedule, to be treated as the same asset acquired as the converted securities were acquired, the date of acquisition of the new holding shall be deemed to be the date of the acquisition of the converted securities ; and
- (b) the rules of identification in paragraph 8 of Schedule 9 to the Finance Act 1962 shall apply ; and
- (c) in relation to a disposal of specified securities to which, by virtue of this subsection, subsection (1) above does not apply, the expenditure allowable under paragraph 4 of Schedule 6 to the Finance Act 1965 (cost of acquisition, etc.) shall, notwithstanding the provisions as to the pooling of securities in Schedule 7 to that Act, be determined by reference to the acquisition of the securities identified in accordance with paragraph (b) above.

(5) Where under Schedule 13 to the Finance Act 1965 (groups of companies) the persons disposing of and acquiring an asset are to be treated as if the consideration were of such an amount that neither a gain nor a loss accrues on the disposal, the person acquiring the asset shall be treated for the purposes of subsection (4) above (and of the enactments referred to in that subsection so far as applied for the purposes of that subsection) as acquiring it at the time when the other acquired it. PART IV
1965 c. 25.

(6) Part II of Schedule 18 to this Act shall have effect in relation to certain disposals and appropriations of specified securities by companies.

(7) Part III of Schedule 18 to this Act shall have effect in relation to certain disposals of $6\frac{1}{2}$ per cent. Treasury Stock 1971 issued by way of compensation in accordance with section 10 of the Iron and Steel Act 1967. 1967 c. 17.

(8) Schedule 9 to the Finance Act 1965 (Government securities issued at a discount: neutral zone for chargeable gains) shall have effect after 15th April 1969 with the omission of all the entries except those relating to—

- (a) Nyasaland Government 3% Guaranteed Stock 1954/74,
- (b) Sudan Government 4% Guaranteed Stock 1974,
- (c) Sudan Government $4\frac{1}{2}$ % Guaranteed Stock 1939/73,
and
- (d) Tanganyika Government 4% Guaranteed Stock 1952/72.

42. Schedule 19 to this Act (which makes further provision for amending the enactments relating to long-term and short-term capital gains) shall have effect. Long-term and
short-term tax
on capital
gains.

Betterment Levy

43. After section 59 of the Land Commission Act 1967 insert— Exemption
where top
value is £1,500
or less.

“ 59A.—(1) Subject to the provisions of this section, no levy shall be chargeable in respect of a chargeable act or event which occurs after 5th April 1969 if— 1967 c. 1.

- (a) the top value does not exceed £1,500, and
- (b) relief under this section is not excluded by subsection (2) below.

In the following provisions of this section—

“ the applicant for relief ” means the person who under section 36 of this Act is liable for levy in respect of the chargeable act or event apart from this section, and any person on whose behalf he is acting,

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“ the financial year ” means the financial year in which that chargeable act or event took place, and “ financial year ” means a year ending on 31st March.

(2) No relief shall be given under subsection (1) above if, in relation to any other chargeable act or event in the financial year, the applicant for relief, or his or her wife or husband, is—

- (a) the person, or one of the persons, liable for levy (apart from this section), or
- (b) a person on whose behalf the person, or any of the persons, so liable for levy is acting,

unless the top value mentioned in subsection (1)(a) above, when added to the total of the top values for any such other chargeable acts or events, does not exceed £1,500.

(3) For the purposes of this section—

- (a) the personal representatives of a deceased person shall be regarded as one person distinct from the persons who may from time to time be the personal representatives,
- (b) the trustees of a settlement shall be treated as one person distinct from the persons who may from time to time be trustees, and from the trustees of any other settlement,
- (c) a person exercising the powers of a tenant for life under the Settled Land Act 1925 shall be treated as a trustee of the settlement.

1925 c. 18.

(4) No account shall be taken under subsection (2) above of any chargeable act or event unless some amount of levy is chargeable in respect of it, or would be so chargeable apart from the provisions of this section.

(5) If, apart from the provisions of this section, levy in Case C in respect of the same chargeable act or event is chargeable on two or more different assessable interests, the chargeable act or event shall be treated for the purposes of this section as different chargeable acts or events related to those different assessable interests.

(6) For the purpose of determining whether this section applies to a chargeable act or event in any financial year the Commission may under section 43 of this Act serve a notice as respects any other chargeable act or event which in the opinion of the Commission has or may have occurred in that financial year, and the information which may be required under that section shall include information about

any person on whose behalf the person served with the notice has been acting in relation to that act or event, and any other information which assists or may assist in establishing whether subsection (2) above applies to the other chargeable act or event.

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(7) It is hereby declared that any information given to the Commission for the purpose of obtaining relief under this section is information which the person giving it is required to give under this Part of this Act, and section 81(5) of this Act shall apply accordingly.

(8) In this section "top value" means, in relation to any chargeable act or event, the "market value", or as the case may be the amount of the "consideration for the disposition" or "compensation" taken into account in arriving at net development value under section 29(3), 30(3), 31(2), 33(3)(a) or 34(3)(a) of this Act or the relevant regulations under section 35 of this Act:

Provided that any amount to be added under regulation 3(4)(c) of the Case F General Regulations 1967 or the Case F General (Scotland) Regulations 1967, or under any corresponding regulation made after the passing of this Act, shall be included in the top value in Case F." S.I. 1967/496. S.I. 1967/492.

44.—(1) After section 60 of the Land Commission Act 1967 insert—
 "60A.—(1) This section has effect where a project of material development consisting exclusively of the building of a single dwelling-house is begun, and—

Single dwelling-house built on land given or bequeathed. 1967 c. 1.

- (a) the developing owner acquired his assessable interest in the land comprised in the project as a gift, or as a legacy, and intends to occupy the dwelling-house as his only or main residence, or
- (b) the developing owner intends to give his assessable interest in that land to some other person who intends to occupy the dwelling-house as his only or main residence, or
- (c) where section 32(5)(b) or (c) of this Act applies to the developing owner (so that he is a prospective purchaser under an enforceable contract), the contract is to acquire for less than full consideration (so as to be partly by way of gift) and the developing owner intends to occupy the dwelling-house as his only or main residence,

and the person so intending to occupy the dwelling-house is in fact the first occupier and continues in occupation for at least six months, or if earlier until his death.

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(2) No relief shall be given under subsection (1)(b) or (c) above unless the person intending to occupy the dwelling-house in fact acquires the assessable interest as a gift, or as a legacy, within twelve months, or such longer period as the Commission may allow, from the beginning of the project.

(3) No relief shall be given under this section as respects a gift made before 1st July 1948, or as respects a legacy on a death before that date.

(4) If the developing owner so elects, he shall be treated for the purposes of Case C levy in respect of the project as if he acquired the gift or legacy for capital consideration equal to its market value—

(a) where subsection (1)(a) above applies, at the time of the gift or death,

(b) where subsection (1)(b) or (c) above applies, at the beginning of the project,

and for the purposes of Schedule 5 to this Act he shall be deemed to have acquired the gift or legacy at that time by way of a disposition to him which was the last relevant disposition.

(5) In determining the market value of a gift or legacy at the time given by subsection (4) above, account shall be taken of the state of the land at that time, and of the incidents attaching to the assessable interest at that time, and of all other circumstances, including circumstances concerning planning permission, which would have been taken into account by a purchaser at that time.

(6) If the time given by subsection (4) above falls between 30th June 1948 and 6th April 1967, Part V of Schedule 4 to this Act shall have effect in relation to the project as if paragraph 49 of that Schedule were omitted, and if that time does not fall between those dates, the acquisition which took place, or is deemed to have taken place, at that time, shall be treated for the purposes of Schedule 5 to this Act as a disposition within paragraph 3(b) of that Schedule, that is to say a duly notified disposition after 6th April 1967.

(7) References in this section to an assessable interest in the land comprised in the project include references to an assessable interest in any part of the land, and where the gift or legacy relates only to part of that land, or in part to land not comprised in the project, this section shall apply with any necessary apportionments and computations.

(8) Where—

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- (a) part only of the developing owner's assessable interest is derived from a gift or legacy (that is to say it is a gift or legacy of a lesser or less valuable interest or one relating to part only of the land in which the assessable interest subsists), or
- (b) part only of the developing owner's assessable interest is included in a gift or legacy from the developing owner,

paragraphs (a) and (b) of subsection (1) above, and the provisions of this Act applying for the purposes of those paragraphs, shall have effect as if the assessable interest were two separate interests one of which is the subject of the gift or legacy, and all such apportionments, computations and valuations shall be made as are necessary to give effect to this subsection.

(9) For the purposes of this section—

- (a) property acquired by way of gift includes property acquired for less than market value if the Land Commission are satisfied that the grantor intended to give a benefit by accepting less than market value,
- (b) property acquired as a legacy includes property appropriated in or towards satisfaction of any interest or share in property devolving under a testamentary disposition or on an intestacy,
- (c) any reference to the building of a dwelling-house shall be construed as including a reference to the construction or laying out of any garage, out-house, garden, yard, court, forecourt or other appurtenance for occupation with, and for the purposes of, the dwelling-house.

(10) This section shall not have effect unless notice is duly served under section 38 of this Act in respect of the project consisting of the building of the dwelling-house, but the Commission may for the purposes of this section accept such a notice although out of time under subsection (2) of that section.

(11) An election under this section shall be made within such time and in such form as the Commission direct.

(12) Relief shall be given under this section on proof of the relevant facts to the satisfaction of the Commission.

(13) It is hereby declared that any information given to the Commission for the purpose of obtaining relief

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under this section is information which the person giving it is required to give under this Part of this Act, and section 81(5) of this Act shall apply accordingly.”

1967 c. 1.

(2) The Land Commission Act 1967 shall be deemed always to have had effect as amended by this section.

(3) The Commission shall make all such repayments of levy and interest received by them as are required to give effect to subsection (2) above, and shall deduct the amount so repaid from the sums falling to be paid into the Exchequer under section 4(2) of the said Act.

(4) Any objection to a notice of assessment of levy on the ground that the amendments made by this section affect the amount of the levy may be made under section 46 of the said Act at any time before 1st January 1970, although out of time under that section.

Base value of owner-occupied dwelling-house.

45.—(1) In Schedule 4 to the Land Commission Act 1967 after paragraph 5 (Case A: base value equal to eleven-tenths of current use value) insert—

“5A.—(1) In paragraph 5(a) above ‘twelve-tenths’ shall be substituted for ‘eleven-tenths’ if the relevant land—

- (a) is the site of a single dwelling-house which is the grantor’s sole or main residence, and
- (b) does not exceed one quarter of an acre, and comprises no other building.

(2) Sub-paragraph (1) above shall not apply unless the market value of the relevant interest (determined under paragraph 1 above) is £10,000 or less.

(3) If the said market value exceeds £10,000 the amount of levy in respect of the disposition shall not exceed—

- (a) what would be the amount of the levy if that market value had been £10,000 (and without sub-paragraph (2) above), plus
- (b) the said excess over £10,000.

(4) This paragraph shall only apply if the grantor has occupied the dwelling-house as his only or main residence for at least six months (or for two or more periods adding up to at least six months) out of the eighteen months ending with the date of the disposition.

(5) If the grantor is a trustee, and the dwelling-house has been the sole or main residence of a person who—

- (a) is entitled to occupy it under the terms of the settlement, or

(b) is a beneficiary under the settlement and allowed by the trustee to occupy it,
 sub-paragraph (1)(a) and sub-paragraph (4) above shall have effect as if that person were the grantor.

(6) If the grantor is the personal representative of a deceased person, sub-paragraph (1)(a) above shall apply to a dwelling-house which was the deceased's sole or main residence and sub-paragraph (4) above shall not apply, but the deceased person must have occupied the dwelling-house as his only or main residence—

(a) for at least six months (or for two or more periods adding up to at least six months) out of the eighteen months ending with the date of the death, or

(b) if he acquired the dwelling-house within the said period of eighteen months, for the period between the acquisition and his death.

(7) In this paragraph any reference to a dwelling-house shall be construed as including a reference to any garage, outhouse, garden, yard, court, forecourt or other appurtenance for occupation with, and for the purposes of, the dwelling-house.

(8) This paragraph shall apply as respects a disposition after 5th April 1969."

(2) After paragraph 15 of the said Schedule 4 (corresponding provision for Case B) insert—

" 15A.—(1) In paragraph 15(a) above ' twelve-tenths ' shall be substituted for ' eleven-tenths ' if the relevant land—

(a) is the site of a single dwelling-house which is the grantor's sole or main residence, and

(b) does not exceed one quarter of an acre, and comprises no other building.

(2) Sub-paragraph (1) above shall not apply unless the consideration for the disposition (determined under paragraph 7 above) is £10,000 or less.

(3) If the said consideration exceeds £10,000 the amount of the levy in respect of the disposition shall not exceed—

(a) what would be the amount of the levy if the said consideration had been £10,000 (and without sub-paragraph (2) above), plus

(b) the said excess over £10,000.

(4) Sub-paragraphs (4), (5), (6) and (7) of paragraph 5A above shall apply for the purposes of this paragraph as for the purposes of that paragraph.

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(5) This paragraph shall apply as respects a disposition after 5th April 1969.”

Allowance for costs of sale. 1967 c. 1.

46. In paragraph 19 of Schedule 6 to the Land Commission Act 1967 after sub-paragraph (2) insert—

“(2A) In relation to a chargeable act or event after 5th April 1969 and within Case A, B, E or F, this paragraph also applies to expenditure wholly and exclusively incurred by the appropriate person for the purposes of the disposition, being—

(a) fees, commission or remuneration paid for the professional services of any surveyor or valuer, or auctioneer, or agent or legal adviser or accountant, and costs of transfer or conveyance (including stamp duty), and

(b) costs of advertising to find a buyer, unless and except to the extent that the person incurring the expenditure, having regard to the provisions of paragraph 4 of Schedule 14 to the Finance Act 1967, elects that this sub-paragraph shall not apply to the expenditure, or some part of it.”

1967 c. 54.

Relief for land bought between 22nd September 1965 and 6th April 1967.

47.—(1) In Schedule 5 to the Land Commission Act 1967 insert the following paragraphs after paragraph 10 (which gives relief for acquisitions in the period between 22nd September 1965 and 6th April 1967)—

“ *Plots for single houses*

10A.—(1) Paragraph 10(1) above shall apply if it is shown to the satisfaction of the Commission that at the time of the disposition the person becoming entitled to the chargeable interest in the land comprised in the disposition intended to erect a single dwelling-house on the land, and did not intend to erect any other building on the land or to dispose of any part of the land suitable for material development.

(2) If the disposition was made in pursuance of an enforceable contract made after 22nd September 1965 sub-paragraph (1) above shall apply with the substitution for the reference to the time of the disposition of a reference to either that time or to the time of the making of the contract.

(3) In this paragraph the reference to a dwelling-house includes a reference to any garage, out-house, garden, yard, court, forecourt or other appurtenance for occupation with, and for the purposes of, the dwelling-house.

(4) Section 81(5) of this Act (penalty for false information) shall apply as respects any statement given for the purposes of this paragraph as it applies to a statement giving information required under Part III of this Act.

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Other purchases in interim period

10B.—(1) Paragraph 10(1) above shall apply if—

- (a) the amount of the consideration given for the disposition does not exceed £2,500, and
- (b) where that amount is the result of an apportionment under paragraph 14 of Schedule 6 to this Act, the amount before apportionment does not exceed £2,500.

(2) Subject to sub-paragraph (3) below, if the said amount of the consideration exceeds £2,500, the grantee may (if that would give him more relief than he could get otherwise under paragraph 10(1) above or paragraph 11 below) be treated for the purposes of sub-paragraph (1) above as if that amount were £2,500, but, if he is so treated, he shall also be so treated for the purposes of paragraph 7 above, and of all the other provisions of Part III of this Act.

(3) If the amount of the consideration given for the disposition is the result of such an apportionment, and the amount before apportionment exceeds £2,500, sub-paragraph (2) above shall not apply, but the grantee may (if that would give him relief) be treated as if the amount before apportionment were £2,500, so that the amount of the consideration given for the disposition is reduced to the relevant apportioned part of that £2,500 both for the purposes of sub-paragraph (1) above and for the purposes of all other provisions of Part III of this Act, including paragraph 7 above.”

(2) At the end of the said paragraph 10(1) insert “ or if paragraph 10A or 10B below applies:

Provided that the said paragraphs 10A and 10B shall not apply except where they afford relief.”

(3) The Land Commission Act 1967 shall be deemed always to have had effect as amended by this section, and any regulations under that Act expressed to relate to relief corresponding to any relief conferred by this section may, notwithstanding anything in that Act, apply to chargeable acts or events at any time after 5th April 1967.

(4) The Commission shall make all such repayments of levy and interest received by them as are required to give effect

PART IV to subsection (3) above, and shall deduct the amount so repaid from the sums falling to be paid into the Exchequer under section 4(2) of the said Act.

(5) Any objection to a notice of assessment of levy on the ground that the amendments made by this section affect the amount of the levy may be made under section 46 of the said Act at any time before 1st January 1970, although out of time under that section.

Levy in
Case C, and
related
provisions.
1967 c. 1.

48.—(1) In Part II of Schedule 5 to the Land Commission Act 1967 (Case C: base value derived from contract) at the end of paragraph 18 insert—

“but paragraph 20 below shall not apply to a project begun after 5th April 1969 unless the contract (to purchase the interest or take the tenancy)—

(i) is performed within a period of twelve months beginning with the beginning of the project, or such longer period as the Commission may in their discretion allow, and

(ii) is performed for the consideration, and in accordance with all the other terms, specified in or determined under the contract as subsisting on the relevant date.

18A.—(1) The power to serve notices of assessment under section 55 of this Act shall include power to serve notice of any assessment to give effect to the provisions of paragraph 18 above, or to recover any levy chargeable because paragraph 18(i) or (ii) above is not satisfied.

(2) If paragraph 18(ii) above would be satisfied but that, before the date specified in paragraph 20(2) below, the provisions of the contract have been varied, and the Commission are satisfied that it is just and reasonable so to do, the Commission may direct that this Part of this Schedule shall have effect as if the variation had been made before the relevant date.

(3) If paragraph 20 below does not apply to the relevant interest (or where there is more than one relevant interest, to one of them) because paragraph 18(i) or (ii) above is not satisfied, liability for levy (with any interest) in respect of that relevant interest shall be a joint and several liability of the developing owner and of the other party to the contract.

(4) Section 83(2)(c) of this Act shall not make it unlawful for any party to the contract to incur a liability to indemnify the developing owner for any amount or additional amount

of levy (with interest) payable only because the contract is not performed in accordance with paragraph 18(i) or (ii) above.

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(5) This Part of this Schedule shall not have effect if, in consequence of paragraph 2 of Schedule 13 to this Act (groups of companies), the performance of the contract does not constitute a chargeable act or event."

(2) For paragraph 8(1) of Schedule 6 to the said Act (adjustment of current use value where prospective purchaser develops before purchase) substitute—

" 8.—(1) The provisions of this paragraph shall have effect for the purpose of assessing levy in Case A or Case B in respect of a disposition where—

(a) all or any part of the relevant land was comprised in a project of material development which constituted a chargeable act or event taking place before the disposition, and in relation to which there was a developing owner, and

(b) the grantor (or a person from whom he took otherwise than for valuable consideration) was, when the project was begun, entitled to the fee simple of the relevant land comprised in the project, or to a tenancy, other than a minor tenancy, in that land, but was not the developing owner",

and in sub-paragraph (2)(b) of the said paragraph 8 for "the relevant land" substitute "the relevant land comprised in the project".

(3) For paragraph 4 of Schedule 5 to the said Act (purchase price to be disregarded if purchaser has developed the land) substitute—

" 4.—(1) A previous disposition of the chargeable interest (whether made before, on or after the first appointed day) shall not be taken for the purposes of this Part of this Schedule to have been a relevant disposition of that interest if—

(a) a project of material development of the whole or part of the relevant land was begun after that disposition was made but before the relevant date, and

(b) the beginning of the carrying out of that project constituted a chargeable act or event,

except where, in relation to the project, some person was chargeable to Case C levy as a developing owner under contract to acquire the whole of the chargeable interest, or, where the chargeable act or event is the grant of a

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tenancy, as a developing owner under contract to acquire an equivalent tenancy out of the chargeable interest.

(2) For the purposes of this paragraph—

(a) a person is chargeable to Case C levy as a developing owner under contract to acquire an interest if section 32(7)(b) or (c) applies to him, and the interest is the assessable interest, or one of the assessable interests, by virtue of which he is the developing owner, and

(b) a person is so chargeable as a developing owner under contract to acquire a tenancy out of an interest if the said section 32(7)(b) or (c) applies to him, and the assessable interest, or one of the assessable interests, by virtue of which he is the developing owner is such a tenancy as is mentioned in the said paragraph (c) to be granted out of the interest.”

(4) At the end of paragraph 2 of Schedule 11 to the said Act (credit carried forward from Case C) insert—

“ Provided that where the said paragraph 20 had effect, that is to say had effect as respects the liability of the developing owner as a party to a contract, the credit shall not be carried forward to any disposition by the other party to the contract, or by a person who takes from that other party otherwise than for valuable consideration.”

1967 c. 1. (5) Paragraph 19 of Schedule 5 to the Land Commission Act 1967 (which is superseded by this section) is hereby repealed.

(6) Subsections (2), (3) and (4) above have effect where the project of material development is begun after 5th April 1969.

Minor amendments. 49.—(1) At the end of section 47 of the Land Commission Act 1967 (reference of objections to Lands Tribunal) add—

“ (5) It is hereby declared that where the amount of levy depends, under any provision contained in or made under this Part of this Act, on the Commission being satisfied of any fact or intention, the Lands Tribunal has jurisdiction under this section to review any relevant decision of the Commission under that provision ”

(2) At the end of section 51(2) of the said Act (orders prescribing the rate of interest on levy, and the rate of interest under subsection (8) of the section on refunds of payments on account) add—

“ Provided that an order under this section may for the purposes of subsection (8) below prescribe a rate of interest

which is different from the rate prescribed for the other purposes of this section ”. PART IV

(3) In Schedule 6 to the said Act after paragraph 1 (definition of consideration for a disposition) insert—

“ 1A. It is hereby declared that under paragraph 1 above the amount of the consideration given or to be given for a disposition includes, where the grantee holds an option to acquire what he obtains by the disposition, any consideration in money or money’s worth for the grant of the option.

This paragraph applies both where the option was granted to the grantee under the disposition and also where it was granted to some other person and assigned to the grantee under the disposition.”

(4) In Part I of Schedule 13 to the said Act (groups of companies) after paragraph 3 insert—

“ 3A.—(1) This paragraph has effect as respects a company which at any time after 5th April 1969 ceases to exist and which immediately before that time was a member of a group of companies.

(2) Any levy which would have been assessable and chargeable on the company if it had not ceased to exist shall be assessable and chargeable (in the name of that company) on any other company—

(a) which at that time was the principal company of the group, or

(b) which in any part of the period of two years ending with that time was a member of the group and was then entitled to the chargeable interest in respect of which the levy is assessed and charged.”

PART V

SELECTIVE EMPLOYMENT TAX

50.—(1) In relation to any contribution week beginning on Selective or after 7th July 1969, for paragraphs (a) to (d) of section employment 44(1) of the Finance Act 1966 as amended by section 51(1) of tax. the Finance Act 1968 (which specify the weekly amount pay- 1966 c. 18. able in respect of a person by way of selective employment 1968 c. 44. tax) there shall be substituted the following paragraphs:—

“ (a) if that person is a man over the age of 18, 48s. ; or

(b) if that person is a woman over the age of 18, 24s. ; or

PART V

(c) if that person is a boy under the age of 18, 24s. ; or

(d) if that person is a girl under the age of 18, 16s.”

1967 c. 54.

1966 c. 18.

(2) In Schedule 12 to the Finance Act 1967, the references to Part VI of the Finance Act 1966 in paragraphs 8 and 10 shall be construed as including references to this section.

1920 c. 67.

(3) This section shall be construed as one with Part VI of the Finance Act 1966 and shall extend to Northern Ireland, but for the purposes of section 6 of the Government of Ireland Act 1920 shall be deemed to be contained in an Act passed before the appointed day.

Selective
employment
payments.

1968 c. 44.

51.—(1) Schedule 17 to the Finance Act 1968 (which relates to the areas in which refund under section 2 of the principal Act of selective employment tax in respect of persons employed in hotels or similar establishments is payable) shall have effect and be deemed always to have had effect as if in paragraph (1)(b) after the entry “Stranraer” there were inserted the entry “Strathaven Sub-Office”.

(2) With a view to enabling the same treatment for the purposes of the principal Act as is afforded to the printing and publishing of newspapers and periodicals to be afforded to other printing, publishing, bookbinding, engraving and similar activities, the definition of “non-qualifying activities” in section 10(1) of that Act shall have effect with the insertion in paragraph (a) of that definition, after the number “486”, of the words “under minimum list heading 489”.

(3) Subject to subsections (4) to (7) of this section, in the said section 10(1), in the definition of “Standard Industrial Classification”, for the words “the consolidated edition published by Her Majesty’s Stationery Office in 1963” there shall be substituted the words “the revised edition published by Her Majesty’s Stationery Office in 1968”.

(4) In consequence of the provisions of subsection (3) of this section, the following provisions of the principal Act shall have effect with the amendments hereinafter respectively specified, being amendments designed to substitute for references in that Act to provisions of the 1963 edition of the Standard Industrial Classification references to the corresponding provisions of the 1968 edition thereof, that is to say—

(a) in section 1(2)(a)(i) and in section 10(4), for the words “Orders III to XVI” there shall be substituted the words “Orders III to XIX”;

(b) in section 2(3)(a)(iv)—

(i) for the words “Order XIX” there shall be substituted the words “Order XXII”;

- (ii) for the words "heading 709" there shall be substituted the words "headings 704 and 709";
- (c) in section 10(1), in paragraph (a) of the definition of "non-qualifying activities", for the words "heading 486" there shall be substituted the words "heading 485 or 486".

(5) For the purposes of the application of section 2 of the principal Act in relation to activities falling under minimum list heading 708 in the said 1968 edition, nothing in paragraph (a) of the definition of "non-qualifying activities" in section 10(1) of that Act shall cause activities falling within so much of that heading as relates to cable or telegraph services to be treated as non-qualifying activities.

(6) For the purposes of the principal Act, so much of the Note at the beginning of Order II in the said 1968 edition as relates to processing activities shall be disregarded.

(7) Nothing in Order XXI or XXII in the said 1968 edition shall be construed as bringing within the activities falling under any minimum list heading in either of those Orders the construction, installation, provision, maintenance or repair of the means of, or of anything required for, carrying on those activities.

(8) Subsections (2) to (7) of this section shall be deemed to have come into force on 7th July 1969 but nothing in those subsections shall affect any right which had accrued before the passing of this Act to receive a payment under the principal Act in respect of any period before the passing of this Act.

(9) If or so far as any decision of any tribunal or court on the interpretation for the purposes of the principal Act of any provision of the 1963 edition of the Standard Industrial Classification is inconsistent with the provisions of subsection (7) of this section or relates to a provision in that edition which differs from the corresponding provision in the 1968 edition, that decision shall not be binding in relation to any period after the passing of this Act.

(10) In subsection (1) of section 4 of the principal Act (which specifies the employers to whom that section applies) at the end there shall be added the following paragraph:—

- "(i) a Passenger Transport Executive for a designated area within the meaning of section 9(1) of the Transport Act 1968".

(11) In this section the expression "the principal Act" means the Selective Employment Payments Act 1966, and this section shall be construed as one with that Act.

PART VI

MISCELLANEOUS

Treasury
borrowing
through
trustee
savings banks.
1968 c. 13.
1954 c. 63.
1956 c. 54.

52.—(1) It is hereby declared that the power to raise money under section 12 of the National Loans Act 1968 includes power to raise money through trustee savings banks as defined in the Trustee Savings Banks Act 1954 or through any bank or department certified by the Treasury for the purposes of section 9 of the Finance Act 1956 (savings banks under local Acts).

(2) The Treasury may, by statutory instrument, make regulations with respect to the manner in which and the conditions under which money authorised to be raised under the National Loans Act 1968 may be raised through trustee savings banks as so defined or any bank or department so certified.

(3) Regulations under this section may—

- (a) apply any provision of any Act relating to savings banks, or of any regulations made under any such Act, with such modifications as appear necessary or expedient,
- (b) direct that all or any of the provisions of the regulations shall, with such modifications as appear necessary or expedient, apply and be deemed always to have applied, to money raised before the date on which the regulations came into force as they apply to money raised after that date.

(4) A statutory instrument containing regulations under this section shall be laid before the Commons House of Parliament.

(5) This section shall extend to the Channel Islands.

Contractual
savings
schemes.

53.—(1) Any terminal bonus, or interest or other sum, payable under a certified contractual savings scheme—

- (a) in respect of money raised under section 12 of the National Loans Act 1968, or
- (b) in respect of shares in a building society,

shall be disregarded for all the purposes of the Income Tax Acts and of the enactments relating to capital gains tax.

(2) In this section “certified contractual savings scheme” means, except in relation to a building society, a scheme—

- (a) governed by regulations made under section 12 of the National Debt Act 1958 or the last preceding section, and
- (b) providing for periodical contributions by individuals for a specified period, and the repayment in accordance with the regulations of contributions together with any additional sum by way of bonus or interest, and

1958 (7 & 8
Eliz. 2) c. 6.

(c) certified by the Treasury as qualifying for exemption under this section. PART VI

(3) In this section “certified contractual savings scheme” means, in relation to a building society, a scheme—

(a) providing for periodical contributions by individuals for a specified period, being contributions by way of investment in shares in the building society, and

(b) certified by the Treasury as corresponding to a scheme certified under subsection (2) above, and as qualifying for exemption under this section.

(4) Nothing in this section shall be taken as affecting section 71(2)(a) of the Finance Act 1965 (allowance of dividends on society’s shares in computing the society’s profits for corporation tax), and that paragraph shall apply to any terminal bonus paid by the society under a certified contractual savings scheme as if it were a dividend on a share in the society. 1965 c. 25.

(5) In this section “building society” means a building society within the meaning of the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967. 1962 c. 37.
1967 c. 31.
(N.I.).

54.—(1) The power under section 6 of the Import Duties Act 1958 (relief from duty in the case of goods qualifying under Schedule 4 to that Act) to direct that payment of duty shall not be required is hereby transferred from the Treasury to the Board of Trade. Transfer of
Treasury
functions
under
Import
Duties Act
1958 s. 6.
1958 c. 6.

(2) Accordingly, in that section—

(a) in subsections (1), (2), (3) and (6), for each reference to the Treasury (except the second reference in subsection (1)) there shall be substituted a reference to the Board of Trade ;

(b) in subsection (1), for the words “if the Treasury on the recommendation of the Board of Trade are satisfied” there shall be substituted the words “if the Board of Trade are satisfied” ; and

(c) in subsection (4), for the words “The Board of Trade shall not make a recommendation” there shall be substituted the words “The Board of Trade shall not give a direction”.

(3) Any direction given by the Treasury under the said section 6 before the coming into force of this section shall have effect as if given by the Board of Trade ; and where a direction so given is subject to a condition requiring any consent of the Treasury, that condition shall be construed as requiring instead the consent of the Board.

(4) This section shall come into force on 1st October 1969.

PART VI
Transfer of
Treasury
functions
under
Purchase
Tax Act
1963, s. 21
and Finance
Act 1967 s. 8,
1963 c. 9.

55.—(1) The power under section 21 of the Purchase Tax Act 1963 (relief from purchase tax on importation in the case of the particular categories of goods to which that section applies) to direct that tax shall not be payable or, if it has been paid, shall be repaid is hereby transferred from the Treasury to the Commissioners of Customs and Excise.

(2) Accordingly, in subsections (1), (3) and (4) of that section, for each reference to the Treasury there shall be substituted a reference to the Commissioners.

(3) Any direction given by the Treasury under the said section 21 before the coming into force of this section shall have effect as if given by the Commissioners; and where a direction so given is subject to a condition requiring any consent of the Treasury, that condition shall be construed as requiring instead the consent of the Commissioners.

1967 c. 54.

(4) In section 8 of the Finance Act 1967 (relief from purchase tax on chargeable transactions in the United Kingdom involving goods and articles such as are mentioned in section 21(4) of the Purchase Tax Act 1963), in subsection (2)—

(a) for each reference to the Treasury there shall be substituted a reference to the Commissioners; and

(b) in paragraph (b), after the word “they” there shall be inserted the words “or (before the coming into force of section 55 of the Finance Act 1969) the Treasury”.

(5) This section shall come into force on 1st October 1969.

Exemption
from duty on
loan capital of
loans in foreign
currencies.
1899 c. 9,
1947 c. 14.

56.—(1) Subject to subsection (2) of this section, duty under section 8 of the Finance Act 1899 (which relates to duty in respect of loan capital) shall not be chargeable in respect of loan capital issued on or after 1st August 1969 in the currency or currencies of one or more territories outside the territories specified in Schedule 1 to the Exchange Control Act 1947 as for the time being in force.

(2) The foregoing subsection shall not apply to loan capital for the repayment of which there is an option between one or more such currencies as aforesaid and one or more other currencies which is exercisable by any person other than the person to whom repayment for the time being falls to be made.

1891 c. 39.

(3) This section shall be construed as one with the Stamp Act 1891.

57. In the proviso to section 2(1) of the Miscellaneous Financial Provisions Act 1950 (which, as amended by section 44 of the Finance Act 1967, restricts the total principal amounts outstanding in respect of advances to the Exchequer of Northern Ireland under the said section 2 to £120 million) for the words “one hundred and twenty million pounds” there shall be substituted the words “£170 million”.

PART VI
Loans to
Government
of Northern
Ireland.
1950 c. 21.
1967 c. 54.

58.—(1) For the purpose of any statistical survey conducted or to be conducted by the Department of Employment and Productivity or by the Business Statistics Office of the Board of Trade, the Board of Inland Revenue may disclose to an authorised officer of that Department or Office—

Disclosure of
information for
statistical
purposes by
Board of
Inland
Revenue.

- (a) the names and addresses of persons (in this section referred to as “employers”) required under section 157 of the Income Tax Act 1952 (pay as you earn) to make deductions of tax from payments of, or on account of, emoluments to which that section applies; and
- (b) information concerning the number of persons (in this section referred to as “employees”) in receipt of emoluments paid by an employer.

1952 c. 10.

(2) For the purpose of any statistical survey relating to earnings conducted or to be conducted by the Department of Employment and Productivity, the Board of Inland Revenue may disclose to an authorised officer of that Department the name and address of the employer of any person who is one of a number of employees selected (as a statistical sample) for the purpose of that survey.

(3) Subsections (1) and (2) above shall have effect notwithstanding any obligation as to secrecy imposed on the Board or any officer of the Board under the Income Tax Management Act 1964 or otherwise.

1964 c. 37.

(4) Subject to subsection (5) below, no information obtained by virtue of this section by an officer of the Department of Employment and Productivity or of the Business Statistics Office of the Board of Trade may be disclosed except—

- (a) to another officer of that Department or Office for the purpose of the statistical survey concerned, or
- (b) to another department (including a department of the Government of Northern Ireland) for the purpose of a statistical survey conducted or to be conducted by that department.

PART VI

(5) Subsection (4) above does not apply to the disclosure of any such information as is mentioned in subsection (1) or subsection (2) above—

(a) in the form of a summary so framed as not to enable particulars relating to an employer or employee to be ascertained from it, or

(b) in the case of such information as is mentioned in subsection (1) above, with the consent of the employer concerned and, in the case of such information as is mentioned in subsection (2) above, with the consent of the employee concerned.

(6) If any person who has obtained any information by virtue of any provision of this section discloses that information otherwise than in accordance with paragraph (a) or paragraph (b) of subsection (4) or subsection (5) above, he shall be liable on summary conviction to a fine not exceeding £400, or on conviction on indictment to imprisonment for a term not exceeding two years or to a fine or to both.

(7) References in this section to the Department of Employment and Productivity or the Business Statistics Office of the Board of Trade include references to any department of the Government of Northern Ireland carrying out similar functions.

Disclosure of information by Commissioners of Customs and Excise.

1963 c. 2.

59. If the Horserace Betting Levy Board so request at any time with respect to a specified person and a specified period, and the Commissioners of Customs and Excise are satisfied that the Board require the information for the purpose of determining whether or not that person falls to be assessed by the Board to pay in respect of that period such a contribution as is mentioned in section 24(1) of the Betting, Gaming and Lotteries Act 1963 and that the Board will not use the information for any other purpose, the Commissioners may inform the Board whether that person has or has not made a payment to the Commissioners during or in respect of that period on account of the general betting duty.

Amendments for purposes of tax consolidation.

60. The enactments specified in Schedule 20 to this Act shall have effect subject to the amendments specified in that Schedule, being amendments designed to facilitate, or otherwise desirable in connection with, the consolidation of the Income Tax Acts, the Corporation Tax Acts and certain enactments relating to capital gains tax.

Citation, interpretation, construction, extent and repeals.

61.—(1) This Act may be cited as the Finance Act 1969.

(2) In this Act, except where the context otherwise requires, “the Board” means the Commissioners of Inland Revenue.

(3) In this Act—

PART VI

- (a) Part I (except sections 1(1) and (4) and (6)) shall be construed as one with the Customs and Excise Act 1952 c. 44. 1952 ;
- (b) sections 1(4) and 55 shall be construed as one with the Purchase Tax Act 1963 ; 1963 c. 9.
- (c) Part II, so far as it relates to income tax, shall be construed as one with the Income Tax Acts and, so far as it relates to corporation tax shall be construed as one with the Corporation Tax Acts ;
- (d) Part III shall be construed as one with Part I of the Finance Act 1894 ; 1894 c. 30.
- (e) Part IV, so far as it relates to chargeable gains, shall be construed as one with Part III of the Finance Act 1965 c. 25. 1965.

(4) 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.

(5) 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.

(6) The enactments mentioned in Schedule 21 to this Act (which include enactments which are spent or otherwise unnecessary) 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

Section 1(2).

SCHEDULE 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)	18 17 0	—	—	—
2. Imported spirits other than perfumed spirits— (a) not comprised below in this paragraph (per proof gallon) ...	—	18 19 6	18 17 0	18 17 0
(b) liqueurs, cordials, mixtures and other preparations in bottle, entered in such manner as to indicate that the strength is not to be tested (per gallon) ...	—	25 12 0	25 8 6	25 8 6

each of the above rates of duty being, in the case of spirits not warehoused or warehoused for less than three 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(2).

BEER (RATES OF CUSTOMS AND EXCISE DUTIES AND DRAWBACKS)

	Excise rates (per 36 gallons)	Customs rates (per 36 gallons)					
		Full		Common- wealth		Con- vention	
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
1. Duty	10 7 6	11 7 6	10 7 6	10 7 6	10 7 6	10 7 6	
2. Drawback	10 7 6	11 7 6	10 7 6	10 7 6	10 7 6	10 7 6	

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. 9·6d. for each additional degree.

Supplementary provision as to drawback

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.

Section 1(2).

SCHEDULE 3
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 12 3	1 10 3
in bottle	1 14 9	1 11 9
Sparkling	2 4 9	2 2 9
Other wine:—		
Still—		
not in bottle	2 14 3	2 4 3
in bottle	2 16 9	2 5 9
Sparkling	3 6 9	2 16 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	4 6	3 8

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.

Section 1(2).

SCHEDULE 4
BRITISH WINE (RATES OF EXCISE DUTIES)

Description of British wine	Rates of duty (per gallon)
	£ s. d.
Light British wine:—	
Still	1 9 9
Sparkling	1 15 9
Other British wine:—	
Still	1 14 9
Sparkling	2 0 9

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

SCHEDULE 5

Section 1(2).

TOBACCO (RATES OF CUSTOMS AND EXCISE DUTIES AND DRAWBACKS)

TABLE 1

Customs	Rates of duty per pound			
	Full	Common-wealth	Con-vention	Republic of Ireland
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
TOBACCO				
1. Unmanufactured:				
Containing 10 per cent. or more by weight of moisture	5 0 10	4 19 3½	5 0 10	4 19 3½
Other	5 1 10	5 0 1½	5 1 10	5 0 1½
2. Manufactured, viz.:				
Cigars	5 9 8½	5 6 9	5 6 9	5 6 9
Cigarettes	5 6 4	5 3 11½	5 1 11½	5 1 11½
Cavendish or negrohead:				
Manufactured in bond	5 3 4	5 1 4½	5 3 4	5 1 4½
Other	5 5 4	5 3 1	5 3 1	5 3 1
Other	5 3 7	5 1 7½	5 0 10	5 0 10
3. Snuff and snuff work (including tobacco dust or powder and ground tobacco)	5 4 1	5 2 0½	5 1 10	5 1 10

TABLE 2

Excise	Rates of duty per pound	
	£ s. d.	
TOBACCO		
1. Unmanufactured:		
Containing 10 per cent. or more by weight of moisture	4 19	1½
Other	4 19	11½
2. Manufactured:		
Cavendish or negrohead manufactured in bond	5 1	4½

SCH. 5

TABLE 3

Description of Tobacco	Rates of drawback (per pound)	
	In respect of tobacco on which customs duty at the full or Convention rate has been paid	In respect of tobacco on which customs duty at the Commonwealth or Republic of Ireland rate or excise duty has been paid
	£ s. d.	£ s. d.
Cigars	5 5 2	5 3 7½
Cigarettes... ..	5 1 10	5 0 3½
Cut, roll, cake or other manufactured tobacco	5 1 7	5 0 0½
Snuff (not being offal snuff)	5 2 1	5 0 6½
Stalks and tobacco refuse	5 1 1	4 19 6½

Section 1(4).

SCHEDULE 6

1963 c. 9.

AMENDMENTS TO PART I OF SCHEDULE 1 TO
PURCHASE TAX ACT 1963

1. In Group 2, paragraphs (1), (2) and (3) of the exemptions shall be omitted.
2. In Group 5, after the word “decorations” there shall be inserted the words “paper cups, paper plates and other paper tableware, paper handkerchiefs, paper tissues”.
3. In Group 6, for so much of that Group as precedes the word “Exempt” there shall be substituted the following:—

“Articles of textile, plastic, paper or similar material of 13¾% a kind used for soft furnishings, bedding or other domestic purposes.”
4. In Group 7—
 - (a) after the words “otherwise treated” there shall be inserted the words “and plastic sheeting in the piece or in cut lengths, being sheeting of a kind suitable for making garments or curtains, tablecloths and similar soft furnishings”;
 - (b) for the words “Tissues and fabrics not exceeding 12 inches in width” there shall be substituted the words “Articles not comprised below in this Group”;
 - (c) the words “Not chargeable under this Group” and the words “Tissues and fabrics exceeding 12 inches in width” shall be omitted;
 - (d) in paragraph (10) of the exemptions, for the words “three inches” there shall be substituted the words “six inches”.

5. In Group 10, in paragraph (a), for the word "Wallpaper" there shall be substituted the words "Wallpaper, plastic wall coverings in rolls with or without paper backing, and any of the following made of material of a kind principally used for wall or ceiling decoration which is similar to the material of wallpaper or plastic wall covering, namely, panels, borders, friezes and cornerpieces".

SCH. 6

6. After Group 35, there shall be added the following new Groups:—
"GROUP 36

Any of the following when packaged for human consumption without further preparation, namely, potato crisps, potato sticks, potato puffs and similar products made from the potato, or from potato flour, or from potato starch, and savoury food products obtained by the swelling of cereals or cereal products; and salted or roasted nuts other than nuts in shell. 22%

GROUP 37

Pet foods, canned, packaged or prepared; packaged foods (not being pet foods) for birds other than poultry or game; and biscuits and meal for cats and dogs." 22%

SCHEDULE 7

Section 1(5).

MISCELLANEOUS PROVISIONS AS TO CUSTOMS AND EXCISE

Definition of whisky

1. In relation to spirits distilled on or after 1st August 1969, section 243(1)(b) of the Customs and Excise Act 1952 (which defines Scotch whisky) shall cease to have effect, and for all purposes of customs and excise—

1952 c. 44.

- (a) the expression "whisky" shall mean spirits which have been distilled from a mash of cereals which has been—
- (i) saccharified by the diastase of malt contained therein with or without other natural diastases approved for the purpose by the Commissioners; and
 - (ii) fermented by the action of yeast; and
 - (iii) distilled at less than 166·4 degrees proof in such a way that the distillate has an aroma and flavour derived from the materials used,
- and which have been matured in wooden casks in warehouse for a period of at least three years;
- (b) the expression "Scotch whisky" shall mean whisky which has been distilled in Scotland;
- (c) the expression "blended whisky" or "blended Scotch whisky" shall mean a blend of a number of distillates each of which separately is entitled to the description whisky or Scotch whisky as the case may be;

- SCH. 7 (d) the period for which any blended whisky or blended Scotch whisky shall be treated as having been matured as mentioned in sub-paragraph (a) of this paragraph shall be taken to be that applicable in the case of the most recently distilled of the spirits contained in the blend.

Fortification of British wine

- 1952 c. 44. 2. In section 142 of the Customs and Excise Act 1952 (under which the Commissioners may permit the addition of spirits to British wine in warehouse, subject to a limit of ten gallons of proof spirits to one hundred gallons of wine), for the words "ten gallons" there shall be substituted the words "twenty gallons".

Consequential amendments to s. 4(3) of Finance Act 1964

- 1964 c. 49. 3. In section 4(3) of the Finance Act 1964—
- (a) for the words "and fourth" in both places where they occur there shall be substituted the words "fourth and fifth";
 - (b) the word "and" in the second place where it occurs shall be omitted;
 - (c) after the date "1960" there shall be inserted the words "and to goods of the Republic of Ireland consigned to the United Kingdom from that country".

Hydrocarbon oils : reliefs

4.—(1) As from 1st September 1969, section 6(1) of the Finance Act 1964 (which authorises the delivery of hydrocarbon oil for home use to an approved person without payment of customs or excise duty chargeable thereon where the oil is to be used or supplied by that person for certain purposes) shall cease to have effect, and the provisions of this paragraph shall have effect in place thereof.

(2) The Commissioners may permit hydrocarbon oil to be delivered for home use to an approved person, without payment of customs or excise duty chargeable thereon, where the oil—

- (a) is to be put by him to a use qualifying for relief under this paragraph; or
- (b) is to be supplied by him in the course of a trade of supplying oil for any such use.

(3) The uses of hydrocarbon oil qualifying for relief under this paragraph are—

- (a) use in the manufacture or preparation of any article, not being hydrocarbon oil or an article which in the opinion of the Commissioners should, according to its use, be classed with hydrocarbon oil; and
- (b) use for cleaning plant, in connection with any use of the plant in the manufacture or preparation of such an article; but does not include the use of oil as fuel or, except as provided by sub-paragraph (4) of this paragraph, as a lubricant.

(4) Where, in the manufacture or preparation of an article described in sub-paragraph (3)(a) of this paragraph, hydrocarbon oil is used for preventing or reducing friction, adhesion or contact between parts or components of the article, or between the article or a part or component thereof and any plant used in the manufacture or preparation or any part or component of plant so used, that use of the oil is to be included among the uses qualifying for relief under this paragraph.

SCH. 7

(5) In this paragraph "plant" means any machinery, apparatus, equipment or vessel.

5.—(1) In consequence of the provisions of paragraph 4 of this Schedule, as from 1st September 1969 section 6 of the Finance Act 1964 and Schedule 6 to that Act shall have effect with the amendments hereafter specified in this paragraph.

(2) In subsection (2) of the said section 6—

(a) for the words "subsection (1) above" there shall be substituted the words "paragraph 4 of Schedule 7 to the Finance Act 1969"; and

(b) for the words "used by an approved person as mentioned in paragraph (a) of that subsection" there shall be substituted the words "put by an approved person to a use qualifying for relief under the said paragraph 4".

(3) In subsections (5) and (6) of the said section 6, and in paragraphs 1 and 2 of the said Schedule 6, references to subsection (1) of the said section 6 shall be construed as references to paragraph 4 of this Schedule.

(4) For paragraph 25 of the said Schedule 6 there shall be substituted the following paragraph:—

"25. Except with the consent of the Commissioners, no oil in the case of which delivery without payment of duty has been permitted under paragraph 4 of Schedule 7 to the Finance Act 1969 shall be put to a use not qualifying for relief under that paragraph or be acquired or taken into any vehicle, appliance or storage tank in order to be put to such a use; and in giving their consent the Commissioners may impose such conditions as they think fit."

(5) In paragraph 26(1) of the said Schedule 6, for the words "that it will be used otherwise than as mentioned in section 6(1)(a) of this Act" there shall be substituted the words "that it will be put to a use not qualifying for relief under paragraph 4 of Schedule 7 to the Finance Act 1969".

(6) In paragraph 28 of the said Schedule 6, for sub-paragraph (a) there shall be substituted the following:—

"(a) references to delivery permitted under paragraph 4 of Schedule 7 to the Finance Act 1969 referred to rebate allowed under the said section 6(4), and references to a use not qualifying for relief under the said paragraph 4 referred to use otherwise than as mentioned in the said section 6(4)."

Section 2.

SCHEDULE 8

PROVISIONS RELATING TO BETTING PREMISES LICENCES AND
DUTY THEREON*General administration*

1.—(1) The duty on betting premises licences shall be under the care and management of the Commissioners, who may (without prejudice to any other provision of this Schedule) make regulations providing for any matter for which provision appears to them to be necessary for the administration or enforcement of the duty, or for the protection of the revenue in respect thereof.

(2) Regulations of the Commissioners under this Schedule shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

Provisions as to grant, transfer etc. of licences

2. An application for a betting premises licence in respect of any premises shall, in the case of a new licence, be made to the Commissioners not later than fourteen days before—

(a) 1st October 1969 ; or

(b) the first day after that date on which the premises are to be used for off-course betting,

and, in the case of a licence in continuation of one of which the applicant is the holder, be made not later than fourteen days before the date on which the licence applied for is to take effect.

3. The proper officer may, in such manner as the Commissioners may direct, and without any additional payment, transfer a betting premises licence in respect of any premises to a successor in title to the interest in those premises of the person to whom the licence was granted.

Payment and repayment of duty

1952 c. 44.

4. Section 237 of the Customs and Excise Act 1952 (reduced duty on beginner's part-year licence) shall apply to a betting premises licence.

5.—(1) Where a betting premises licence is granted so as to have effect from the beginning of the licence-year or from a date in that year not later than the end of February, and section 237 of the Customs and Excise Act 1952 does not apply for the reduction of the duty payable on the licence, the licence may at the option of the person liable for the duty be granted on payment of only half of the full duty ; and in that case the second half shall be paid not later than the following 1st March.

(2) If default is made in payment of the second half of the duty, the licence shall be of no effect so long as the default continues.

(3) If after 1st March any sum remains unpaid in respect of the second half of the duty, that sum may be recovered as a debt due to the Crown.

6. Provision may be made by regulations of the Commissioners under this Schedule for the adjustment (by way of repayment or a further charge of duty) of the duty charged on a betting premises licence in respect of any premises, where that duty is determined by reference to the rateable value of a hereditament and an alteration of the valuation list (or, in Scotland, the valuation roll) affecting that hereditament or that rateable value comes into effect as respects the whole of the period of validity of that licence. SCH. 8

7. Section 234 of the Customs and Excise Act 1952 (which relates to payment for excise licences by cheque) shall apply to the duty on a betting premises licence, but as if for the reference to a penalty of £50 there were substituted a reference to a penalty of £500. 1952 c. 44.

8.—(1) If while a betting premises licence is in force in respect of any premises (not being a licence on which a reduced duty was paid under section 237 of the Customs and Excise Act 1952), and not later than the end of June immediately preceding the date on which the licence is due to expire, the holder of the licence surrenders it to the proper officer and satisfies him that during the period between the date of surrender and the date when the licence would otherwise expire, he will not be concerned with any use of the premises for off-course betting, then, subject to and in accordance with the following provisions, the holder of the licence shall be entitled to a partial repayment of duty.

(2) If at the time of the surrender of the licence the whole of the duty has been paid, the repayment under this paragraph shall be—

- (a) three-quarters of the duty paid, if the licence is surrendered before 1st January ;
- (b) one-half of the duty paid, if the licence is surrendered on or after 1st January and before 1st April ; and
- (c) one-quarter of the duty paid, if the licence is surrendered on or after 1st April.

(3) If, by virtue of the exercise of the option under paragraph 5 of this Schedule, only half of the full duty on the licence was paid at the time of the grant, and the second half has not been paid, there shall be no repayment under this paragraph unless the licence is surrendered before 1st January, and the repayment shall then be one-half of that which has been paid.

Enforcement

9. If any premises are used for the purpose of off-course betting in contravention of section 2(4) of this Act—

(a) the user of the premises (“ user ” for this purpose having the meaning given to it by the said section 2(4)) shall be liable—

(i) on summary conviction to a penalty of treble the amount of the duty on any licence which ought to have

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been taken out in respect of the premises, or to imprisonment for not more than twelve months, or to both ;

(ii) on conviction on indictment to a like penalty or to imprisonment for not more than two years, or to both ;
and

- (b) in addition and without prejudice to any liability under sub-paragraph (a) of this paragraph, unless and until a betting premises licence in respect of those premises is taken out during the period of twelve months beginning with 1st October during which the contravention occurred, an amount equal to the duty on the licence, together with interest thereon from the date of the contravention, shall become due and be recoverable as a debt due to the Crown jointly and severally from all or any of the persons liable under the said sub-paragraph (a).

10. If any person contravenes or fails to comply with any provision of this Schedule or regulations made thereunder, he shall be liable to a penalty of £500.

11. Where a person is convicted of an offence under paragraph 10 of this Schedule consisting in a failure to comply with a provision of this Schedule or regulations made thereunder, and the failure continues after conviction, he shall be guilty of a further offence under the said paragraph 10, and may on conviction be punished accordingly.

12. Where an offence under paragraph 9 or 10 of this Schedule has been committed by a body corporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate, or was purporting to act in any such capacity, shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity, and in all the circumstances.

13. Any officer may enter on any premises in respect of which a betting premises licence is in force, and on any other premises which he has reasonable cause to suspect are being, or have been, used for off-course betting, or are about to be so used, and inspect those premises and require any person concerned with the management of the premises—

- (a) to produce, or secure the production of, any betting premises licence for the time being in force in respect thereof ; and
(b) to provide information with respect to the use of the premises and any activities carried on there.

14.—(1) If a justice of the peace or, in Scotland, the sheriff or a magistrate is satisfied on information on oath that there is reasonable ground for suspecting that any premises are being, or have been,

used for off-course betting, in contravention of section 2(4) of this Act, or are about to be so used, he may issue a warrant in writing authorising an officer to enter the premises, if necessary by force, at any time within fourteen days from the time of the issue of the warrant, and search them.

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(2) An officer who enters any premises under the authority of such a warrant may—

- (a) seize and remove any records, accounts or other documents, money or valuable thing, or other thing whatsoever, found on the premises which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of a contravention of section 2(4) of this Act ; and
- (b) search any person found on the premises whom he has reasonable cause to believe to be concerned with the effecting of betting transactions.

Supplementary

15. In considering for the purposes of paragraph 16(1), 17(b) or 27(4)(a) of Schedule 1 to the Act of 1963 (which relate to the grant, renewal and cancellation of bookmakers' permits, betting agency permits and betting office licences) whether a person is or is not a fit and proper person to be the holder of a bookmaker's permit or, as the case may be, to hold a betting office licence, the appropriate authority shall have regard to any case in which that person has been concerned with any contravention of section 2(4) of this Act or with any contravention of, or failure to comply with, any provision of this Schedule or regulations made thereunder.

16. Paragraph 20(1) of Schedule 3 to the Finance Act 1966 (which enables a court, when convicting a person of certain offences in connection with the general betting duty, to order the forfeiture and cancellation of a betting office licence in respect of his premises) shall apply in relation to a conviction of an offence under paragraph 9 or 10 of this Schedule as it applies in relation to such a conviction as is referred to in the said paragraph 20(1).

SCHEDULE 9

Section 3.

PROVISIONS RELATING TO BINGO DUTY

PART I

EXEMPTIONS FROM DUTY

Domestic bingo

1. Bingo played both in a private dwelling and on a domestic occasion.

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Club bingo

2. Bingo played as an activity of a club, in compliance with the following conditions:—

- (a) the subscription for membership of the club does not exceed two pounds a year; and
- (b) not more than one payment by way of a charge for admission to any premises being or including the place at which bingo is played is payable by a person in order to enable him to play bingo, and that payment does not exceed one shilling; and
- (c) no other payment is required to be or has been made, and no obligation to make any other payment is required to be incurred, in order to enable a person to play bingo.

Charitable and other similar entertainments

3. Bingo provided by way of an amusement at an entertainment (whether limited to one day or extending over two or more days) being a bazaar, sale of work, fête, dinner, dance, sporting or athletic event or other entertainment of a similar character, in compliance with the following conditions:—

- (a) the whole proceeds of the entertainment (including the proceeds of bingo) after deducting the expenses of it (including any expenses incurred in connection with bingo and the provision of prizes) will be devoted to purposes other than private gain; and
- (b) the opportunity to play bingo is not the only, or the only substantial, inducement to persons to attend the entertainment.

Section 54(1) and (3) of the Act of 1963 (construction of references in that Act to "private gain") shall apply for the construction of this paragraph as they apply for the construction of sections 33, 37, 43 and 48 of that Act.

4. Bingo played at an entertainment promoted otherwise than for purposes of private gain, in compliance with the following conditions:—

- (a) not more than one payment (whether by way of entrance-fee, payment for cards or otherwise) is made by each player of bingo at the entertainment, and no such payment exceeds ten shillings;
- (b) the total value of all prizes won at bingo played at the entertainment does not exceed fifty pounds;
- (c) the whole of the proceeds of such payments as are mentioned in sub-paragraph (a) of this paragraph, after deducting sums lawfully appropriated on account of expenses or for the provision of prizes at bingo, is applied for purposes other than private gain;
- (d) the sum appropriated out of the said proceeds in respect of expenses does not exceed the reasonable cost of the facilities provided for playing bingo.

For the purposes of this paragraph, two or more entertainments promoted on the same premises by the same person on the same day shall be treated as one single entertainment; and section 54(1) and (3) of the Act of 1963 (construction of references to private gain) shall apply for the construction of this paragraph as they apply for the construction of sections 33, 37, 43 and 48 of that Act.

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Small-scale amusements provided commercially

5. Bingo played, in compliance with the conditions of this paragraph—

- (a) on any premises in respect of which a permit under section 49 of the Act of 1963 (provision of amusements with prizes) has been granted in accordance with Schedule 6 to that Act and is for the time being in force;
- (b) on any premises in respect of which there is for the time being in force a gaming machine licence under section 5 of this Act, and which have local authority approval under the Gaming Acts by virtue of paragraph 6 of Schedule 11 to this Act; or
- (c) at any pleasure fair consisting wholly or mainly of amusements provided by travelling showmen, which is held on any day of a year on premises not previously used in that year for more than twenty-seven days for the holding of such a pleasure fair.

The conditions of this paragraph are that—

- (i) the amount payable by any person for a card for any one game of bingo does not exceed one shilling;
- (ii) the total amount taken as payment by players for their cards for any one game does not exceed fifty shillings;
- (iii) no money prize exceeding one shilling is distributed or offered;
- (iv) the winning of, or the purchase of a chance to win, a prize does not entitle any person (whether subject to a further payment by him or not) to any further opportunity to win money or money's worth by taking part in any gaming (within the meaning of the Gaming Act 1968) or 1968 c. 65. in any lottery; and
- (v) in the case of such a pleasure fair as is described above, the opportunity to play bingo is not the only, or the only substantial, inducement to persons to attend the fair.

Machine bingo

6. Bingo played by means of a gaming machine the provision of which on premises requires the authority of an excise licence under section 5 of this Act.

PART II

ADMINISTRATION AND ENFORCEMENT

Definitions

7. In this Part of this Schedule,—

- (a) “bingo-promoter” means a person who promotes the playing of bingo chargeable with bingo duty ;
- (b) “prescribed” means prescribed by regulations ; and
- (c) “regulations” means regulations of the Commissioners under this Part of this Schedule, which shall be made by statutory instrument and be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

General administration

8.—(1) Bingo duty shall be under the care and management of the Commissioners and shall be accounted for by such persons, and accounted for and paid at such times and in such manner, as may be required by or under regulations.

(2) Without prejudice to any other provision of this Schedule, regulations may provide for any matter for which provision appears to the Commissioners to be necessary for the administration or enforcement of bingo duty, or for the protection of the revenue in respect of that duty.

Notification to Commissioners by, and registration of, bingo-promoters

9.—(1) Any person who intends to promote the playing of bingo on or after 1st October 1969, being bingo which will, or may, be chargeable with bingo duty, shall, not less than fourteen days before the first day on which bingo is to be played, notify the Commissioners of his intention, specifying the premises on which the bingo is to be played, and applying to be registered as a bingo-promoter.

(2) Where a person notifies his intention as aforesaid, he shall be entitled to be registered by the Commissioners, except that the Commissioners may, where it appears to them to be requisite for the security of the revenue to do so, impose as a condition of a person's registration, or may subsequently impose as a condition of the continuance in force of his registration, a requirement that he shall give such security (or further security), by way of deposit or otherwise, for any bingo duty which he is, or may become, liable to pay as the Commissioners may from time to time require.

(3) Where, in the case of a person who is for the time being registered as a bingo-promoter, the Commissioners exercise their power under sub-paragraph (2) of this paragraph to impose, as a condition of the continuance in force of his registration, a requirement that he shall give security or further security, and he does not give it, the Commissioners may cancel his registration (without prejudice, however, to his right to apply again to be registered).

Announcement of prizes

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10. A bingo-promoter shall ensure that, before the beginning of any game of bingo promoted by him, the value of any prize to be won in the game is made known to the players in accordance with such requirements as may be prescribed for the purposes of this paragraph.

Books, records, accounts, etc.

11.—(1) A bingo-promoter shall keep such books, records and accounts as may be prescribed, or as the Commissioners may direct either generally or in a particular case.

(2) Any such books, records and accounts—

(a) shall be preserved for at least two years or such shorter period as the Commissioners may in any particular case direct ; and

(b) shall be kept in such form as the Commissioners may direct either generally or in a particular case ;

and different directions under this sub-paragraph may be given by the Commissioners in relation to different cases or to different classes of books, records or accounts.

(3) A bingo-promoter shall, if so required by the Commissioners or an officer—

(a) produce, at a time and place specified in the requirement, such books, records, accounts or documents relating to the playing of bingo promoted by him as may be so specified ; and

(b) give such other information relating thereto as may be so specified.

(4) Without prejudice to the foregoing provisions of this paragraph, regulations may include provision requiring bingo-promoters to keep and, if required by the Commissioners or an officer, to produce for inspection records showing the value of prizes won at bingo.

Entry and inspection of premises

12.—(1) Any officer may, without paying, enter on any premises where bingo is played or on which he has reasonable cause to suspect that bingo has been or is about to be played, and inspect the premises and anything whatsoever which he finds there ; and he may further—

(a) require any person concerned with the management of the premises to provide him with information with respect to activities carried on there ;

(b) require any person on the premises who appears to him to be, or to have been, playing any game to provide him with information with respect to the game and, in particular, to produce to him any document or thing in

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his possession which is or was used in connection with the playing of the game.

1968 c. 65.

(2) An officer who enters any premises in the exercise of powers conferred by this paragraph shall be permitted to remain there at any time when the premises are being used for any gaming (within the meaning of the Gaming Act 1968), or when he has reasonable cause to suspect that they are about to be so used.

Power of Commissioners to estimate duty payable

13. Where an amount is due on account of bingo duty from any person, but by reason of his failure to keep, or to produce or furnish to the proper officer, any books, records, accounts or other documents which he is required or directed under this Schedule to keep, produce or furnish, or of his failure to take or permit to be taken any other step which he is so required to take or permit to be taken, or by reason of such books, records or accounts being materially incomplete or inaccurate, the Commissioners are unable to ascertain the amount of duty properly due from him, the Commissioners may estimate the amount due; and (without prejudice to the recovery of the full amount due or to the making of a further estimate in that behalf) the amount estimated shall be recoverable as duty properly due, unless in any action relating thereto the person liable proves the amount properly due and that amount is less than the amount estimated.

Settlement of disputed matters relevant to computation of duty

14.—(1) Without prejudice to paragraph 13 of this Schedule, if any dispute arises between the Commissioners and a bingo-promoter as to the amount taken by him or on his behalf, on a particular occasion, as payment by players for cards, or as to the value of any prize, then—

- (a) the Commissioners shall by notice in writing to the bingo-promoter specify what in their opinion the amount or value is; and
- (b) the amount of duty chargeable to, and recoverable from, the promoter shall be computed in accordance with that opinion.

(2) If the promoter disputes the Commissioners' opinion as to the said amount or value, he may at any time within three months of the date of the notice, and subject to his having paid the full amount of duty which in accordance with that opinion (as stated in the notice) is due from him, apply to the High Court or, in Scotland, the Court of Session for a declaration as to what the said amount or value is.

(3) If on an application under sub-paragraph (2) of this paragraph the court makes a declaration specifying a different amount or value from that specified in the Commissioners' notice, then—

- (a) the notice shall be amended accordingly;

- (b) 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 overpayment at such rate as the court may determine ;
- (c) any amount by which duty is found to have been underpaid shall be recoverable as duty properly due.

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Recovery of amount due

15.—(1) If a person, on written demand by the proper officer, refuses or neglects to pay any amount recoverable from him by way of bingo duty, the amount recoverable may be levied by distress on his goods and chattels ; and the proper officer may for that purpose by warrant signed by him authorise any person to distrain accordingly and to sell anything so distrained by public auction after giving six days' notice of the sale.

(2) Where an amount recoverable by virtue of this paragraph is determined (wholly or in part) by reference to the duty on the playing of bingo on any premises, the goods and chattels on which distress may be levied shall include any goods and chattels used for the purposes of the bingo and found on those premises ; but distress shall not be levied on such goods or chattels unless a copy of the demand for the amount recoverable has been served on the bingo-promoter, or the person having the management of those premises, by sending it by post addressed to him at the premises or at an address at which he carries on any business.

(3) The proceeds of sale of anything distrained under this paragraph shall be applied in or towards payment of the costs and expenses of the distress and sale and the payment of the amount recoverable, and the surplus (if any) shall be paid to the person on whom the distress was levied.

(4) Where under this paragraph distress is levied for duty payable in accordance with an estimate by the Commissioners under paragraph 13 of this Schedule and it is afterwards proved that the amount properly due was less than the amount estimated, this shall not affect the legality of the distress or anything done under this paragraph in connection therewith ; but the proceeds of sale shall be applied under sub-paragraph (3) of this paragraph in accordance with the amount properly due and not in accordance with the amount estimated.

(5) In the application of this paragraph to Scotland, any reference to distress shall be construed as a reference to diligence, any reference to distraining or to the levying of distress shall be construed as a reference to the doing of diligence, and the expression " chattels " means corporeal movables.

Duty payable by bankrupt, insolvent estate or company in liquidation

16.—(1) There shall be included among the debts which—

- (a) under section 33 of the Bankruptcy Act 1914 are to be paid in priority to all other debts in the distribution of the property of a bankrupt or deceased debtor ; or

1914 c. 95.

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1913 c. 20.

(b) under section 118 of the Bankruptcy (Scotland) Act 1913 are to be paid in priority to all other debts in the division of a bankrupt's estate ; or

1948 c. 28.

(c) under section 319 of the Companies Act 1948 are to be paid in priority to all other debts in the winding-up of a company, or under section 94 of that Act are on an appointment of a receiver on behalf of debenture holders, or taking of possession by or on behalf of debenture holders, to be paid in priority to any claim for principal or interest in respect of the debentures,

any amount which is due by way of bingo duty from the bankrupt, deceased debtor or company at the relevant date and which became due within twelve months next before that date.

1952 c. 10.

(2) In the foregoing sub-paragraph, "the relevant date"—

(a) in relation to section 33 of the Bankruptcy Act 1914 means the date of the receiving order or of the death, as the case may be ;

(b) in relation to section 118 of the Bankruptcy (Scotland) Act 1913 means the date mentioned in subsection (4) of that section ; and

(c) in relation to section 319 of the Companies Act 1948 has the meaning assigned to it by that section, and in relation to section 94 of that Act means the date of the appointment of the receiver or taking of possession.

Enforcement

17.—(1) If any person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion (by him or any other person) of bingo duty, he shall be liable to a penalty of £500 or treble the amount of the duty payment of which is sought to be evaded, whichever is the greater.

(2) If any person—

(a) is knowingly concerned with the promotion of bingo (being bingo which is or may be chargeable with bingo duty), where the promoter is not registered by the Commissioners in accordance with paragraph 9 of this Schedule ; or

(b) is knowingly concerned with the combination of any game of bingo with other bingo contrary to section 3(5) of this Act ;

he shall be liable to a penalty of £500.

(3) Where a person is convicted of an offence under sub-paragraph (1) or (2) of this paragraph the court may, in lieu of or in addition to ordering him to pay the said penalty, order him to be imprisoned for a term not exceeding two years.

(4) If any person contravenes or fails to comply with any provision of this Part of this Schedule or of regulations, or fails to comply with any requirement made of him by or under any such provision, he shall be liable to a penalty of £500.

18. Where a person is convicted of an offence under paragraph 17(4) of this Schedule, consisting in a failure to comply with any provision of this Part of this Schedule or of regulations, and the failure continues after the conviction, he shall be guilty of a further offence under the said paragraph 17(4) and may on conviction be punished accordingly. SCH. 9

19. Where an offence under paragraph 17 of this Schedule has been committed by a body corporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate, or was purporting to act in any such capacity, shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity, and in all the circumstances.

20.—(1) If a justice of the peace or, in Scotland, the sheriff or a magistrate is satisfied on information on oath that there is reasonable ground for suspecting that an offence under paragraph 17 of this Schedule is being, has been, or is about to be committed on any premises, he may issue a warrant in writing authorising any officer to enter those premises, if necessary by force, at any time within fourteen days from the time of the issue of the warrant and search them.

(2) An officer who enters premises under the authority of such a warrant may—

- (a) seize and remove any books, records, accounts, documents, money or valuable thing, and any instrument, device, apparatus or other thing whatsoever found on the premises, which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence ; and
- (b) search any person found on the premises whom he has reasonable cause to believe to be concerned with the promotion of bingo or, as the case may be, with the management of any premises used for the purpose of playing bingo.

Supplementary

21. Where an officer takes any action in pursuance of instructions by the Commissioners or a Collector of Customs and Excise given in connection with the enactments relating to bingo duty and, apart from this paragraph, would in taking that action be committing an offence under the enactments relating to gaming, he shall not be guilty of that offence.

22.—(1) In paragraph 20(1) of Schedule 2 to the Gaming Act 1968 1968 c. 65. (grounds on which the grant or renewal of a licence under that Act

SCH. 9 may be refused by the licensing authority), the following shall be added after sub-paragraph (e):—

“(f) that any bingo duty under section 3 of the Finance Act 1969 payable in respect of bingo played on the premises remains unpaid”;

and at the end of the said paragraph 20 there shall be added the following:—

“(3) Where the licensing authority entertain an application for the grant or renewal of a licence under this Act in respect of any premises, and are satisfied that any bingo duty payable as mentioned in sub-paragraph (1)(f) of this paragraph remains unpaid, they shall refuse the application.”.

1966 c. 18. (2) In paragraph 60 of the said Schedule 2 (grounds for refusal of transfer of licence), in sub-paragraph (c) (ground that the transferee has not paid duty under section 13 of the Finance Act 1966), after the word “1966” there shall be inserted the words “or any bingo duty payable by him under section 3 of the Finance Act 1969”.

1968 c. 65. 23. In paragraph 9 of Schedule 3 to the Gaming Act 1968 (grounds on which, in England or Wales, the licensing authority may refuse renewal of registration of club or institute under Part II of that Act), the following shall be added after sub-paragraph (e):—

“(f) that any bingo duty under section 3 of the Finance Act 1969 payable in respect of bingo played on the premises remains unpaid ;

and where the authority entertain an application for the renewal of registration and are satisfied that any bingo duty payable as mentioned in sub-paragraph (f) above remains unpaid, they shall refuse the application.”

24. In paragraph 11 of Schedule 4 to the Gaming Act 1968 (grounds on which, in Scotland, the sheriff may refuse renewal of registration of a club or institute under Part II of that Act) the following shall be added after sub-paragraph (e):—

“(f) that any bingo duty under section 3 of the Finance Act 1969 payable in respect of bingo played on the premises remains unpaid ;

and where the sheriff entertains an application for the renewal of registration and is satisfied that any bingo duty payable as mentioned in sub-paragraph (f) above remains unpaid, he shall refuse the application.”

SCHEDULE 10

Section 4.

PROVISIONS RELATING TO GAMING LICENCE DUTY

PART I

AMOUNT OF DUTY IN RESPECT OF PREMISES

TABLE

Description of premises	Amount of duty
1. Premises other than— (a) premises which for rating purposes constitute or are comprised in a hereditament of a rateable value exceeding £1,000; (b) premises consisting of or comprised in a vessel.	£ 750
2. Premises— (a) which for rating purposes constitute or are comprised in a hereditament of a rateable value exceeding £1,000 but not exceeding £1,500; or (b) which consist of or are comprised in a vessel.	7,500
3. Premises which for rating purposes constitute or are comprised in a hereditament of a rateable value exceeding £1,500 but not exceeding £2,250.	20,000
4. Premises which for rating purposes constitute or are comprised in a hereditament of a rateable value exceeding £2,250 but not exceeding £3,000.	40,000
5. Premises which for rating purposes constitute or are comprised in a hereditament of a rateable value exceeding £3,000.	100,000

PART II

CONSEQUENTIAL AMENDMENTS OF FINANCE ACT 1966,
SECTION 13 AND SCHEDULE 3*Amendment of section 13*

1. In section 13 of the Finance Act 1966— 1966 c. 18.
- (a) in subsection (1), for paragraphs (a) and (b) there shall be substituted the words “ by way of any game to which this section for the time being applies ”;
- (b) in subsection (4), paragraphs (c) and (d) shall be omitted ;
and
- (c) in subsection (5), the words “ in addition to bingo ” shall be omitted.

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1966 c. 18.

Amendments of Schedule 3

2. In paragraph 7 of Schedule 3 to the Finance Act 1966, in sub-paragraph (b), for the words "bingo or any other game" there shall be substituted the words "any game".

3. In paragraph 11 of the said Schedule, in sub-paragraph (a), the words "bingo or, as the case may be, by way of" shall be omitted.

Section 5.

SCHEDULE 11

PROVISIONS RELATING TO GAMING MACHINE LICENCE DUTY

PART I

MEANING OF "GAMING MACHINE"

1. Subject to paragraph 4 of this Schedule, any machine is a gaming machine for the purposes of section 5 of this Act if it is of the following description:—

- (a) it is constructed or adapted for playing a game of chance by means of it;
- (b) a player pays to play the machine (except where he has an opportunity to play payment-free as the result of having previously played successfully), either by inserting a coin or token into the machine or in some other way; and
- (c) the outcome of the game is determined by the chances inherent in the action of the machine, whether or not provision is made for manipulation of the machine by a player.

2. In the foregoing paragraph, "game of chance" includes a game of chance and skill combined and a pretended game of chance or of chance and skill combined; and the fact that a game contains an element of skill shall not prevent it being treated as a game of chance if nothing but superlative skill can overcome the element of chance.

3. For the purposes above-mentioned, it is immaterial whether a machine is capable of being played by only one person at a time, or is capable of being played by more than one person.

4. A machine shall not be treated as a gaming machine for the purposes of section 5 of this Act if either—

- (a) it is constructed or adapted so that a person playing it once and successfully receives nothing except an opportunity, afforded by the automatic action of the machine, to play again (once or more often) without paying; or
- (b) it is constructed or adapted so that, where a person plays it once and successfully, that which he receives is determined by the automatic action of the machine and is either—
 - (i) a money prize not greater than the amount payable to play the machine once, or

(ii) a token which is, or two or more tokens which in the aggregate are, exchangeable only for such a money prize.

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PART II

MEANING OF "LOCAL AUTHORITY APPROVAL UNDER THE GAMING ACTS"

5. Subject to paragraph 8 of this Schedule, premises are to be treated as having local authority approval under the Gaming Acts if there is for the time being in force in respect of the premises a permit granted under Schedule 6 to the Act of 1963 (permit for provision of amusements with prizes under section 49 of that Act).

6. Subject to paragraph 8 of this Schedule, premises are to be so treated if there is for the time being in force in respect of them a permit granted under section 34 of the Act of 1968 (conditions under which gaming may be carried on by means of machines).

7. Premises are to be so treated at any time when—

- (a) there is for the time being in force in respect of them a licence under the Act of 1968 ; and
- (b) by virtue of a direction of the licensing authority under section 32 of that Act (approval for provision of more than two machines) section 34 of that Act has effect in relation to the premises.

8. Premises are not to be so treated if a club or a miners' welfare institute within the meaning of the Act of 1968 is for the time being registered in respect of them under Part III of that Act (which regulates gaming by means of machines).

PART III

EXEMPTION FROM REQUIREMENT OF EXCISE LICENCE

Charitable entertainments, etc.

9.—(1) A gaming machine licence shall not be required in order to authorise the provision of a gaming machine at an entertainment (whether limited to one day or extending over two or more days), being a bazaar, sale of work, fête, dinner, dance, sporting or athletic event or other entertainment of a similar character, where the conditions of this paragraph are complied with in relation to the entertainment.

(2) The conditions of this paragraph are that—

- (a) the whole proceeds of the entertainment (including the proceeds of gaming by means of any machine) after deducting the expenses of the entertainment, including any expenses incurred in connection with the provision of gaming

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machines and of prizes to successful players thereof, will be devoted to purposes other than private gain ; and

- (b) the opportunity to win prizes by playing the machine (or that machine and any other provided for gaming at the entertainment) does not constitute the only, or the only substantial, inducement for persons to attend the entertainment.

(3) Section 54(1) and (3) of the Act of 1963 (construction of references in that Act to "private gain") shall apply for the construction of sub-paragraph (2)(a) of this paragraph as they apply for the construction of sections 33, 37, 43 and 48 of that Act.

Pleasure fairs

10.—(1) A gaming machine licence shall not be required in order to authorise the provision of a gaming machine at a pleasure fair, consisting wholly or mainly of amusements provided by travelling showmen, which is held on any day of a year on premises not previously used in that year for more than twenty-seven days for the holding of such a pleasure fair, where the conditions of this paragraph are complied with in relation to the machine.

(2) The conditions of this paragraph are that—

(a) the amount payable to play the machine once does not exceed one shilling ;

(b) a person playing the machine once and successfully does not receive any thing other than one of the following prizes or combinations of prizes :—

(i) a money prize not exceeding two shillings or a token which is, or two or more tokens which in the aggregate are, exchangeable only for such a money prize ;

(ii) a non-monetary prize or prizes of a value or aggregate value not exceeding five shillings or a token exchangeable only for such a non-monetary prize or such non-monetary prizes ;

(iii) a money prize not exceeding two shillings together with a non-monetary prize of a value which does not exceed five shillings less the amount of the money prize ;

(iv) one or more tokens which can be exchanged for a non-monetary prize or non-monetary prizes at the appropriate rate ; and

(c) the opportunity to play the machine (or that machine and any other provided for gaming at the fair) does not constitute the only, or the only substantial, inducement for persons to attend the fair.

(3) In sub-paragraph (2)(b) of this paragraph, "non-monetary prize", in relation to a machine, means a prize which does not consist of or include any money and does not consist of or include any token which can be exchanged for money or money's worth

or be used for playing the machine ; and, for the purposes of sub-paragraph (2)(b)(iv), a token or tokens shall be taken to be exchanged for a non-monetary prize or prizes at the appropriate rate if either—

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- (a) the value or aggregate value of the prize or prizes does not exceed five shillings and the token or tokens exchanged represent the maximum number of tokens which can be won by playing the machine once ; or
- (b) in any other case, the value or aggregate value of the prize or prizes does not exceed five shillings and bears to five shillings a proportion not exceeding that which the number of tokens exchanged bears to the maximum number of tokens which can be won by playing the machine once.

(4) The condition specified in sub-paragraph (2)(b) of this paragraph shall not, in relation to a machine, be taken to be contravened by reason only that a successful player of the machine receives an opportunity to play again (once or more often) without paying, so long as the most which he can receive if he wins each time he plays again is a money prize or money prizes of an amount, or aggregate amount, of two shillings or less.

*Temporary exemption for certain premises with only
penny machines*

11. During the month of October 1969, a gaming machine licence shall not be required in order to authorise the provision on premises of gaming machines at any time when there are on those premises no such machines other than penny machines ; but this exemption applies to premises only at a time when they have local authority approval under the Gaming Acts by virtue of paragraph 5 or 6 of this Schedule.

PART IV

ADMINISTRATION AND ENFORCEMENT

General administration

12.—(1) The duty on gaming machine licences shall be under the care and management of the Commissioners, who may (without prejudice to any other provision of this Schedule) make regulations providing for any matter for which provision appears to them to be necessary for the administration or enforcement of the duty, or for the protection of the revenue in respect thereof ; and in this Part of this Schedule—

- (a) “ regulations ” means regulations of the Commissioners made thereunder ; and
- (b) “ prescribed ” means prescribed by regulations.

(2) Regulations shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

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Provisions as to grant, duration, transfer etc. of licences

13.—(1) An application for an ordinary licence in respect of any premises shall, in the case of a new licence, be made to the Commissioners not later than fourteen days before—

(a) 1st October 1969 ; or

(b) the date on which the licence is to be in force ;

and, in the case of an ordinary licence in continuation of one of which the applicant is the holder, be made not later than fourteen days before the date on which the licence held by him is due to expire.

(2) An application for a holiday season licence in respect of any premises shall be made not less than fourteen days before the date on which the licence is to be first in force.

14.—(1) A licence shall be expressed to take effect on the first day of the period for which it is granted or, if it is granted after the beginning of a licence-period to have effect for the remainder of that period, on the day following the date of the grant.

(2) An ordinary whole year licence shall expire at the end of 30th September next after the date on which it is expressed to take effect ; and an ordinary half-year licence shall expire at the end of 31st March or, as the case may be, 30th September next after that date.

(3) A holiday season licence shall expire at the end of 31st October next after the date on which it is expressed to take effect.

(4) If a holiday season licence is granted in respect of any premises, any ordinary licence in respect of those premises shall (if not surrendered under paragraph 19 of this Schedule) become void as from the day on which the holiday season licence is first in force.

(5) If an ordinary licence (whole-year or half-year) is granted in respect of any premises, any holiday season licence in respect of those premises shall become void as from the day on which the ordinary licence is first in force.

15.—(1) The proper officer may, in such manner as the Commissioners may direct, and without any additional payment, transfer a gaming machine licence in respect of any premises to a successor in title to the interest in those premises of the person to whom the licence was granted.

(2) Where the holder of a gaming machine licence in respect of any premises dies, the proper officer may transfer the licence, in such manner as the Commissioners may direct and without any additional payment, to some other person for the remainder of the period for which the licence was granted.

Amendment of licence

16.—(1) Where there is a gaming machine licence for the time being in force in respect of any premises, the holder may at any time apply to the Commissioners for the licence to be amended under

this paragraph, and the proper officer shall, on payment of the additional duty (if any), amend the licence accordingly. SCH. 11

(2) An ordinary licence may be amended under this paragraph—

- (a) so as to increase the number of machines which are authorised by the licence for the premises in question (whether chargeable at one or other, or at each, of the two rates respectively); or
- (b) so as to increase the number of machines chargeable at one rate and reduce the number chargeable at the other rate; or
- (c) in the case of a licence which authorises only machines chargeable at one rate, so as to authorise a specified number of machines chargeable at the other rate.

(3) A holiday season licence may be amended under this paragraph so as to increase the number of penny machines which are authorised by the licence for the premises in question.

(4) The additional duty referred to in sub-paragraph (1) of this paragraph shall be payable only where—

- (a) the amount of the duty originally paid on the licence; or
- (b) in the case of a licence previously amended under this paragraph, that amount plus any additional duty paid in respect of that amendment,

is exceeded by the amount of duty which would have been payable on the original licence if it had been granted as proposed to be amended; and the amount of the additional duty shall then be the difference between those two amounts, except that where an ordinary whole-year licence falls to be amended in pursuance of an application made after 31st March immediately preceding 30th September on which it is due to expire, the additional duty shall be eleven-twentieths of that difference.

(5) Regulations may make provision with respect to the procedure for amending licences under this paragraph, and any such regulations may include provision—

- (a) as to the method of amendment (that is to say, whether it is to be effected by endorsement of the licence, or by the issue of an amended licence, or otherwise howsoever); and
- (b) as to the time at which a licence is to have effect as amended.

Payment and repayment of duty

17. Section 234 of the Customs and Excise Act 1952 (which relates to payment for excise licences by cheque) shall apply to the duty on a gaming machine licence, but as if for the reference to a penalty of £50 there were substituted a reference to a penalty of £500. 1952 c. 44.

Existing supply agreements

18.—(1) The following provisions of this paragraph shall have effect where a person (called “the hirer”) has, before 1st October

SCH. 11 1969, entered into an agreement with another person (called "the supplier") for the provision by the supplier on any premises of a gaming machine during a period beginning before, and extending beyond, that date.

1966 c. 18.

(2) If the consideration for the provision of the gaming machine was determined on the assumption that someone other than the hirer would pay the duty on any gaming machine licence required for the premises under section 14 of the Finance Act 1966, and the hirer has paid, or will be accountable for, the corresponding duty under section 5 of this Act, the hirer shall be entitled to recover from the supplier such amount, or to make such reduction in periodical payments due from him under the agreement, as may be agreed between them (or, in default of agreement, as may be determined by the appropriate court) to be fair in all the circumstances having regard in particular—

- (a) to the period for which, under the agreement, the supplier is to provide a gaming machine as aforesaid on the premises in question; and
- (b) to the incidence of the duty under the said section 14 and section 5 as respects that period.

(3) In the last foregoing sub-paragraph, "the appropriate court" means—

- (a) where the premises in question are in England or Wales, the county court; and
- (b) where the said premises are in Scotland, the sheriff.

19.—(1) The following provisions shall have effect where an ordinary whole-year licence is in force in respect of any premises and not later than 31st March immediately preceding 30th September on which the licence is due to expire, the holder of the licence surrenders it to the proper officer.

(2) Subject to the following sub-paragraph, the holder, if he satisfies the proper officer either—

- (a) that, during the period between the date of the surrender and that on which the licence would otherwise expire, he will not be concerned with the provision of any gaming machines for gaming on the premises to which the licence relates; or
- (b) that as from the date of the surrender there will be in force in respect of those premises a holiday season licence,

shall be entitled to repayment of an amount equal to nine-twentieths of the duty paid on the licence.

(3) The last foregoing sub-paragraph shall not apply if any person has been convicted of an offence under paragraph 22 of this Schedule in respect of a contravention on the premises of section 5(11) of this Act, being a contravention which occurred between the grant of the licence and the date of surrender; and where at the said date proceedings for such an offence are pending against any person, the right to repayment under this paragraph shall not arise until

the proceedings are terminated, nor unless every person charged in those proceedings with such an offence has been acquitted thereof.

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Requirements to be observed by licence-holder

20. The holder of a gaming machine licence in respect of any premises shall secure that the licence is displayed on the premises at such times and in such manner as may be prescribed, and shall on demand by an officer at any time produce the licence for the officer's inspection.

21. Regulations may make provision with respect to the labelling or marking of gaming machines provided on any premises in respect of which a gaming machine licence is for the time being in force, with a view to enabling such machines to be identified as chargeable at the lower rate or at the higher rate or, as the case may be, as penny machines; and any such regulations may include provision as to the size and description of labels or marks to be applied to machines, as to the cases in which they are required to be, or are prohibited from being, applied, and as to the manner of their application.

Enforcement

22. If any gaming machine is provided for gaming on any premises in contravention of section 5(11) of this Act, any person who, at the time when it is so provided—

- (a) is the owner, lessee or occupier of the premises; or
- (b) is for the time being responsible to the owner, lessee or occupier for the management of the premises; or
- (c) is a person responsible for issuing or exchanging coins or tokens for use in playing any gaming machine on the premises, or otherwise for controlling the use of any such machine; or
- (d) is for the time being responsible for controlling the admission of persons to the premises or for providing persons resorting thereto with any goods or services; or
- (e) is the owner or hirer of the machine; or
- (f) is a party to any contract under which a gaming machine may, or is required to, be on the premises at that time,

shall be guilty of an offence and be liable to a penalty of £500 or, if he knowingly or recklessly brought about the relevant contravention of section 5(11) of this Act, or took any steps with a view to procuring it—

- (i) on summary conviction to a penalty of £1,000 or to imprisonment for not more than twelve months, or to both; or
- (ii) on conviction on indictment, to the like penalty or to imprisonment for not more than two years, or to both.

23.—(1) If any person contravenes or fails to comply with any provision of this Part of this Schedule or regulations, or fails or refuses to comply with any requirement lawfully made of him under this Part of this Schedule or regulations, he shall be guilty of an offence and be liable to a penalty of £500.

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(2) Where a person is convicted of an offence under this paragraph consisting in a failure to comply with any provision of this Part of this Schedule or regulations, and the failure continues after the conviction, he shall be guilty of a further offence under this paragraph and may on conviction be punished accordingly.

24. Where an offence under paragraph 22 or 23 of this Schedule has been committed by a body corporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate, or was purporting to act in any such capacity, shall be deemed to be guilty of that offence unless he proves—

(a) in the case of an offence under paragraph 22, that he did not consent to, or connive at, the relevant contravention of section 5(11) of this Act; or

(b) in the case of an offence under paragraph 23, that the offence was committed without his consent or connivance,

and that he exercised all such diligence to prevent the contravention or, as the case may be, the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity and in all the circumstances.

25. Any officer may (without payment) enter on any premises on which he knows or has reasonable cause to suspect that gaming machines are or have been provided for gaming and inspect those premises and require any person who is concerned in the management of the premises, or who is on the premises and appears to the officer to have any responsibility whatsoever in respect of their management or of the control of the admission of persons thereto—

(a) to produce or secure the production of any gaming machine licence for the time being in force in respect of the premises; or

(b) to provide information with respect to any use to which the premises are or have been put, or to any machine which is or has been on the premises and any game which may have been played by means of such a machine or to the way in which the machine works, or to the amount which is or has been payable to play it.

26.—(1) If a justice of the peace or, in Scotland, a sheriff or a magistrate is satisfied on information on oath that there is reasonable ground for suspecting that gaming machines are or have been, or are to be, provided for gaming on any premises in contravention of section 5(11) of this Act, he may issue a warrant in writing authorising an officer to enter the premises, if necessary by force, at any time within fourteen days of the issue of the warrant, and search the premises.

(2) An officer who enters premises under the authority of such a warrant may—

(a) seize and remove any records, accounts or other documents, or any gaming machine (including any machine appearing to the officer to be constructed or adapted, or to be capable

of use, for playing a game of chance by means of it), or any tokens or other thing whatsoever, found on the premises which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of an offence under paragraph 22 or 23 of this Schedule :

SCH. 11

- (b) search any person found on the premises whom he has reasonable cause to believe to be or have been concerned with the provision of gaming machines on the premises, or with the management of the premises, or to be or have been responsible for controlling the admission of persons to the premises.

27. Where an officer finds gaming machines provided on any premises in such circumstances that a gaming machine licence is required so as to authorise them so to be provided and either—

- (a) there is not produced to him on demand a valid gaming machine licence in respect of the premises ; or
 (b) such a licence is produced, but the officer is satisfied that, having regard to the number of machines on the premises and their description, there is or has been a contravention of section 5(11) of this Act in respect of the premises,

all gaming machines found on the premises shall be liable to forfeiture.

Supplementary

28. Where an officer takes any action in pursuance of instructions of the Commissioners or a Collector of Customs and Excise given in connection with the enforcement of the enactments relating to the duty on gaming machine licences and, apart from the provisions of this paragraph, the officer would in taking that action be committing an offence under the enactments relating to betting or gaming, he shall not be guilty of that offence.

29.—(1) The clerk to the appropriate authority shall keep a register in the prescribed form and containing the prescribed particulars of—

- (a) all permits issued by the authority for the purposes of section 49 of the Act of 1963 (permitted gaming in the form of amusements with prizes) ;
 (b) all permits so issued for the purposes of section 34 of the Act of 1968 (conditions under which gaming may be carried on by means of machines) ; and
 (c) all directions given by the authority under section 32 of the Act of 1968 (approval for provision of more than two gaming machines) ;

and any such register shall be open during reasonable hours for inspection by any officer.

(2) In the foregoing sub-paragraph, “ the appropriate authority ”—

- (a) in relation to permits issued for the purposes of section 49 of the Act of 1963, means the local authority within the meaning of Schedule 6 to that Act ;

- SCH. 11
- (b) in relation to permits issued for the purposes of section 34 of the Act of 1968, has the same meaning as in Schedule 9 to that Act ; and
 - (c) in relation to directions under section 32 of the Act of 1968, means the licensing authority under that Act.

30. In paragraph 48(1) of Schedule 2 to the Act of 1968 (cancellation of licence under that Act on conviction of certain offences), for the words "or section 14 of that Act" there shall be substituted the words "of that Act, or of an offence under paragraph 22 or 23 of Schedule 11 to the Finance Act 1969"; and the like substitution shall be made for the words "or section 14 of that Act" in—

- (a) paragraph 17(1) of Schedule 3 to the Act of 1968 (cancellation or registration of club or miners' welfare institute in England or Wales); and
- (b) paragraph 15(1) of Schedule 4 to that Act (the same in relation to Scotland).

Section 6.

SCHEDULE 12

AMENDMENT OF ENACTMENTS RELATING TO TRADING LICENCES FOR VEHICLES

PART I

1962 c. 13. *Subsections to be substituted for subsections (1) to (5) of section 12 of the Vehicles (Excise) Act 1962*

12.—(1) If a motor trader or a vehicle tester applies in the prescribed manner to the council of the county in which his business premises are situated to take out a licence under this section (in this Act referred to as a "trade licence")—

- (i) in the case of a motor trader, for all mechanically propelled vehicles which are from time to time temporarily in his possession in the course of his business as a motor trader and all recovery vehicles kept by him for the purpose of dealing with disabled vehicles in the course of that business ;
or
- (ii) in the case of a vehicle tester, for all mechanically propelled vehicles which are from time to time submitted to him for testing in the course of his business as a vehicle tester,

the county council may, subject to the prescribed conditions, issue to him a trade licence on payment of duty at the rate applicable to the licence in accordance with the following provisions of this section:

Provided that the holder of a trade licence shall not be entitled by virtue of that licence—

- (a) to use more than one mechanically propelled vehicle at any one time, except in the case of a recovery vehicle drawing a disabled vehicle ; or

- (b) to use any vehicle for any purpose other than such purposes as may be prescribed ; or
- (c) to keep any vehicle on a road if it is not being used thereon.

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(2) Regulations shall be made under this section prescribing the conditions subject to which trade licences are to be issued and the purposes for which the holder of a trade licence may use a vehicle under the licence.

(3) The purposes which may be prescribed as those for which the holder of a trade licence may use a vehicle under the licence shall not include the conveyance of goods or burden of any description other than—

- (a) a load which is carried solely for the purpose of testing or demonstrating the vehicle or any of its accessories or equipment and which is returned to the place of loading without having been removed from the vehicle except for such purpose or in the case of accident ; or
- (b) in the case of a recovery vehicle, any such load as is referred to in the definition of such a vehicle contained in subsection (10) of this section or a load consisting of a disabled vehicle ; or
- (c) any load built in as part of the vehicle or permanently attached thereto ; or
- (d) a load consisting of parts, accessories or equipment designed to be fitted to the vehicle and of tools for so fitting them ; or
- (e) a load consisting of a trailer ;

and, for the purposes of this subsection, where a vehicle is so constructed that a trailer may by partial superimposition be attached to the vehicle in such a manner as to cause a substantial part of the weight of the trailer to be borne by the vehicle, the vehicle and the trailer shall be deemed to constitute a single vehicle.

(4) A trade licence may be taken out either for one calendar year or, except in the case of a licence which is to be used only for vehicles to which Schedule 1 to this Act relates, for a period of three months beginning with the first day of January, of April, of July or of October.

(5) The rate of duty applicable to a trade licence taken out for a calendar year shall be £15 or, if the licence is to be used only for vehicles to which Schedule 1 to this Act relates, £2 10s. ; and the rate of duty applicable to a licence taken out for a period of three months shall be eleven fortieths of the rate applicable to the corresponding trade licence taken out for a calendar year, any fraction of a shilling being treated as a whole shilling if it exceeds sixpence but otherwise being disregarded.

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PART II

Further supplementary or consequential amendments

1962 c. 13.

1. For subsection (9) of section 12 of the Vehicles (Excise) Act 1962 there shall be substituted the following subsection:—

“(9) If on or after 1st January 1970 any person holding a trade licence or trade licences issued under this Act uses on a public road by virtue of that licence or those licences—

- (i) a greater number of vehicles at any one time than he is authorised to use by virtue of that licence or those licences ; or
- (ii) any vehicle for any purpose other than such purposes as may have been prescribed under subsection (2) of this section,

or if on or after that date that person uses that licence or any of those licences for the purpose of keeping on a road a vehicle which is not being used on that road, he shall be liable to the greater of the following penalties, namely—

- (a) an excise penalty of £50 ; or
- (b) an excise penalty equal to five times the amount of the duty chargeable in respect of the vehicle or vehicles determined in accordance with section 5(1) of the Finance Act 1962.”

1962 c. 44.

1968 c. 44.

2. In subsection (10) of the said section 12 as amended by section 9(b) of the Finance Act 1968, at the end there shall be added the words “and ‘recovery vehicle’ means a vehicle on which there is mounted apparatus designed for wholly or partly raising or for drawing a disabled vehicle, and which is not designed primarily for the conveyance of goods other than a disabled vehicle wholly raised by that apparatus, and which carries no other load other than articles required for the operation of, or in connection with, that apparatus or otherwise for dealing with disabled vehicles.”

1969 c. 27.

3. Until the coming into force of the substitution made by section 17 of the Vehicle and Driving Licences Act 1969, section 16(2) of the Vehicles (Excise) Act 1962 shall have effect with the addition at the end thereof of the words “and

- (c) make provision for the issue of trade plates to holders of trade licences and for the charging of a fee for the replacement of such plates by reason of damage to them or of their loss or destruction.”

4. In section 17(1) of the Vehicles (Excise) Act 1962, after paragraph (a) there shall be inserted the following paragraph:—

- “(aa) any trade plates or replacements such as are mentioned in subsection (2)(c) (or, after the coming into force of the substitution made by section 17 of the Vehicle and Driving Licences Act 1969, in paragraph (bb)) of section 16 of this Act ; or”.

5. For section 4(2) of the Vehicle and Driving Licences Act 1969 there shall be substituted the following subsection:—

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1969 c. 27.

“(2) A trade licence may be taken out either for a period of twelve months or, except in the case of a licence which is to be used only for vehicles to which Schedule 1 to the Act of 1962 relates, for a period of four months.”

6. In section 17 of the Vehicle and Driving Licences Act 1969, in the new section to be substituted thereby for section 16 of the Vehicles (Excise) Act 1962, after paragraph (b) there shall be inserted the following paragraph:—

1962 c. 13.

“(bb) make provision for the issue of trade plates to holders of trade licences and for the charging of a fee for the replacement of such plates by reason of damage to them or of their loss or destruction ;”.

SCHEDULE 13

Sections 18 to 27.

DISALLOWANCE OF INTEREST

PART I

SUPPLEMENTARY AND TRANSITIONAL

Overdrafts

1.—(1) This paragraph has effect for the purposes of the sections of this Act giving relief in respect of interest, and of paragraph 7 of this Schedule.

(2) If a person draws money from a bank account or other running account, and applies it, or any part of it, so as to fulfil the conditions in any of the said sections or the said paragraph 7, he shall be regarded as obtaining a loan of that money up to the amount of the highest debit balance in the account in the six months beginning with the date on which the money is drawn:

Provided that if that date fell before 6th April 1968 it shall be assumed that the said highest debit balance was not less than the amount of money drawn from the account.

(3) If the account has been in credit throughout a year of assessment (excluding any year before the year 1968-69) any loan so obtained before the year in which the account has been in credit shall be treated as having been repaid at the beginning of that year.

(4) The whole of the interest on debit balances in the account in any year of assessment shall be available for attribution to any outstanding loans so obtained:

Provided that the amount of interest attributable to a loan, or to the aggregate of any loans, made before the beginning of the year 1968-69 shall not exceed the amount of interest on debit balances in the account in the year 1968-69 with which the said person has been charged

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(5) A loan so obtained shall be regarded as carrying interest in any year of assessment at the rate chargeable on the account on the last day of that year on which the account was in debit, but only so far as interest is available for attribution under sub-paragraph (4) above and, where part only of a loan is eligible for relief under the provisions mentioned in sub-paragraph (1) above, that interest is to be attributed rateably to the eligible and ineligible parts of the loan.

(6) Where the amount of interest paid on a loan for part only of a year of assessment is to be ascertained, this paragraph shall be applied to ascertain the amount of interest paid for the whole of the year, and that amount shall be apportioned between that part of the year and the remainder according to their respective lengths.

Interest ceasing to be, or becoming, payable subject to deduction of tax

1952 c. 10.
1952 c. 33.

2. Section 131 of the Income Tax Act 1952 and section 18 of the Finance Act 1952 (income tax: preceding year basis and related provisions) shall apply—

- (a) if at any time interest on a debt ceases to be payable subject to deduction of income tax, as if the debt were a new source of income acquired by the creditor at that time, and
- (b) if at any time interest on a debt begins to be payable subject to deduction of income tax, as if the debt were a source of income which the creditor ceased to possess at that time.

Allowance of interest as a business expense: transitory provision

3.—(1) In computing for the purposes of income tax for the year 1970-71 or any subsequent year of assessment the profits or gains arising from a trade, profession or vocation in a basis period falling wholly or partly before 6th April 1970, there may, subject to section 137 of the Income Tax Act 1952, and subsection (9) of section 19 of this Act, be deducted—

- (a) the gross amount of any annual interest paid before that date under deduction of tax, and
- (b) the amount of any interest paid to a bank, stockbroker or discount house relief for which was allowed under section 200 of the Income Tax Act 1952 for the year of assessment in which the payment was made, and
- (c) the amount of any interest paid to a building society relief for which was allowed under section 445(3) of the Income Tax Act 1952 for the year of assessment in which the payment was made.

(2) It is hereby declared that, subject to sub-paragraph (1) above, relief in respect of any payment of interest cannot be given both under the said section 200 and in computing the profits or gains of a trade, profession or vocation.

(3) In this paragraph "basis period", in relation to any year of assessment, means the period the profits or gains of which are taken into account in charging income tax under Case I or Case II of Schedule D on the profits or gains of the trade, profession or vocation for that year of assessment. SCH. 13

Allowance of interest as a business expense

4.—(1) Section 137(f) of the Income Tax Act 1952 (disallowance of deductions in respect of capital employed) shall not be treated as disallowing the deduction of any interest. 1952 c. 10.

(2) After paragraph (l) of the said section 137 insert—

(ll) any annual or other interest paid to a person not resident in the United Kingdom if and so far as it is interest at more than a reasonable commercial rate '.

(3) This paragraph shall apply for income tax purposes for the year 1968-69 and subsequent years of assessment, and for corporation tax purposes to accounting periods ending on or after 6th April 1968.

Business expenses : interest paid to non-residents

5.—(1) In computing the profits or gains arising from a trade, profession or vocation no sum shall be deducted in respect of any annual interest paid to a person not resident in the United Kingdom, unless—

(a) the person making the payment has deducted income tax from the payment in accordance with section 26 of this Act, and accounts for the tax so deducted, or

(b) the conditions set out in section 138(1) of the Income Tax Act 1952 (interest payable abroad), as read with subsections (3) and (4) of that section, are satisfied.

(2) If interest paid under deduction of tax in accordance with section 26 of this Act is deductible in computing the profits or gains of a trade, profession or vocation, the amount so deductible shall be the gross amount.

(3) In the said section 138 references to a trade shall, for the year 1969-70 and subsequent years of assessment, include references to a profession or vocation.

(4) This paragraph shall not apply for the purposes of corporation tax.

(5) Sub-paragraphs (1) and (2) of this paragraph apply—

(a) for the purposes of income tax for the year 1969-70 and earlier years of assessment, to interest paid on any debt incurred after 15th April 1969, and

(b) for the purposes of income tax for the year 1970-71 and subsequent years of assessment, to any payment of interest, whenever made.

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Interest eligible for relief: treatment as trading loss

6.—(1) Where a payment to which this paragraph applies is money wholly and exclusively laid out or expended for the purposes of a trade, profession or vocation the profits of which are chargeable to tax under Case I or Case II of Schedule D, and full effect cannot be given to the relief specified in sub-paragraph (2) below as respects the payment by reason of a want or deficiency of income of the year of assessment in which the payment is made, the amount unallowed may be carried forward to succeeding years of assessment, as if it were a loss carried forward under section 342 of the Income Tax Act 1952, or may be treated for the purposes of section 18 of the Finance Act 1954 (terminal losses) as a loss sustained at the date of payment.

1952 c. 10.

1954 c. 44.

(2) This paragraph applies to—

1963 c. 25.

- (a) interest eligible for relief under section 19 of this Act,
- (b) payments of interest eligible for relief under section 24 of this Act,
- (c) payments in respect of tithe redemption annuities to which section 31(2) of the Finance Act 1963 applies,
- (d) payments of interest made to a building society to which section 445(3)(b) of the Income Tax Act 1952 applied,

and, so far as it relates to the carrying forward of payments mentioned in paragraphs (c) and (d) above, shall be deemed always to have had effect.

Interest on loans to purchase machinery or plant used in an office or employment

1968 c. 3.

7.—(1) Subject to the provisions of this paragraph, where the holder of an office or employment—

- (a) is under Chapter II of Part I of the Capital Allowances Act 1968 entitled to a capital allowance or liable to a balancing charge for any year of assessment in respect of machinery or plant belonging to him and in use for the purposes of the office or employment, and
- (b) pays interest in that year on a loan to defray money applied as capital expenditure on the provision of that machinery or plant,

there may be deducted from the emoluments to be assessed for that year the amount of the interest so paid.

(2) No relief shall be given under this paragraph in respect of interest falling due and payable more than three years after the end of the year of assessment in which the debt was incurred, or in respect of interest at more than a reasonable commercial rate.

(3) Where the machinery or plant is in use partly for the purposes of the office or employment and partly for other purposes section 28 of the Capital Allowances Act 1968 (part-time use) shall apply in relation to relief under this paragraph as it applies in relation to writing-down allowances.

(4) Where credit is given for any money payable to defray any capital expenditure, that shall be treated for the purposes of this paragraph as the making of a loan to defray that capital expenditure. SCH. 13

(5) As regards the year 1969-70 this paragraph shall not apply

(a) to interest on a debt incurred on or before 15th April 1969 which is payable under deduction of tax to a person other than a bank carrying on a bona fide banking business in the United Kingdom, or

(b) to any amount of interest in respect of which relief may be claimed under section 200 of the Income Tax Act 1952. 1952 c. 10.

Arrangements for payment of interest less tax or of fixed net amount

8.—(1) It is hereby declared that any provision made before or after the passing of this Act, whether orally or in writing, for the payment of interest “less tax”, or using words to that effect, is to be construed, in relation to interest payable without deduction of tax, as if the words “less tax”, or the equivalent words, were not included.

(2) In relation to interest on which the recipient is chargeable to tax under Case III of Schedule D, and which is payable without deduction of tax, any provision, made before or after the passing of this Act, whether orally or in writing, and however worded, for the payment of interest at such a rate (referred to below in this subparagraph as the “gross rate”) as shall, after the deduction of the standard rate of income tax for the time being in force, be equal to a stated rate, shall be construed as if it were a provision requiring the payment of interest at the gross rate.

Settlements

9.—(1) Section 411(3)(b) of the Income Tax Act 1952 (expenses deductible in arriving at the amount of settlement income which has not been distributed) shall apply to any interest paid by the trustees of the settlement subject to the provisions of this paragraph.

(2) If no sums within paragraph (a) of the said subsection (3) (distributions to beneficiaries) were paid to any person other than the settlor, or the wife or husband of the settlor, the whole of the interest shall be excluded from the said paragraph (b).

(3) If any sum was so paid, there shall be excluded from the said paragraph (b) a fraction $\frac{A - B}{A}$ of the interest where—

A

A is the whole of the income arising under the settlement (as defined in the said section 411(1)) in the year of assessment, less the sums referred to in the said subsection (3)(b) apart from this paragraph, and

B is so much of the sums within subsection (3)(a) of the said section 411 as is paid to persons other than the settlor, or the wife or husband of the settlor.

SCH. 13 (4) This paragraph shall not apply to interest in respect of which relief from tax at the standard rate is allowable under any provision of the Income Tax Acts or to interest payable to the settlor or the wife or husband of the settlor (if living with the settlor).

(5) Nothing in this paragraph shall be construed as affecting the liability to tax of the person receiving or entitled to the interest.

(6) This paragraph shall be construed as one with the said section 411.

10. All payments of interest shall be excluded from subsection (3)(a) of the said section 411.

Children's settlements

1952 c. 10. 11.—(1) Where interest is paid by the trustees of a settlement to which Chapter II of Part XVIII of the Income Tax Act 1952 applies there shall be deemed for the purposes of the said Chapter II to be paid to or for the benefit of a child of the settlor who at the time of the payment is an infant and unmarried (in addition to any other amount deemed to be so paid) an amount equal to a fraction $\frac{A-B}{A}$ of the interest, where—

A is the whole of the income arising under the settlement (as defined in section 411(1) of the Income Tax Act 1952) in the year of assessment, less the sums referred to in subsection (3)(b) of the said section 411 as it applies apart from paragraph 9 above, and

B is such part of A as is not paid to or for the benefit of any child of the settlor who is an infant and unmarried.

(2) This paragraph shall not apply to interest in respect of which relief from tax at the standard rate is allowable under any provision of the Income Tax Acts or to interest payable to the settlor or the wife or husband of the settlor (if living with the settlor).

(3) Nothing in this paragraph shall be construed as affecting the liability to tax of the person receiving or entitled to the interest.

(4) This paragraph shall be construed as one with the said Chapter II, and for the purposes of this paragraph the said section 411 shall be deemed to apply in relation to settlements to which that Chapter applies as it applies in relation to settlements to which Chapter III of Part XVIII of the Income Tax Act 1952 applies.

Tax avoidance : transactions associated with loans or credit

12.—(1) This paragraph applies as respects any transaction effected with reference to the lending of money or the giving of credit, or the varying of the terms on which money is lent or credit is given, or which is effected with a view to enabling or facilitating any such arrangement concerning the lending of money or the giving of credit.

This sub-paragraph has effect whether the transaction is effected between the lender or creditor and the borrower or debtor, or between either of them and a person connected with the other or between a person connected with one and a person connected with the other.

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(2) If the transaction provides for the payment of any annuity or other annual payment, not being interest, being a payment chargeable to tax under Case III of Schedule D, the payment shall be treated for all the purposes of the Income Tax Acts and the Corporation Tax Acts as if it were a payment of annual interest.

(3) If the transaction is one by which the owner of any securities or other property carrying a right to income agrees to sell or transfer the property, and by the same or any collateral agreement—

- (a) the purchaser or transferee, or a person connected with him, agrees that at a later date he will sell or transfer the same or any other property to the first-mentioned person, or a person connected with him, or
- (b) the first-mentioned person, or a person connected with him, acquires an option, which he subsequently exercises, to buy or acquire the same or any other property from the said purchaser or transferee or a person connected with him,

then, without prejudice to the liability of any other person, the first-mentioned person shall be chargeable to tax under Case VI of Schedule D on an amount equal to any income which arises from the first-mentioned property at any time before the repayment of the loan or the termination of the credit.

(4) If under the transaction a person assigns, surrenders or otherwise agrees to waive or forgo income arising from any property (without a sale or transfer of the property) then, without prejudice to the liability of any other person, he shall be chargeable to tax under Case VI of Schedule D on a sum equal to the amount of income assigned, surrendered, waived or forgone.

(5) If credit is given for the purchase price of any property, and the rights attaching to the property are such that, during the subsistence of the debt, the purchaser's rights to income from the property are suspended or restricted, he shall be treated for the purposes of sub-paragraph (4) above as if he had surrendered a right to income of an amount equivalent to the income which he has in effect forgone by obtaining the credit.

(6) The amount of any income payable subject to deduction of income tax at the standard rate shall be taken for the purposes of sub-paragraph (4) above as the amount before deduction of that tax.

(7) Section 203 of the Income Tax Act 1952 (sale and repurchase of securities) shall not apply to any income to which sub-paragraph (3) above applies.

(8) Paragraph 21 of Schedule 7 to the Finance Act 1965 shall apply for the construction of references in this paragraph to connected persons.

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Information

13.—(1) Any person by whom any interest is paid in the year 1969-70 or any subsequent year of assessment without deduction of income tax shall, on being so required by a notice given to him by an inspector, furnish to the inspector, within the time limited by the notice—

- (a) the name and address of the person to whom the interest has been paid or on whose behalf the interest has been received, and
- (b) the amount of the interest so paid or received,

and any person who receives any such interest on behalf of another person shall on being so required furnish to the inspector the name and address of the person on whose behalf the interest has been received, and its amount.

(2) The persons to whom this paragraph applies include any officer in any public office or in any department of the Crown.

(3) This paragraph shall not impose any obligation on a bank carrying on a bona fide business in the United Kingdom in respect of any interest paid by the bank in the ordinary course of that business.

1960 c. 44.

(4) Part III of the Finance Act 1960 (penalties) shall have effect as if this paragraph were among the provisions specified in the second column of Schedule 6 to that Act.

14.—(1) Any person who claims relief under sections 19 to 25 of this Act in respect of any payment of interest shall furnish to the inspector a statement in writing by the person to whom the payment is made showing—

- (a) the date when the debt was incurred,
- (b) the amount of the debt when incurred,
- (c) the interest paid in the year of assessment for which the claim is made, and
- (d) the name and address of the debtor.

(2) If the claim relates to interest on an overdraft the statement shall show (instead of the particulars in paragraphs (a) to (d) above)—

- (a) the date when the money was drawn out of the account, and, unless that date fell before 6th April 1968, the highest debit balance in the account in the six months beginning with that date,
- (b) the rate of interest chargeable on the account for the last day of the year of assessment to which the claim relates on which the account was in debit,
- (c) the amount of interest on debit balances in the account in the year of assessment, and
- (d) the name and address of the claimant.

(3) A person to whom any interest is paid by another person shall if that other person so requests in writing, furnish that other person with a statement in writing conforming with the preceding provisions of this paragraph and dealing with that payment of interest. SCH. 13

The duty imposed by this sub-paragraph shall be enforceable at the suit or instance of the person making the request.

(4) This paragraph shall not apply to interest paid to a building society as defined in section 445(5) of the Income Tax Act 1952 or a local authority. 1952 c.10.

Betterment levy

15. Interest payable to the Land Commission under section 51 of the Land Commission Act 1967 at the rate determined by the Betterment Levy (Rate of Interest) (No. 2) Order 1969 or by any subsequent Order made under section 51(2) of that Act—

- (a) shall be paid without deduction of income tax, and
- (b) shall not be allowed as a deduction in computing any income, profits or losses for any of the purposes of income tax or corporation tax.

Co-operative housing associations

16. At the end of section 43(1) of the Finance Act 1963 there shall be added—

“ and

- (c) each member of the association shall be treated for the purposes of section 19 of the Finance Act 1969 as if he were the owner of the association's estate or interest in the property of which he is the tenant ”.

Tenant purchase schemes

17. Where interest is payable by the tenant occupier of any property to the landlord in pursuance of arrangements whereby money advanced at interest by the landlord is applied by the tenant in purchasing the landlord's estate or interest but that estate or interest is not to pass to the tenant until some time after the interest begins to be payable, section 19 of this Act shall have effect in relation to the tenant as if he were the owner of the landlord's estate or interest.

Capital gains

18.—(1) Except as provided by paragraph 19 of Schedule 19 to this Act no payment of interest shall be allowable under paragraph 4 of Schedule 6 to the Finance Act 1965 (deductions allowable in computations for long-term tax on capital gains).

(2) No interest shall be allowable in computing the amount of a gain or loss under Case VII of Schedule D (short-term gains).

This sub-paragraph applies—

- (a) to interest paid after 5th April 1970, and

- SCH. 13 (b) to bank, discount house or stock exchange interest paid in the year 1969-70 in respect of any period beginning after 30th June 1969, and
- (c) to interest paid in the year 1969-70 on any debt incurred after 15th April 1969, not being bank, discount house or stock exchange interest.

Republic of Ireland

1952 c. 10. 19.—(1) Part III of Schedule 18 to the Income Tax Act 1952 (double taxation relief) shall be amended as follows.

(2) In paragraph 2(1)(b) in the said Part III (Cases IV and V of Schedule D) the reference to annual interest shall be omitted.

This sub-paragraph applies—

- (a) to interest on any debt incurred after 15th April 1969, and
- (b) to interest paid after 5th April 1975 on a debt incurred on or before 15th April 1969.

1967 c. 9. (3) Section 19 of this Act shall have effect as if any reference to the United Kingdom included a reference to the Republic of Ireland and as if references to provisions of the General Rate Act 1967 included references to the corresponding enactments in force in the Republic of Ireland.

Interpretation

20. In the principal sections and this Schedule—

“bank, discount house or stock exchange interest” means interest paid without deduction of tax in the United Kingdom on an advance from a bank carrying on a bona fide banking business in the United Kingdom, or from a person bona fide carrying on business as a member of a stock exchange in the United Kingdom, or bona fide carrying on the business of a discount house in the United Kingdom, and references to such interest in respect of a period beginning after 30th June 1969 apply whether or not interest begins to run on or before that date,

“building society” includes any company within section 445(6) of the Income Tax Act 1952,

1965 c. 25. “company” and “local authority” have the same meaning as in Part IV of the Finance Act 1965 but so that a company shall not be regarded as the subsidiary of another company unless both are bodies corporate,

“interest”, unless the context otherwise requires, means both annual or yearly interest and interest other than annual or yearly interest.

PART II

CONSEQUENTIAL AMENDMENTS

References to yearly interest, annuities and other annual payments

21. In the following provisions of the Income Tax Act 1952 for the words “annual interest, annuity or other annual sum”, or words to that effect, substitute—

“annuity or other annual payment (not being interest)”.

The said provisions are—

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section 2(2)(a) ;
 section 132(1)(c) ;
 in section 169, in the opening words of subsection (1) and in the opening words of subsection (2), and in paragraphs (a) and (b) of subsection (1) ;
 section 170(1)(a) ;
 section 511(1)(b) ;
 in Schedule 18, Part III, paragraph 2(1)(b) ;
 in Schedule 24, in the third head (where the substituted phrase is to be in the plural).

The amendments made above by this Part of this Schedule apply—

- (a) to interest paid after 5th April 1970, and
 (b) to interest paid earlier on any debt incurred after 15th April 1969.

22. In section 137(l) of the Income Tax Act 1952 for “annual interest or any annuity or other annual payment” substitute “any annuity or other annual payment (other than interest)”. 1952 c. 10.

This paragraph applies for 1970-71 and subsequent years of assessment, and, as respects interest on a debt incurred after 15th April 1969, also for the year 1969-70 and earlier years of assessment.

23. Section 26 of this Act has effect subject to the provisions of sections 442 and 445 of the Income Tax Act 1952 (industrial and provident societies and building societies).

24. Section 524(4) of the Income Tax Act 1952 (assessments at standard rate to be conclusive for surtax) shall, for the purpose of estimating total income for the purposes of surtax apply in relation to any relief under any of sections 19 to 22, 24 and 25 of this Act as it applies in relation to allowances or adjustments on the ground of diminution of income or loss.

25. In paragraph 7(1) of Schedule 2 to the Finance Act 1956 (emoluments for duties performed in the Republic of Ireland) for “any annual interest paid or other annual payment” substitute “any annuity or other annual payment (other than interest)”. 1956 c. 54.

This paragraph applies—

- (a) to interest paid after 5th April 1970, and
 (b) to interest paid in the year 1969-70 on any debt incurred after 15th April 1969.

26. At the end of paragraph 1 of Schedule 4 to the Finance Act 1963 (allowable deductions in Case VIII of Schedule D) insert— 1963 c. 25.

“Provided that this paragraph shall not apply to any payment of interest”.

27. In section 52(5)(a) of the Finance Act 1965 (charges on income) and in Regulation 6 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1966, the references to section 170 of the Income Tax Act 1952 shall, as from 15th April 1969, include a reference to section 26 of this Act. 1965 c. 25. S.I. 1966/312.

SCHEDULE 14

Section 29.

AMENDMENTS OF CORPORATION TAX ACTS

PART I

CLOSE COMPANIES

Staff housing schemes

1965 c. 25. 1.—(1) Subject to the provisions of this paragraph, section 75 of the Finance Act 1965 (loans to shareholders and others) shall not apply to a loan made to a director or employee of the close company, or of an associated company of the close company, under a bona fide scheme for assisting the purchase of houses by members of the staff of the close company, or of any associated company of the close company.

(2) This paragraph applies only if—

- (a) the loan is used for the purpose of purchasing a dwelling which is or will be the borrower's only or main residence, and
- (b) neither the amount of the loan, nor that amount when taken with any other outstanding loans made for the same purpose, by the close company or any of its associated companies to the borrower, or to the wife or husband of the borrower, exceeds £10,000, and
- (c) the borrower works full-time for the close company, or any of its associated companies, and
- (d) the borrower does not have a material interest in the close company or in any associated company of the close company.

(3) This paragraph has effect as respects any loan made on or after 15th April 1969.

1965 c. 25.

Other amendments of section 75 of the Finance Act 1965

2.—(1) For the purposes of section 75 of the Finance Act 1965 the cases in which a close company is to be regarded as making a loan to any person include a case where—

- (a) that person incurs a debt to the close company, or
- (b) a debt due from that person to a third party is assigned to the close company,

and then the close company shall be regarded as making a loan of an amount equal to the debt.

(2) Sub-paragraph (1)(a) above shall not apply to a debt incurred for the supply by the close company of goods or services in the ordinary course of its trade or business unless the credit given exceeds six months or is longer than that normally given to the company's customers.

(3) For subsection (6)(a) of the said section 75 substitute—

- “(a) a close company makes a loan or advance which, apart from this subsection, does not give rise to any charge on the company under subsection (1) above, and”.

(4) This paragraph has effect as respects any loan, advance or debt made or incurred on or after 15th April 1969. SCH. 14

Abatement of shortfall for small companies

3.—(1) The part of the proviso to section 77(2) of the Finance Act 1965 concerning a trading company without an associated company shall be amended as follows.

(2) If the trading company has got an associated company in the accounting period, the proviso shall apply with the omission of the words “not having any associated company”, and both the proviso and subsection (3)(c) of the said section 77 shall apply as if for £9,000 and £1,500 there were substituted—

(a) £4,500 and £750 unless the trading company has got more than one associated company in the accounting period,

(b) £3,000 and £500 if the trading company has got just two associated companies in the accounting period,

and so on dividing the £9,000 and £1,500 by one plus the number of associated companies which the trading company has got in the accounting period.

(3) In applying the proviso, and this paragraph, to any accounting period of the trading company, an associated company which has not carried on any trade or business at any time in that accounting period (or, if an associated company during part only of that accounting period, at any time in that part of that accounting period) shall be disregarded.

(4) For the purposes of the proviso and this paragraph, a company is to be treated as another’s “associated company” at a given time if at that time one of the two has control of the other or both are under the control of the same person or persons.

For the said purposes this sub-paragraph has effect instead of paragraph 2 of Schedule 18 to the Finance Act 1965.

(5) In determining how many associated companies a trading company has got in an accounting period, an associated company shall be counted even if it was an associated company for part only of the accounting period, and two or more associated companies shall be counted even if they were associated companies for different parts of the accounting period.

(6) In the proviso “not having any associated company” shall be construed in accordance with the last preceding sub-paragraph, and section 77(3)(d) of the Finance Act 1965 (trading company without an associated company for part only of an accounting period) shall cease to have effect.

(7) This paragraph has effect for any accounting period ending after 15th April 1969:

Provided that in the case of any such period beginning on or before that date the relief to be given under the proviso shall be the aggregate of—

(a) the relief, if any, which would have been given if this paragraph (and the consequential repeal of the said section

SCH. 14

77(3)(d) had not had effect, reduced in the proportion which so much of the accounting period as has elapsed before 16th April 1969 bears to the whole,

- (b) the relief which would have been given apart from this proviso, reduced in the proportion which the remainder of the accounting period bears to the whole.

Distributions : interest paid to directors and directors' associates

4.—(1) This paragraph has effect where in any accounting period any interest is paid by a close company to, or to an associate of, a person—

- (a) who is a director of the close company, or of any company which controls, or is controlled by, the close company, and
 (b) who has a material interest—
 (i) in the close company, or
 (ii) where the close company is controlled by another company, in that other company.

(2) If the total amount so paid to any person in the accounting period exceeds the limit imposed in his case, the excess shall be a distribution made by the close company to that person.

(3) The limit shall be worked out in the first instance as an overall limit applying to the aggregate of all interest which is within sub-paragraph (1) above and which was paid by the close company in the accounting period, and, where there are two or more different recipients, that overall limit shall be apportioned between them according to the amounts of interest paid to them respectively.

(4) The overall limit shall be a sum equal to interest at 8 per cent. per annum on whichever is the less of—

- (a) the total of the loans, advances and credits on which the interest within sub-paragraph (1) above was paid by the close company in the accounting period, or if that total was different at different times in the accounting period, the average total over the accounting period, and
 (b) the nominal amount of the issued share capital of the close company plus the amount of any share premium account (or other comparable account by whatever name called) of the company, taking both amounts as at the beginning of the accounting period.

(5) In this paragraph “interest” includes any other consideration paid or given by the close company for the use of money advanced, or credit given, by any person, and references to interest “paid” shall be construed accordingly.

1965 c. 25.

(6) This paragraph has effect instead of paragraph (a) of paragraph 9(1) of Schedule 11 to the Finance Act 1965, and shall be construed as if contained in Part II of that Schedule and subject to paragraph 9(4) of that Schedule.

(7) This paragraph has effect as respects any accounting period ending after 15th April 1969: SCH. 14

Provided that for the purposes of this paragraph an accounting period beginning on or before the said date, and ending after that date, shall be treated as two separate accounting periods the first of which ends with that date.

Close company controlled by another company: meaning of "participator"

5.—(1) For the purposes of sections 75 and 76 of the Finance Act 1965, and Part II of Schedule 11 to that Act, any participator in a company which controls another company shall be treated as being also a participator in that other company. 1965 c. 25.

(2) This paragraph has effect—

- (a) for the purposes of the said section 75, as respects any loan or advance made on or after 15th April 1969,
- (b) for the purposes of the said section 76, in respect of any payment made or consideration given by a company on or after that date, and
- (c) for the purposes of the said Part II, in determining what are distributions made on or after that date.

Stock exchanges outside the United Kingdom

6.—(1) At the end of the definition of "recognised stock exchange" in section 89(2) of the Finance Act 1965 (which affects the definition of "close company" in Schedule 18 to that Act) add—

"and any such stock exchange outside the United Kingdom as is for the time being designated for the purposes of this section as a recognised stock exchange by order made by the Board."

(2) An order made by the Board under the said section 89(2) as amended by this paragraph—

- (a) may designate a stock exchange by name, or by reference to any class or description of stock exchanges, including a class or description framed by reference to any authority or approval given in a country outside the United Kingdom,
- (b) may contain such transitional and other supplemental provisions as appear to the Board to be necessary or expedient, and
- (c) may be varied or revoked by a subsequent order so made.

Interpretation

7.—(1) For the purposes of this Part of this Schedule a person has a material interest in a company—

- (a) if he, either on his own or with any one or more of his associates, or if any associate of his with or without any other such associates, is the beneficial owner of, or able,

- SCH. 14
1965 c. 25.
- directly or through the medium of other companies or by any other indirect means, to control, more than 5 per cent. of the ordinary share capital of the company, or
- (b) if, on an amount equal to the whole distributable income of the company falling under Part IV of the Finance Act 1965 to be apportioned for the purposes of surtax, more than 5 per cent. of that amount could be apportioned to him together with his associates (if any), or to any associate of his, or any such associates taken together.
- (2) In this Part of this Schedule—
- “control” in references to control of a company shall be construed in accordance with paragraph 3 of Schedule 18 to the Finance Act 1965,
- “ordinary share capital” means all the issued share capital, by whatever name called, other than capital the holders whereof have a right to a dividend at a fixed rate or a rate fluctuating in accordance with the standard rate of income tax, but have no other right to share in the profits of the company.

PART II

OTHER AMENDMENTS OF CORPORATION TAX ACTS

Non-resident life assurance companies : investment income and annuity business

- 8.—(1) The following provisions of this paragraph shall have effect with respect to accounting periods ending after 15th April 1969 of any assurance company having its head office outside the United Kingdom but carrying on life assurance business through a branch or agency in the United Kingdom.
- 1952 c. 10. (2) For subsection (2) of section 430 of the Income Tax Act 1952 (apportionment of world non-annuity investment income of companies by reference to the proportion of total premiums received from United Kingdom policy holders or on a basis prescribed by the Commissioners of Inland Revenue) there shall be substituted the following subsection—
- “ (2) A portion only of the income from the investments of the life assurance fund (excluding the annuity fund, if any) shall be so charged and for any accounting period that portion shall be determined by the formula $\frac{A \times B}{C}$
- where—
- A is the total income from those investments for that period,
- B is the average of the liabilities for that period to policy holders resident in the United Kingdom and to policy

holders resident abroad whose proposals were made to the company at or through its branch or agency in the United Kingdom, and

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C is the average of the liabilities for that period to all the company's policy holders,

but any reference in this subsection to liabilities does not include liabilities in respect of annuity business."

(3) In subsection (4) of section 24 of the Finance Act 1956 (apportionment of profits arising to companies from pension annuity business and general annuity business by reference to the said section 430(2)) for the words from "from pension annuity business" to the end of the subsection there shall be substituted the words "from general annuity business shall extend only to a portion of the profits arising from that business and that portion shall be determined by the

1956 c. 54.

formula $\frac{A \times B}{C}$

where—

A is the total amount of those profits,

B is the average of the liabilities attributable to that business for the relevant accounting period in respect of contracts with persons resident in the United Kingdom or contracts with persons resident abroad whose proposals were made to the company at or through its branch or agency in the United Kingdom, and

C is the average of the liabilities attributable to that business for that accounting period in respect of all contracts".

(4) For the purposes of the said sections 430(2) and 24(4), as amended by sub-paragraphs (2) and (3) above, the average of any liabilities for an accounting period shall be taken as one half of the aggregate of the liabilities at the beginning and end of the valuation period which coincides with that accounting period or in which that accounting period falls.

(5) For the purposes of this paragraph the liabilities of an assurance company attributable to any business at any time shall be ascertained by reference to the net liabilities of the company as valued by an actuary for the purposes of the relevant periodical return, and for this purpose "periodical return" means a return deposited with the Board of Trade under the Insurance Companies Act 1958 or a return required to be made under the corresponding enactment in force in Northern Ireland.

1958 c. 27.

(6) The relief under section 69(1) of the Finance Act 1965 available to such a company as is referred to in sub-paragraph (1) above in respect of its expenses of management shall be limited to expenses attributable to the life assurance business carried on by the company at or through its branch or agency in the United Kingdom.

1965 c. 25.

(7) Subsections (4) and (5) of the said section 430 (which are superseded by the provisions of this paragraph and of the Finance Act 1965) shall cease to have effect.

SCH. 14 *Non-resident life assurance companies : determination of profits and reliefs*

- 1956 c. 54. 9.—(1) Nothing in the Corporation Tax Acts shall prevent the distributions of companies resident in the United Kingdom from being taken into account as part of the profits in computing, under section 24 of the Finance Act 1956, the profits arising from pension annuity business and general annuity business to a life assurance company falling within paragraph 8(1) above.
- 1965 c. 25. (2) For the purposes of subsection (3) of section 50 of the Finance Act 1965 (which provides that if a company not resident in the United Kingdom receives any payment on which it bears income tax by deduction and that payment is taken into account in computing its income for corporation tax, the income tax so deducted may be set off against any corporation tax to which the company is assessed) as it applies to life assurance companies, the amount of the income tax referred to in that subsection which shall be available for set-off under that subsection in an accounting period shall be limited in accordance with paragraphs (a) and (b) below, that is to say,—
- 1952 c. 10. (a) if the company is chargeable to corporation tax for an accounting period in accordance with section 430 of the Income Tax Act 1952 in respect of the income from the investments of its life assurance fund, the amount of income tax available for set-off against any corporation tax assessed for that period on that income shall not exceed an amount equal to income tax at the standard rate on the portion of income from investments which is chargeable to corporation tax by virtue of subsection (2) of the said section 430 ; and
- (b) if the company is chargeable to corporation tax for an accounting period in accordance with subsection (4) of section 24 of the Finance Act 1956 on a proportion of the total amount of the profits arising from its general annuity business, the amount of income tax available for set-off against any corporation tax assessed for that period on those profits shall not exceed an amount equal to income tax at the standard rate on the like proportion of the income from investments included in computing those profits.
- 1952 c. 10. (3) The provisions of sub-paragraph (4) below apply in relation to a life assurance company falling within paragraph 8(1) above if, by virtue of arrangements specified in an Order in Council under section 347 of the Income Tax Act 1952 (double taxation relief orders), no charge to corporation tax under Case III of Schedule D arises under section 430 of that Act (as applied by section 69(3)(c) of the Finance Act 1965) in respect of any income of the company from the investments of its life assurance fund (excluding the annuity fund, if any) ; and any reference in sub-paragraph (4) below to a “company not chargeable under section 430” shall be construed accordingly.
- (4) For the purposes of section 62 of the Finance Act 1965 (set-off of losses etc. against franked investment income), so much of

any distributions received in the year 1966-67 or any subsequent year of assessment from a company resident in the United Kingdom by a company not chargeable under section 430 as is received in respect of the portion of the investments of its life assurance fund (excluding the annuity fund, if any) attributable to the business of its branch or agency in the United Kingdom shall be deemed to be franked investment income of that company, and accordingly the company may make a claim under subsection (1) of that section for any of the purposes specified in subsection (2) thereof.

SCH. 14

(5) This paragraph shall have effect as if it had been enacted at the same time as Part IV of the Finance Act 1965 was enacted. 1965 c. 25.

Distribution materially reducing value of a dealing company's holding

10.—(1) Sub-paragraph (2) below applies where a company has, as a dealing company, a holding in another company resident in the United Kingdom (being a body corporate), and—

- (a) the holding amounts to, or is an ingredient in a holding amounting to, 10 per cent. of all holdings of the same class in that company, and
- (b) after 29th April 1969 a distribution is, or two or more distributions are, made in respect of the holding, and
- (c) the value (at any accounting date or immediately before realisation or appropriation) of any security comprised in the holding is materially reduced below the value of the security at the time when it was acquired, and the whole or any part of this reduction is attributable to any distribution falling within paragraph (b) above,

and in relation to any security comprised in the holding, the company having the holding is in sub-paragraph (2) below referred to as “the dealing company” and so much of any reduction in the value of the security as is attributable to any distribution falling within paragraph (b) above is in that sub-paragraph referred to as “the relevant reduction”.

(2) Where this sub-paragraph applies, an amount equal to the relevant reduction in the value of a security comprised in the holding—

- (a) shall, if and so long as the security is not realised or appropriated as mentioned below, be added to the value of the security for the purposes of any valuation ;
- (b) shall be treated, on any realisation of the security in the course of trade, as a trading receipt of the dealing company or, in the event of a partial realisation, shall be so treated to an appropriate extent ; and
- (c) shall be treated as a trading receipt of the dealing company if the security is appropriated in such circumstances that a profit on the sale of the security would no longer form part of the dealing company's trading profits.

- SCH. 14 (3) References in this paragraph to a holding in a company refer to a holding of securities by virtue of which the holder may receive distributions made by the company, but so that—
- (a) a company's holdings of different classes in another company shall be treated as separate holdings, and
 - (b) holdings of securities which differ in the entitlements or obligations they confer or impose shall be regarded as holdings of different classes.
- (4) For the purposes of sub-paragraph (2) above—
- (a) all a company's holdings of the same class in another company are to be treated as ingredients constituting a single holding, and
 - (b) a company's holding of a particular class shall be treated as an ingredient in a holding amounting to 10 per cent. of all holdings of that class if the aggregate of that holding and other holdings of that class held by connected persons amounts to 10 per cent. of all holdings of that class,
- 1965 c. 25. and paragraph 21 of Schedule 7 to the Finance Act 1965 (which defines "connected persons" for the purposes of Part III of that Act) shall have effect in relation to paragraph (b) above as if, in sub-paragraph (7) of the said paragraph 21, after the words "or exercise control of" in each place where they occur there were inserted the words "or to acquire a holding in".
- 1959 c. 58. (5) Where this paragraph applies in relation to a distribution which consists of or includes interest to which section 24 of the Finance Act 1959 (purchase and sale of securities: dealers) applies, any reduction under that section in the price paid for the securities in respect of which the distribution is made shall be adjusted in such manner as seems appropriate to the Board to take account of sub-paragraph (2) above.
- 1966 c. 18. (6) In relation to any distribution made after 29th April 1969, paragraph (a) of section 31(4) of the Finance Act 1966 (limitations under double taxation agreements included in references to exemptions from income tax in section 65(5) of the Finance Act 1965) shall be amended by substituting for the words from "exemption" to the end of the paragraph the words "exemption from tax in section 28(2)(a) of the Finance Act 1960 (cancellation of tax advantages from certain transactions in securities) and".
- 1960 c. 44. (7) For the purposes of this paragraph "security" includes a share or other right and a company is a "dealing company" in relation to a holding if a profit on a sale of the holding would be taken into account in computing the company's trading profits.

Bondwashing

11.—(1) Where in a case falling within section 23 of the Finance Act 1959 (purchase and sale of securities) the first buyer is a company which does not carry on a trade falling within section 24 of that Act (dealers), the appropriate amount in respect of the interest as determined in accordance with Schedule 6 to that Act and any

tax paid in respect of or deducted from that amount shall be disregarded except that, for the purposes of corporation tax on chargeable gains—

SCH. 14

- (a) where that appropriate amount is determined in accordance with paragraph 2 of that Schedule, the appropriate proportion of the net interest receivable by the first buyer as mentioned in that paragraph, and
- (b) where that appropriate amount is determined in accordance with paragraph 4 of that Schedule, the net amount of interest corresponding to the gross interest referred to in that paragraph,

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 of the securities concerned. 1965 c. 25.

(2) This paragraph applies to any interest received after 29th April 1969.

SCHEDULE 15

Section 30.

DISALLOWANCE OF TRADING LOSSES

Change of ownership of company

1. For the purposes of the principal section there is a change in the ownership of a company—

- (a) if a single person acquires more than half the ordinary share capital of the company, or
- (b) if two or more persons each acquire a holding of 5 per cent. or more of the ordinary share capital of the company, and those holdings together amount to more than half the ordinary share capital of the company, or
- (c) if two or more persons each acquire a holding of the ordinary share capital of the company, and the holdings together amount to more than half the ordinary share capital of the company, but disregarding a holding of less than 5 per cent. unless it is an addition to an existing holding and the two holdings together amount to 5 per cent. or more of the ordinary share capital of the company.

2. In applying paragraph 1 above—

- (a) the circumstances at any two points of time with not more than three years between may be compared, and a holder at the later time may be regarded as having acquired whatever he did not hold at the earlier time, irrespective of what he has acquired or disposed of in between,
- (b) to allow for any issue of shares or other reorganisation of capital, the comparison may be made in terms of percentage holdings of the total ordinary share capital at the respective times, so that a person whose percentage holding is greater at the later time may be regarded as having acquired a percentage holding equal to the increase,

- SCH. 15
1965 c. 25.
- (c) to decide for the purposes of paragraph (1)(b) or (c) above if any person has acquired a holding of at least 5 per cent., or a holding which makes at least 5 per cent. when added to an existing holding, acquisitions by, and holdings of, two or more persons who are connected persons within the meaning of paragraph 21 of Schedule 7 to the Finance Act 1965 shall be aggregated as if they were acquisitions by, and holdings of, one and the same person,
- (d) any acquisition of shares under the will or on the intestacy of a deceased person and, if it is shown that the gift is unsolicited and made without regard to the provisions of the principal section, any gift of shares, shall be left out of account.

3. Where, because persons, whether company members or not, possess extraordinary rights or powers under the articles of association or under any other document regulating the company, ownership of ordinary share capital may not be an appropriate test of whether there has been a major change in the persons for whose benefit the losses may ultimately enure, then in considering whether there has been a change of ownership of the company for the purposes of the principal section, holdings of all kinds of share capital, including preference shares, or of any particular category of share capital, or voting power or any other special kind of power, may be taken into account instead of ordinary share capital.

4. Where the principal section has operated to restrict relief by reference to a change of ownership taking place at any time, no transaction or circumstances before that time shall be taken into account in determining whether there is any subsequent change of ownership.

Groups of companies

5.—(1) A change in the ownership of a company shall be disregarded for the purposes of the principal section if—

- (a) immediately before the change the company is the 75 per cent. subsidiary of another company, and
- (b) (although there is a change in the direct ownership of the company) that other company continues after the change to own the first-mentioned company as a 75 per cent. subsidiary.

(2) If there is a change in the ownership of a company which has a 75 per cent. subsidiary (whether owned directly or indirectly) then, unless under sub-paragraph (1) above that change in ownership is to be disregarded, the principal section shall apply as if there had also been a change in the ownership of that 75 per cent. subsidiary.

Provisions as to ownership

6. For the purposes of this Schedule—

- (a) references to ownership shall be construed as references to beneficial ownership, and references to acquisition shall be construed accordingly,

- (b) the expression "ordinary share capital" in relation to a company means all the issued share capital (by whatever name called) of the company, other than capital the holders whereof have a right to a dividend at a fixed rate or at a rate fluctuating in accordance with the standard rate of income tax, but have no other right to share in the profits of the company, SCH. 15
- (c) a company shall be deemed to be a 75 per cent. subsidiary of another company if and so long as not less than three quarters of its ordinary share capital is owned by that other company, whether directly or through another company or other companies, or partly directly and partly through another company or other companies,
- (d) the amount of ordinary share capital of one company owned by a second company through another company or other companies, or partly directly and partly through another company or other companies, shall be determined in accordance with the provisions of Part I of Schedule 4 to the Finance Act 1938, 1938 c. 46.
- (e) "share" includes "stock".

Time of change of ownership

7. If any acquisition of ordinary share capital or other property or rights taken into account in determining that there has been a change of ownership of a company was made in pursuance of a contract of sale or option or other contract, or the acquisition was made by a person holding such a contract, and the contract was made on or after 15th April 1969, the time when the change in the ownership of the company took place shall be determined as if the acquisition had been made when the contract was made with the holder or when the benefit of it was assigned to him so that, in the case of a person exercising an option to purchase shares, he shall be regarded as having purchased the shares when he acquired the option.

Capital allowances

8. Where relief in respect of a company's losses has been restricted under the principal section then, notwithstanding section 87(3) of the Capital Allowances Act 1968, in applying the provisions of that Act about balancing charges to the company by reference to any event after the change of ownership of the company, any allowance or deduction falling to be made in taxing the company's trade for any chargeable period before the change of ownership shall be disregarded unless the profits or gains of that chargeable period or of any subsequent chargeable period before the change of ownership were sufficient to give effect to the allowance or deduction. 1968 c. 3.

In applying this paragraph it shall be assumed that any profits or gains are applied in giving effect to any such allowance or deduction in preference to being set off against any loss which is not attributable to such an allowance or deduction.

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Time allowed for making assessments

9. Where the operation of the principal section depends on circumstances or events at a time after the change of ownership (but not more than three years after), an assessment to give effect to the provisions of that section shall not be out of time if made within six years from that time, or the latest of those times.

Information

10. Any person in whose name any shares, stock or securities of a company are registered shall, if required by notice in writing by an inspector given for the purposes of the principal section, state whether or not he is the beneficial owner of those shares or securities and, if not the beneficial owner of those shares or securities or any of them, shall furnish the name and address of the person or persons on whose behalf those shares, stock or securities are registered in his name.

1960 c. 44.

Part III of the Finance Act 1960 (penalties) shall have effect as if this paragraph were among the provisions specified in column 2 of Schedule 6 to that Act.

Sections 31
and 32.

SCHEDULE 16

TAX AVOIDANCE: SUPPLEMENTAL PROVISIONS

Artificial transactions

1.—(1) In applying the principal sections and this Schedule account shall be taken of any method, however indirect, by which—

- (a) any property or right is transferred or transmitted, or
- (b) the value of any property or right is enhanced or diminished,

and accordingly the occasion of the transfer or transmission of any property or right, however indirect, and the occasion when the value of any property or right is enhanced, may be an occasion when, under the principal sections, tax becomes chargeable.

(2) This paragraph applies in particular—

- (a) to sales, contracts and other transactions made otherwise than for full consideration or for more than full consideration, and
- (b) to any method by which any property or right, or the control of any property or right, is transferred or transmitted by assigning share capital or other rights in a company or any partnership or interest in settled property, and
- (c) to the creation of any option or consent or embargo affecting the disposition of any property or right, and to the consideration given for the option, or for the giving of the consent or the release of the embargo, and
- (d) to the disposal of any property or right on the winding up, dissolution or termination of any company, partnership or trust.

(3) In ascertaining for the said purposes the intentions of any person, the objects and powers of any company, partners or trustees, as set out in any memorandum, articles of association or other document, shall not be conclusive.

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Value derived from underlying assets

2. In order to ascertain whether and to what extent the value of any property or right is derived from any other property or right, value may be traced through any number of companies, partnerships and trusts, and the property held by any company, partnership or trust shall be attributed to the shareholders, partners or beneficiaries at each stage in such manner as is appropriate in the circumstances.

Apportionments and valuations

3. In applying the principal sections and this Schedule—

- (a) any expenditure or receipt or consideration or other amount may be apportioned by such method as is just and reasonable in the circumstances,
- (b) all such valuations shall be made as are appropriate to give effect to the principal sections.

Sale of income derived from personal activities

4.—(1) This paragraph has effect where on any occasion an individual obtains a capital amount consisting of any property or right which derives substantially the whole of its value from the activities of the individual, or (as in the case where the individual acquires a stock option and subsequently exercises the stock option) there are two or more occasions on which an individual obtains a capital amount consisting of any such property or right.

(2) Tax under section 31 of this Act shall not be charged on any such occasion, but, without prejudice to the generality of the provisions of that section or this Schedule, tax under that section shall be charged on the occasion when the capital amount, or any such capital amount, is sold or otherwise realised, and shall be so charged by reference to the proceeds of sale or the realised value.

Persons acting in different capacities

5. For the purposes of the principal sections and this Schedule, and in particular for the purpose of the reference in section 31 of this Act to an individual putting some other person in a position to enjoy income or receipts, partners, or the trustees of settled property, or personal representatives, may be regarded as persons distinct from the individuals or other persons who are for the time being partners or trustees or personal representatives.

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Person assessed to tax in respect of consideration received by another

6.—(1) Where a person is assessed to tax under either of the principal sections, with this Schedule, in respect of consideration receivable by another person—

- (a) he shall be entitled to recover from that other person any part of that tax which he has paid, and
- (b) if any part of that tax remains unpaid at the expiration of six months from the date when it became due and payable, it shall be recoverable from that other person as though he were the person assessed, but without prejudice to the right to recover it from the person actually assessed,

and for the purposes of paragraph (a) above the Board or an inspector shall on request furnish a certificate specifying the amount of income in respect of which tax has been paid, and the amount of tax so paid ; and the certificate shall be conclusive evidence of any facts stated therein.

(2) For the purposes of this paragraph any income which a person is treated as having by virtue of the principal sections shall be treated as the highest part of his income.

Persons resident outside the United Kingdom

7.—(1) Section 31 of this Act shall apply to all persons, whether resident in the United Kingdom or not, if the occupation of the individual is carried on wholly or partly in the United Kingdom.

(2) Section 32 of this Act shall apply to all persons, whether resident in the United Kingdom or not, if all or any part of the land in question is situated in the United Kingdom.

1952 c. 10.

(3) If it appears to the Board that any person entitled to any consideration or other amount taxable under the principal sections is not resident in the United Kingdom, the Board may direct that section 170 of the Income Tax Act 1952 (payments not made out of profits or gains brought into charge to income tax) shall apply to any payment forming part of that amount as if it were an annual payment charged with tax under Schedule D, but without prejudice to the final determination of the liability of that person, including any liability under paragraph 6(1)(b) above.

Power to obtain information

8.—(1) The Board or an inspector may by notice in writing require any person to furnish them within such time as the Board or the inspector may direct (not being less than thirty days) with such particulars as the Board or the inspector think necessary for the purposes of the principal sections.

(2) The particulars which a person must furnish under this paragraph, if he is required by a notice from the Board or the inspector so to do, include particulars—

- (a) as to transactions or arrangements with respect to which he is or was acting on behalf of others, and

- (b) as to transactions or arrangements which in the opinion of the Board or the inspector should properly be investigated for the purposes of the principal sections notwithstanding that, in the opinion of the person to whom the notice is given, no liability to tax arises under the principal sections, and
- (c) as to whether the person to whom the notice is given has taken or is taking any, and if so what, part in any, and if so what, transactions or arrangements of a description specified in the notice.

SCH. 16

(3) Notwithstanding anything in sub-paragraph (2) above, a solicitor shall not be deemed for the purposes of sub-paragraph (2)(c) above to have taken part in any transaction or arrangements by reason only that he has given professional advice to a client in connection with the transaction or arrangements, and shall not, in relation to anything done by him on behalf of a client, be compellable under this paragraph, except with the consent of his client, to do more than state that he is or was acting on behalf of a client, and give the name and address of his client.

(4) Part III of the Finance Act 1960 (penalties) shall have effect as if this paragraph were included in column 2 of Schedule 6 to that Act. 1960 c. 44.

Settlements

9. The principal sections have effect subject to Part XVIII of the Income Tax Act 1952 (settlements) and to any other provision of the Income Tax Acts deeming income to belong to a particular person. 1952 c. 10.

Tax on capital gains

10.—(1) Where under subsection (2)(c) of section 32 of this Act any person is charged to tax on the realisation of a gain, and the computation of the gain proceeded on the footing that the land or some other property was appropriated at any time as trading stock that land or other property shall be treated on that footing also for the purposes of paragraph 1 of Schedule 7 to the Finance Act 1965 and paragraph 12 of Schedule 14 to the Finance Act 1967 (capital gains: property becoming or ceasing to be stock in trade). 1965 c. 25. 1967 c. 54.

(2) Where under subsection (1)(b) of section 31 or subsection (8) of section 32 of this Act the person charged to tax is a person other than the person for whom the capital amount was obtained or the person by whom the gain was realised, and the tax has been paid, then for the purposes of paragraphs 2 and 5 of Schedule 6 to the Finance Act 1965 (profits taxable as income to be excluded from tax on capital gains), the person for whom the capital amount was obtained or the person by whom the gain was realised shall be regarded as having been charged to that tax.

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Interpretation

11.—(1) For the purposes of the principal sections and this Schedule—

“capital amount” means any amount, in money or money’s worth, which, apart from the principal sections, does not fall to be included in any computation of income for purposes of the Income Tax Acts or the Corporation Tax Acts, and other expressions including the word “capital” shall be construed accordingly,

“company” includes any body corporate,

1938 c. 46.

“ordinary share capital” has the meaning given by section 42(3) of the Finance Act 1938,

“share” includes stock.

(2) For the said purposes any amount in money or money’s worth shall not be regarded as having become receivable by some person until that person can effectively enjoy or dispose of it.

Sections 35
and 40.

SCHEDULE 17

ESTATE DUTY

PART I

DETERMINATION OF AMOUNT OF ESTATE DUTY ON ESTATE

The amount of the estate duty on an estate—

(a) if the aggregate principal value of all property comprised in the estate does not exceed £10,000, shall be nil;

(b) in any other case, shall be an amount equal to the aggregate of—

(i) 25 per cent. of any amount by which that aggregate principal value exceeds £10,000 but does not exceed £17,500; and

(ii) 30 per cent. of any amount by which that aggregate principal value exceeds £17,500 but does not exceed £30,000; and

(iii) 45 per cent. of any amount by which that aggregate principal value exceeds £30,000 but does not exceed £40,000; and

(iv) 60 per cent. of any amount by which that aggregate principal value exceeds £40,000 but does not exceed £80,000; and

(v) 65 per cent. of any amount by which that aggregate principal value exceeds £80,000 but does not exceed £150,000; and

(vi) 70 per cent. of any amount by which that aggregate principal value exceeds £150,000 but does not exceed £300,000; and

(vii) 75 per cent. of any amount by which that aggregate principal value exceeds £300,000 but does not exceed £500,000; and

(viii) 80 per cent. of any amount by which that aggregate principal value exceeds £500,000 but does not exceed £750,000; and

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(ix) 85 per cent. of any amount by which that aggregate principal value exceeds £750,000, but not exceeding an amount equal to 80 per cent. of that aggregate principal value.

PART II

SUPPLEMENTARY PROVISIONS

Treatment of interest of controlled company as interest of members

1. Where a company such as is mentioned in section 58(1) of the Finance Act 1940 has been entitled to a beneficial interest in 1940 c. 29. possession in any settled property, or where the whole or part of the income of any settled property has, under such a trust as is mentioned in sub-paragraph (iii) of the substituted section 2(1)(b), been paid to or applied for the benefit of such a company, then, for the purposes of the substituted section 2(1)(b), each of the persons who would in the circumstances mentioned in section 56(1) of the Finance Act 1940 have been a person on trust for whom the company held that interest or income shall, to the like extent as that to which the company's assets would in the said circumstances have been held on trust for him, be deemed to have been entitled to the like interest in that property or, as the case may be, to have been a person to whom or for whose benefit that income was paid or applied.

Relief in respect of settlement which has come to an end

2.—(1) Except as provided by section 38(1) of this Act, estate duty shall not be chargeable on a death by virtue of any of the sub-paragraphs of the substituted section 2(1)(b) on any property which has been settled property if the duty would be chargeable by reason of an interest under the settlement and the settlement has come to an end before the death by reason of the deceased's having become absolutely and indefeasibly entitled to the property or having attained full age.

(2) For the purposes of the foregoing sub-paragraph, where a settlement has come to an end as respects part but not all of the property comprised in it, there shall be deemed to have been a separate settlement of that part.

Relief in respect of interest which has determined or been disposed of

3. Where on any death estate duty falls to be charged on any property by virtue of any of the sub-paragraphs of the substituted section 2(1)(b) by reason of an interest in that property which determined or was disposed of at a date before the death, and since that date the deceased was at all times during a period of not less

SCH. 17 than four years ending with the date of the death entirely excluded from possession and enjoyment of the property and from any benefit to him by contract or otherwise, the value on which the duty is chargeable shall be reduced—

- (a) if that period was less than five years, by fifteen per cent. ;
- (b) if that period was not less than five but less than six years, by thirty per cent. ;
- (c) if that period was not less than six years, by sixty per cent.

Provisions as to exclusion from benefit

1949 c. 47. 4. Where, in the case of any property which at the death of any person is or has been comprised in a settlement, the deceased was entitled to an interest in that property which determined before his death, he shall not be treated for the purposes of the substituted section 2(1)(b) as not having been entirely excluded from possession and enjoyment of the property and from any benefit to him by contract or otherwise at any time after the date of the determination by reason only of his having been entitled at that time to another interest in that property if estate duty would have been, or would but for section 28(2) of the Finance Act 1949 have been, or would if he had received any benefit by virtue of that other interest have been, chargeable on the property by virtue of the substituted section 2(1)(b) by reason of that other interest on his death at that time.

1940 c. 29. 5. For the purposes of estate duty, a person who has been entitled to a beneficial interest in possession in settled property which has determined or been disposed of shall not be treated as entirely excluded from possession and enjoyment of the property and any benefit to him by contract or otherwise at any time after the determination or disposition at which he has a benefit by virtue of any associated operations as defined by section 59 of the Finance Act 1940 which include any disposition resulting in, or effected in contemplation of or with reference to, the determination or, as the case may be, which include the disposition ; and, where a company such as is mentioned in section 58(1) of the Finance Act 1940 was concerned in the determination or disposition or in those associated operations, any condition as to that person's being excluded as aforesaid contained in any of the enactments relating to estate duty shall be treated as satisfied if and only if it would have been so treated in the circumstances mentioned in section 56(1) of that Act.

Relief for trusts in respect of death of surviving spouse

1894 c. 30. 6.—(1) Where a part of the property comprised in a settlement has been treated by virtue of section 2(1)(b) of the Finance Act 1894, whether before or after the substitution made by section 36(2) of this Act, as passing on the death of one of the parties to a marriage and a part of the same property falls to be treated as passing by virtue of the substituted section 2(1)(b) on the later death of the other party to the marriage, and in the case of either of those deaths the part in question was treated as passing on that death by virtue of sub-paragraph (iii) or (iv) of the substituted section (2)(1)(b), then,

for the purposes of section 5(2) of the Finance Act 1894 (which relates to relief on the death of the surviving party to a marriage), there shall be treated as property passing on the later death in respect of which estate duty was paid on the earlier death a proportion of the part of the property comprised in the settlement which is treated as passing on the later death equal to whichever is the less of—

- (a) the proportion of the property so comprised which was treated as passing on the earlier death ; or
- (b) the proportion of the property so comprised which is treated as passing on the later death less the proportion of that property which would have been treated as passing on the later death if the later death had occurred at the same time as the earlier death.

(2) For the purposes of the foregoing sub-paragraph, where different parts of the property comprised in a settlement are held on different trusts, there shall be deemed to be a separate settlement of each of those parts.

Relief for trusts in cases of quick succession

7.—(1) For the purposes of section 30 of the Finance Act 1958 (which relates to quick successions), where a part of the property comprised in a settlement subsisting at the date of the earlier death was treated as passing on the earlier death by virtue of section 2(1)(b) of the Finance Act 1894, whether before or after the substitution made by section 36(2) of this Act, and a part of the same property is treated as passing on the later death by virtue of the substituted section 2(1)(b), and in either case the part in question was or is treated as passing by virtue of sub-paragraph (iii) or (iv) of the substituted section 2(1)(b), there shall be treated as the same property passing on each of the deaths a proportion of the part of the property comprised in that settlement which passed on the earlier death equal to the proportion which the part of the property so comprised passing on the later death bears to the whole of the property so comprised.

(2) For the purposes of the foregoing sub-paragraph, where different parts of the property comprised in a settlement are held on different trusts, there shall be deemed to be a separate settlement of each of those parts.

Relief for trusts in respect of certain securities

8. Where on a death, apart from this paragraph, estate duty by virtue of sub-paragraph (iii) or (iv) of the substituted section 2(1)(b) would be chargeable on any such securities as are mentioned in section 41(1) of the Finance Act 1966 and the deceased was neither domiciled nor ordinarily resident in the United Kingdom, those securities shall be deemed to have been in the beneficial ownership of the deceased immediately before the death.

SCH. 17 *Relief for charities, corporations sole, and certain superannuation or benevolent funds*

9. For the purposes of the application of any of the sub-paragraphs of the substituted section 2(1)(b) in relation to an interest which has determined in a case where the determination was suffered for public or charitable purposes, the substituted section 2(1)(b) shall have effect as if for any reference therein to seven years there were substituted a reference to one year.

10. Estate duty shall not be chargeable on any property on any death by virtue of any of the sub-paragraphs of the substituted section 2(1)(b)—

1952 c. 10.

- (a) where the property is held on trusts which make provision for charitable purposes only (including any reasonable remuneration which may be authorised by the trust instrument for the trustees thereunder) and under which no payment for any other purpose is authorised or has been made ; or
- (b) by reason of any benefit to the deceased as a corporation sole ; or
- (c) by reason of an interest of the deceased under such a scheme or in such a fund as is described in section 387(1) or (2) of the Income Tax Act 1952, being an interest by way of a pension or annuity other than a pension or annuity under a trust, whether or not established by the instrument establishing that scheme or fund, with respect to the application of some benefit provided under that scheme or from that fund otherwise than by way of a pension or annuity.

11.—(1) Where, in the case of any property which is or has been comprised in settled property subject to such a trust as is mentioned in sub-paragraph (iii) of the substituted section 2(1)(b), estate duty would, apart from the provisions of this paragraph, be chargeable on that property on a death by virtue of that sub-paragraph, that duty shall not be so chargeable if—

- (a) the discretion referred to in that sub-paragraph has not at any time been exercisable with respect to any person other than—
 - (i) persons of a class specified in the trust instrument by reference to employment in a particular trade, profession or statutory undertaking or by reference to employment by, or the holding of office in, a body carrying on a trade, profession or statutory undertaking ; or
 - (ii) persons of a class so specified by reference to marriage with, relationship to, or dependency on such persons as are mentioned in the foregoing sub-paragraph ; or
 - (iii) a body or trust established for charitable purposes only ; and
- (b) the deceased was neither a person by whom, or at whose expense, or out of funds provided by whom, the settlement was made nor a relative of such a person ; and

- (c) the settlement was not made, and any benefit received by the deceased from the exercise of the discretion aforesaid was not received, as part of associated operations as defined by section 59 of the Finance Act 1940 the purposes of which included the provision of benefit for, or for a relative of, any such person as is referred to in paragraph (b) above. SCH. 17 1940 c. 29.

(2) Where any such person as is referred to in sub-paragraph (1)(b) of this paragraph was such a company as is mentioned in section 58(1) of the Finance Act 1940, each of the persons who at the date of the making of the settlement would in the circumstances mentioned in section 56(1) of that Act have been included among the persons on trust for whom the assets of the company were held shall be deemed to have been such a person as is referred to in the said sub-paragraph (1)(b).

(3) In this paragraph—

- (a) the expression “relative” in relation to any person means—
- (i) the wife or husband of that person ;
 - (ii) the father, mother, child, uncle or aunt of that person ; and
 - (iii) any issue of any person falling within paragraph (i) or (ii) of this sub-paragraph and the other party to a marriage with any person so falling or with any such issue ;
- (b) references to “child” and “issue” include references to an illegitimate or adopted child ;
- (c) references to benefit received by the deceased from the exercise of the discretion aforesaid include references to any such non-exclusion of the deceased as is referred to in sub-paragraph (iii) of the substituted section 2(1)(b).

Treatment of eligibility to benefit under discretionary trust as interest in property

12. For the purposes of the following enactments, namely—

- (a) section 47 of the Finance Act 1938 (which relates to interests in undistributed residue) ; 1938 c. 46.
- (b) section 51 of the Finance Act 1947 (which relates to relief from estate duty on certain bearer securities) ; 1947 c. 35.
- (c) section 44 of the Finance Act 1950 (which relates to the collection of duty from trustees) ; 1950 c. 15.
- (d) section 29(5) of the Finance Act 1954 (which relates to interests in certain securities) ; 1954 c. 44.
- (e) section 38(12) and (13) of the Finance Act 1957 (which relate to the date by reference to which property is to be identified and valued) ; and 1957 c. 49.
- (f) section 36(5)(d) of this Act and paragraphs 2, 3, 4, 5, 9 and 10(c) of this Part of this Schedule,

in the case of any property which is, or as the case may require was or is to be, held on such a trust as is mentioned in sub-paragraph (iii) of the substituted section 2(1)(b), the eligibility of a person to benefit under that trust shall be treated as if it were an interest of that

- SCH. 17 person in that property which will determine on that person ceasing to be eligible to benefit under, or on that property ceasing to be subject to, that trust, and for the purposes of the said section 47 as if the executors were the trustees under that trust and the residue of the estate were property so held.

Allowance for capital gains tax

- 1965 c. 25. 13. Where on any death estate duty falls to be charged on any settled property by virtue of the substituted section 2(1)(b) but subsection (4) of section 25 of the Finance Act 1965 does not apply and is not prevented from applying by reason only of subsection (6) of the said section 25, references in subsections (2) to (8) of section 26 of that Act to capital gains tax chargeable in consequence of a death shall include references to capital gains tax which would have been chargeable in consequence of the death if the said subsection (4) had applied on the death; but the allowance to be made under subsection (2) of the said section 26 by virtue of this paragraph shall be the amount of the capital gains tax which would have been so chargeable discounted at a yearly rate of interest of five per cent. for the period from the date of the death to the date when the said subsection (4) will next apply to the settled property by virtue of subsection (6) or (7) of the said section 25.

Persons accountable for estate duty

- 1894 c. 30. 14. For the purposes of section 8(4) of the Finance Act 1894 (under which, where property passes on a death and the deceased's executor is not accountable for the estate duty in respect of that property, a person to whom the property passes on the death for a beneficial interest in possession is included among the persons accountable for the duty) any person who is not entitled to such a beneficial interest but to whom or for whose benefit the whole or part of the income of the property has been paid or applied at a time after the death under such a trust as is mentioned in subparagraph (iii) of the substituted section 2(1)(b) shall, to the extent of the income so paid or applied, be deemed to be a person to whom the property passed on the death for such a beneficial interest.

PART III

CONSEQUENTIAL AMENDMENTS

1. In section 2 of the Finance Act 1894, for subsection (3) there shall be substituted the following:—

“(3) Where in the case of any property the deceased was entitled to an estate or interest therein in a fiduciary or representative capacity or by way of security, that property shall not be treated as passing on his death by reason of that entitlement.”

2. In section 3 of the Finance Act 1894, at the end there shall be added the following subsection:—

“(3) Nothing in this section shall operate to exempt any property which is or has been comprised in a settlement from being charged with estate duty by virtue of section 2(1)(b) of

this Act on the death of the deceased or to reduce the value for the purposes of estate duty of the property charged where that property passes on the deceased's death— SCH. 17

- (a) by reason of the deceased being or having been entitled to an interest in that property as successor for the purposes of the said section 2(1)(b) to an interest of a beneficiary under the settlement, or
- (b) by reason of the operation of section 36(6)(c) of the Finance Act 1969 in relation to that property in a case where an interest of, or created out of, or derived from an interest of, a person who is, or is successor to an interest of, a beneficiary under a settlement is subject to such a trust as is mentioned in sub-paragraph (iii) or (iv) of the said section 2(1)(b).

unless that property would have been exempted under this section on the death of that beneficiary.”

3. In section 16(3) of the Finance Act 1894 as substituted by 1894 c. 30. section 33(1) of the Finance Act 1954— 1954 c. 44.

- (a) for the words “such settled property as is hereinafter mentioned” there shall be substituted the words “property which, not being or having been such settled property as is hereinafter mentioned, is chargeable with estate duty by virtue of section 2(1)(b) of this Act”;
- (b) in paragraph (a), for the words “that settled property” in both places where they occur there shall be substituted the words “the said property chargeable as aforesaid”;
- (c) in paragraph (b), the words from “together” onwards shall be omitted;
- (d) the words “any settled property other than” and the words “other than” where secondly occurring shall be omitted.

4. In section 22(2)(a) of the Finance Act 1894, the words “including a tenant in tail whether in possession or not” shall be omitted.

5. In section 15 of the Finance Act 1896— 1896 c. 28.

- (a) in subsection (1) for the words from “after” to “reverter” there shall be substituted the words “the property shall not be treated for the purposes of the principal Act as passing on that person's death if it reverts”;
- (b) in subsection (3) at the end there shall be added the words “or where the disposition is of an interest of the disponent in settled property by reason of which, if it had been retained by the disponent, estate duty would fall to be charged by virtue of section 2(1)(b) of the principal Act on the death of the disponent.”

6. In section 59 of the Finance (1909-10) Act 1910— 1910 c. 8.

- (a) in subsection (2), for the words “is deemed to pass” there shall be substituted the word “passes”;

SCH. 17 (b) for subsection (3) there shall be substituted the following:—

“(3) Where property taken under a disposition purporting to operate as an immediate gift inter vivos passes on the death of the deceased by reason only that the property was not, as from the date of the disposition, retained to the entire exclusion of the deceased and of any benefit to him by contract or otherwise, the property shall not be treated as passing on the deceased’s death if subsequently, by means of the surrender of the benefit reserved or otherwise, it is enjoyed to the entire exclusion of the deceased and of any benefit to him by contract or otherwise for so much of the period of seven years preceding the deceased’s death as falls after 19th March 1963 or, in the case of a gift for public or charitable purposes, for a period of twelve months preceding the deceased’s death.”

- 1910 c. 8.
1912 c. 8.
7. In section 61(5) of the Finance (1909-10) Act 1910 as amended by section 9 of the Finance Act 1912—
- (a) for the word “rate” where first occurring there shall be substituted the word “amount”;
- (b) for the words “at the rate due to the principal value of the estate, be payable” there shall be substituted the words “be payable at the estate rate”.
- 1925 c. 36.
8. In section 23(1) of the Finance Act 1925—
- (a) for the words from “the appropriate rate” where secondly occurring to “1919” there shall be substituted the words “fifty-five per cent of the estate rate”;
- (b) for the words from “appropriate rate” where last occurring onwards there shall be substituted the words “estate rate”.
- 1937 c. 54.
9. In section 31(3)(b) of the Finance Act 1937, for the words “deemed to that extent to pass” there shall be substituted the words “treated as to that extent passing”.
- 1938 c. 46.
10. In section 47 of the Finance Act 1938—
- (a) in subsection (1), for the words from “the death” to “cease, and” there shall be substituted the words “a death on which estate duty would fall to be charged by virtue of section 2(1)(b) of that Act by reason of an interest in the whole or part of the residue of the estate of a testator or intestate to which the deceased would have been, or would apart from any determination or disposition of that interest have been, entitled if the administration of the estate had been completed during the deceased’s lifetime but”;
- (b) in subsections (2) to (6) for the words “such an interest” wherever they occur there shall be substituted the words “the said interest”.
- 1940 c. 29.
11. In section 46(1) of the Finance Act 1940, for the words “on his death” in the first place where those words occur there shall be substituted the words “on the occurrence of any event, including the expiration of a fixed period”.

12. In section 51(2C) of the Finance Act 1940 as amended by section 38 of the Finance Act 1944, for the words "deemed to pass" there shall be substituted the words "treated as passing". SCH. 17 1940 c. 29. 1944 c. 23.
13. In section 17(1) of the Finance (No. 2) Act 1940— 1940 c. 48.
- (a) for the words from "the rates" where first occurring to "mortgage" where first occurring there shall be substituted the words "by reason of an increase in the rates of duty, the amount of duty payable in the case of a person dying when the interest falls into possession is more than the amount which would have been payable if the rates had not been increased since the sale or mortgage";
- (b) in paragraph (a), for the words from "if" to "mortgage" there shall be substituted the words "if the rates of duty had not been increased".
14. In section 26 of the Finance Act 1943— 1943 c. 28.
- (a) in subsection (1), for the words from the beginning to "deceased; and" there shall be substituted the words "Section 31 of the Finance Act 1939 (which provides—"; 1939 c. 41.
- (b) in subsection (2) for the words "those sections" in both places where they occur there shall be substituted the words "that section";
- (c) in subsection (3), for the words "the said section 30" there shall be substituted the words "section 30 of the said Act of 1939".
15. In section 51 of the Finance Act 1947, in the proviso, for the words "or of the disposition or determination of an interest limited to cease on the death" there shall be substituted the words "or pass by virtue of section 2(1)(b) of the Finance Act 1894 by reason of an interest therein which has been disposed of or determined." 1947 c. 35. 1894 c. 30.
16. In section 29(5) of the Finance Act 1949, for the words "deemed to pass" there shall be substituted the words "treated as passing". 1949 c. 47.
17. In section 33(1) of the Finance Act 1949, for the words "is deemed to pass" there shall be substituted the word "passes".
18. In section 44 of the Finance Act 1950— 1950 c. 15.
- (a) in subsection (1), for the words from "limited" to "partly" there shall be substituted the words "by reason of which estate duty is chargeable on a death by virtue of section 2(1)(b) of the Finance Act 1894 has wholly or partly determined or been disposed of";
- (b) in subsections (2) to (5), for the words "the said section forty-three" wherever they occur there shall be substituted the words "the said section 2(1)(b)";
- (c) in subsection (8), for the words from "as it applies" onwards there shall be substituted the words "or section 43 of the Finance Act 1940, as it applies to duty payable by virtue of section 2(1)(b) of the Finance Act 1894."

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1954 c. 54.
19. In section 28 of the Finance Act 1954—
- (a) in subsection (1) for the words from “in accordance” onwards there shall be substituted the words “at fifty-five per cent. of the estate rate” ;
- (b) in subsection (2)(b), for the words from “the reduced” to “said section twenty-three)” there shall be substituted the words “fifty-five per cent. of the estate rate on such proportion of that net value as is attributable to the agricultural value (within the meaning of section 23 of the Finance Act 1925)”.
- 1925 c. 36.
- 1894 c. 30.
20. In section 29(5) of the Finance Act 1954, in the proviso, for the words from “a disposition” to “cease on the death” there shall be substituted the words “section 2(1)(b) of the Finance Act 1894 by reason of an interest therein which has been disposed of or determined”.
- 1956 c. 55.
21. In section 19 of the Finance Act 1956, in subsection (3), for the words from “an amount” onwards there shall be substituted the words—
- “ (a) if the death occurred after 3rd June 1969—
- (i) subject to sub-paragraph (ii) of this paragraph, the amount which would be produced by levying estate duty on the amount of that income at the estate rate applicable to the estate in question under the law in force in Great Britain or, as the case may be, in Northern Ireland or, if estate duty is payable both in Great Britain and in Northern Ireland, whichever is the higher of the respective amounts which would be so produced ;
- (ii) where section 16(3)(b) of the Finance Act 1894 or any other provision for corresponding purposes of the law in force in Northern Ireland applies for the purpose of determining the amount of the estate duty payable in Great Britain or, as the case may be, in Northern Ireland in respect of property consisting of or including that income, the amount which would be produced as aforesaid shall be taken to be an amount equal to so much of that amount of estate duty as may reasonably be regarded as attributable to that income ;
- (b) if the death occurred before 4th June 1969 but after 15th April 1969—
- (i) in a case where estate duty is payable in Great Britain but not in Northern Ireland, the amount which would be applicable if in paragraph (a) of this subsection for the reference to 3rd June 1969 there were substituted a reference to 15th April 1969 ;
- (ii) in a case where estate duty is payable in Northern Ireland but not in Great Britain, the amount which would be applicable under this section if the amendments and repeals made therein by the Finance Act 1969 had not been made ;

(iii) in a case where estate duty is payable both in Great Britain and in Northern Ireland, whichever is the higher of the amount which would be applicable under sub-paragraph (i) of this paragraph if estate duty were payable in Great Britain but not in Northern Ireland and the amount which would be applicable under sub-paragraph (ii) thereof if estate duty were payable in Northern Ireland but not Great Britain ;”

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and subsection (4) and paragraph (a) of subsection (7) of the said section 19 shall be omitted.

22. In section 38 of the Finance Act 1957—

1957 c. 49.

- (a) in subsections (1), (5) and (8), for the words “deemed for purposes of estate duty to pass” there shall in each case be substituted the words “treated for purposes of estate duty as passing” ;
- (b) in subsection (5), for the words “deemed to pass” there shall be substituted the words “treated as passing” ;
- (c) in subsection (12), for the words from “is deemed” to “that section” there shall be substituted the words “is treated as passing on a death by virtue of section 2(1)(b) of the Finance Act 1894 by reason of an interest therein which has been disposed of or determined before the death” ;
- (d) in subsection (13)(b), for the words from “limited” onwards there shall be substituted the words “to which section 2(1)(b) of the Finance Act 1894 applies” ;
- (e) in subsection (16)—
 - (i) for the words “comprised in a gift being deemed to pass” there shall be substituted the words “being treated as passing” ;
 - (ii) for the words “so comprised is to be deemed to pass on the death” there shall be substituted the words “is to be so treated”.

1894 c. 30.

23. In section 39(2) of the Finance Act 1957, for the words from “so approved” to “applies” there shall be substituted the words “approved by the Board under section 22 of the Finance Act 1956 there becomes payable on a person’s death an annuity to any widow, widower or dependant of that person”.

1956 c. 54.

24. In section 29(2) of the Finance Act 1958, for the words from “deemed” to “have passed” there shall be substituted the words “treated for purposes of estate duty as passing or having passed”.

1958 c. 56.

25. In paragraph 3 of Schedule 8 to the Finance Act 1958—

- (a) in sub-paragraph (3), after the word “settlement” there shall be inserted the words “then, except on or by reference to a death on which duty falls to be charged on the settled property by virtue of section 2(1)(b) of the Finance Act, 1894 by reason of the interest purchased” ;

SCH. 17
1940 c. 29.
1894 c. 30.

- (b) in sub-paragraph (4), for the words “section forty-three of the Finance Act 1940” there shall be substituted the words “section 2(1)(b) of the Finance Act 1894”;
- (c) in sub-paragraph (6), for the words from “by reason” to “such an interest” there shall be substituted the words “by virtue of section 2(1)(b) of the Finance Act 1894 by reason of an interest therein”, and in paragraph (a) of that sub-paragraph for the words “the interest so limited” there shall be substituted the words “that interest”.

1963 c. 25.

26. In section 53(2) of the Finance Act 1963, for the words “deemed to pass” there shall be substituted the word “passing”.

1966 c. 18.

27. In section 42 of the Finance Act 1966—

- (a) in subsection (1), for the words “deemed for the purposes of estate duty to pass” there shall be substituted the words “treated for purposes of estate duty as passing”;
- (b) in subsection (2), for the words from “treated” to “subsisted” there shall be substituted the words “treated for the purposes of estate duty as property comprised in a gift inter vivos which passes on a death or, as the case may be, as comprised in property which by virtue of section 2(1)(b) of the Finance Act 1894 passes on a death”; and at the end of that subsection there shall be added the words “or paragraph 3 of Part II of Schedule 17 to the Finance Act 1969”;
- (c) in subsection (3)(a), for the word “deemed” there shall be substituted the word “treated” and for the words “to pass” there shall be substituted the words “as passing”.

1967 c. 54.

28. In paragraph 2 of Schedule 15 to the Finance Act 1967—

- (a) in sub-paragraph (1), for the words “deemed for the purposes of estate duty to pass” there shall be substituted the words “treated for the purposes of estate duty as passing”;
- (b) in sub-paragraph (2), for the words from “treated” to “subsisted” there shall be substituted the words “treated for the purposes of estate duty as property comprised in a gift inter vivos which passes on a death or, as the case may be, as comprised in property which by virtue of section 2(1)(b) of the Finance Act 1894 passes on a death”; and at the end of that sub-paragraph there shall be added the words “or paragraph 3 of Part II of Schedule 17 to the Finance Act 1969”.

1968 c. 44.

29. In section 35(2) of the Finance Act 1968, for the words “is deemed to pass” there shall be substituted the word “passes”.

30. In section 36(8) of the Finance Act 1968, for the words “is deemed to pass” there shall be substituted the word “passes”.

SCHEDULE 18

Section 41.

GILT-EDGED SECURITIES EXEMPT FROM TAX ON CHARGEABLE GAINS

PART I

SPECIFIED SECURITIES

Stocks and registered bonds charged on the National Loans Fund

- 6½ per cent. Exchequer Loan 1969.
- 6 per cent. Exchequer Loan 1970.
- 3 per cent. British Overseas Airways Stock 1960-70.
- 3 per cent. Savings Bonds 1960-70.
- 6½ per cent. Treasury Stock 1971.
- 5 per cent. Conversion Stock 1971.
- 6¾ per cent. Exchequer Loan 1971.
- 6 per cent. Conversion Stock 1972.
- 3 per cent. British Transport Stock 1967-72.
- 6¼ per cent. Exchequer Loan 1972.
- 6¾ per cent. Exchequer Stock 1973.
- 3 per cent. British Transport Stock 1968-73.
- 5¼ per cent. Conversion Stock 1974.
- 3 per cent. Savings Bonds 1965-75.
- 2½ per cent. British Overseas Airways Stock 1971-76.
- 6½ per cent. Treasury Loan 1976.
- 4 per cent. Victory Bonds.
- 4 per cent. British Transport Stock 1972-77.
- 5 per cent. Exchequer Loan 1976-78.
- 4 per cent. British Overseas Airways Stock 1974-80.
- 5¼ per cent. Funding Loan 1978-80.
- 3½ per cent. Treasury Stock 1977-80.
- 3½ per cent. Treasury Stock 1979-81.
- 2½ per cent. British Overseas Airways Stock 1977-82.
- 3 per cent. British Overseas Airways Stock 1980-83.
- 5½ per cent. Funding Stock 1982-84.
- 6½ per cent. Funding Loan 1985-87.
- 3 per cent. British Transport Stock 1978-88.
- 5 per cent. Treasury Stock 1986-89.
- 4 per cent. Funding Loan 1960-90.
- 5¾ per cent. Funding Loan 1987-91.
- 6 per cent. Funding Loan 1993.
- 6¾ per cent. Treasury Loan 1995-98.
- 3½ per cent. Funding Stock 1999-2004.
- 5½ per cent. Treasury Stock 2008-12.
- 2½ per cent. Treasury Stock 1986-2016.
- 2½ per cent. Annuities 1905 or after.
- 2¾ per cent. Annuities 1905 or after.
- 2½ per cent. Consolidated Stock 1923 or after.
- 4 per cent. Consolidated Loan 1957 or after.

- SCH. 18 3½ per cent. Conversion Loan 1961 or after.
 2½ per cent. Treasury Stock 1975 or after.
 3 per cent. Treasury Stock 1966 or after.
 3½ per cent. War Loan 1952 or after.

Securities issued by the Treasury under Part II of the Tithe Act 1936

- 3 per cent. Redemption Stock 1986-96.

*Securities issued by certain public corporations and guaranteed
by the Treasury*

- 4½ per cent. British Electricity Stock 1967-69.
 4½ per cent. South of Scotland Electricity Stock 1967-69.
 3 per cent. North of Scotland Electricity Stock 1968-70.
 3½ per cent. British Gas Stock 1969-71.
 4 per cent. British Gas Stock 1969-72.
 2½ per cent. North of Scotland Electricity Stock 1967-72.
 3 per cent. British Electricity Stock 1968-73.
 3 per cent. North of Scotland Electricity Stock 1968-73.
 3 per cent. British Electricity Stock 1974-77.
 4¼ per cent. British European Airways Stock 1972-77.
 4 per cent. North of Scotland Electricity Stock 1973-78.
 4¼ per cent. North of Scotland Electricity Stock 1974-79.
 4¼ per cent. British Electricity Stock 1974-79.
 3½ per cent. British Electricity Stock 1976-79.
 3½ per cent. North of Scotland Electricity Stock 1977-80.
 3 per cent. British European Airways Stock 1980-83.
 3 per cent. North of Scotland Electricity Stock 1989-92.
 3 per cent. British Gas Stock 1990-95.

PART II

DISPOSALS AND APPROPRIATIONS OF SPECIFIED SECURITIES BY
COMPANIES

1965 c. 25.

1.—(1) The provisions of this paragraph apply in relation to any specified securities if at the relevant time or at any time thereafter (whether before or after the commencement of this Act) the securities were held by a company in such circumstances that any gain or loss on their disposal would, apart from section 41 of this Act and Schedule 9 to the Finance Act 1965, have been taken into account in determining the company's liability to corporation tax on chargeable gains.

(2) If after the relevant time the specified securities are appropriated by the company in such circumstances that if they were disposed of after the appropriation, any profit accruing on their disposal would be brought into account in computing the company's profits for corporation tax, then for the purposes of corporation tax any loss incurred by the company on the disposal of those securities

shall not exceed the loss which would have been incurred on that disposal if the amount or value of the consideration for the acquisition of the securities had been equal to their market value at the time of the appropriation. SCH. 18

2.—(1) This paragraph applies if—

- (a) at the relevant time or at any time thereafter (whether before or after the commencement of this Act) any specified securities were held by a company in such circumstances that any profit accruing on their disposal would be brought into account in computing the company's profits for corporation tax ; and
- (b) those securities are subsequently appropriated by the company in such circumstances that any gain accruing on their disposal would by virtue of section 41 of this Act be exempt from corporation tax on chargeable gains.

(2) Where this paragraph applies, the company concerned shall be treated for the purposes of corporation tax as if, immediately before the appropriation, it had sold and repurchased the specified securities at their market value at the time of the appropriation.

3. In this Part of the Schedule—

“ company ” has the same meaning as in Part IV of the Finance Act 1965 ; 1965 c. 25.

“ the relevant time ” means 3.30 p.m. on 15th April 1969 ; and

“ specified securities ” has the same meaning as in section 41 of this Act.

PART III

DISPOSAL OF SECURITIES ISSUED IN EXCHANGE FOR STEEL SHARES

4.—(1) The provisions of this Part of this Schedule apply in relation to a disposal to which section 41(1) of this Act applies of 6½ per cent. Treasury Stock 1971 (in this Part of this Schedule referred to as “ compensation stock ”) in relation to which the conditions in sub-paragraph (2) below are fulfilled.

(2) The conditions referred to in sub-paragraph (1) above are—

- (a) that the stock disposed of consisted or formed part of a holding of compensation stock held on 15th April 1969 by the person making the disposal, and
- (b) that the stock disposed of was acquired by that person, by virtue of section 10 of the Iron and Steel Act 1967, by way of compensation for the vesting in the British Steel Corporation under section 9 of that Act of securities (in this Part of this Schedule referred to as “ steel shares ”) previously held by him. 1967 c. 17.

(3) For the purpose of determining whether a disposal of compensation stock is one to which this Part of this Schedule applies, the rules of identification in paragraph 8 of Schedule 9 to the Finance Act 1962 shall apply in place of the provisions of paragraph 2 of Schedule 7 to the Finance Act 1965. 1962 c. 44.

SCH. 18 5.—(1) Notwithstanding anything in section 41(1) of this Act, where this Part of this Schedule applies in relation to a disposal by any person of compensation stock then, subject to sub-paragraph (2) below, there shall accrue to him on the disposal an allowable loss calculated in accordance with the following provisions of this paragraph.

1967 c. 17. (2) For the purpose of determining the allowable loss referred to in sub-paragraph (1) above, it shall be assumed that the person making the disposal had on the vesting date, within the meaning of the Iron and Steel Act 1967, disposed of all the holdings of steel shares held by him on that date for a consideration equal to the value of those shares as determined for the purposes of section 10 of that Act, and if on the disposal of any such holding an allowable loss would have accrued to him, or would have accrued to him if the disposal had not been one chargeable to income tax under Case VII of Schedule D (tax on short-term gains) the aggregate of those allowable losses shall be determined for the purposes of this paragraph; but if no such losses would have accrued sub-paragraph (1) above shall not apply.

(3) The allowable loss accruing to the person making the disposal referred to in sub-paragraph (1) above is equal to the appropriate proportion of the aggregate of allowable losses referred to in sub-paragraph (2) above, and for this purpose the appropriate proportion is that which the compensation stock disposed of by him bears to the total compensation stock received by him by virtue of section 10 of the Iron and Steel Act 1967.

Section 42.

SCHEDULE 19

CAPITAL GAINS

Devaluation of sterling : securities acquired with borrowed foreign currency

1947 c. 14. 1.—(1) This paragraph applies where, in pursuance of permission granted under the Exchange Control Act 1947, currency other than sterling was borrowed before 19th November 1967 for the purpose of investing in foreign securities (and had not been repaid before that date), and it was a condition of the permission—

(a) that repayment of the borrowed currency should be made from the proceeds of the sale in foreign currency of the foreign securities so acquired or out of investment currency, and

(b) that the foreign securities so acquired should be kept in separate accounts to distinguish them from others in the same ownership,

and securities held in such a separate account on 19th November 1967 are in this paragraph referred to as “designated securities”.

(2) In computing the gain accruing to the borrower on the disposal of any designated securities or on the disposal of any currency or amount standing in a bank account on 19th November 1967 and

representing the loan the sums allowable as a deduction under paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 (cost of acquisition) shall be increased by multiplying by seven sixths: SCH. 19
1965 c. 25.

Provided that the total amount of the increases so made in computing all gains (and losses) which are referable to any one loan (made before 19th November 1967) shall not exceed one sixth of the sterling parity value of that loan at the time it was made.

(3) Paragraph 2 of Schedule 7 to the Finance Act 1965 (pooling securities) shall apply separately in relation to any designated securities held in a particular account until such time as a disposal takes place on the occurrence of which the proviso to sub-paragraph (2) above operates to limit the increases which would otherwise be made under that sub-paragraph in allowable deductions.

(4) In this and the next following paragraph "foreign securities" means securities expressed in a currency other than sterling, or shares having a nominal value expressed in a currency other than sterling, or the dividends on which are payable in a currency other than sterling.

(5) This paragraph applies to any disposal after 18th November 1967, and all such adjustments shall be made by discharge or repayment of tax as are required to give effect to the provisions of this paragraph.

Devaluation of sterling : foreign insurance funds

2.—(1) The sums allowable as a deduction under paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 in computing any gains to which this paragraph applies shall be increased by multiplying by seven-sixths.

(2) This paragraph applies to gains accruing—

- (a) to any underwriting member of Lloyd's or to any other approved association of underwriters, or
- (b) to any company engaged in the business of marine protection and indemnity insurance on a mutual basis,

on the disposal by that person after 18th November 1967 of any foreign securities which on that date formed part of a trust fund—

- (i) established by that person in any country or territory outside the United Kingdom, and
- (ii) representing premiums received in the course of that person's business, and
- (iii) wholly or mainly used for the purpose of meeting liabilities arising in that country or territory in respect of that business.

(3) All such adjustments shall be made by way of discharge or repayment of tax as are required to give effect to this paragraph.

SCH. 19 *Currency in foreign bank accounts held to meet personal expenditure*

1965 c. 25. 3.—(1) In Schedule 7 to the Finance Act 1965 after paragraph 11 there shall be inserted the following paragraph—

“ 11A.—(1) Subject to the provisions of this paragraph, paragraph 11(1) above 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) Sub-paragraph (1) above shall not apply to a sum in an individual's bank account representing currency acquired by the holder for the personal expenditure outside the United Kingdom of himself or his family or dependants (including expenditure on the provision or maintenance of any residence outside the United Kingdom).

(3) This paragraph applies to debts disposed of after 18th November 1967, and all such adjustments shall be made by way of discharge or repayment of tax as are required to give effect to this paragraph.”

1962 c. 44. (2) In Schedule 9 to the Finance Act 1962 after paragraph 15 there shall be inserted the following paragraph—

“ 15A.—(1) Subject to the provisions of this paragraph, paragraph 15(1) above 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, and accordingly the satisfaction of the debt or part of it shall be treated as a disposal of the debt or of that part by the creditor (that is the bank's customer) made at the time when the debt or that part is satisfied.

(2) Sub-paragraph (1) above shall not apply to a sum in an individual's bank account representing currency acquired by the holder for the personal expenditure outside the United Kingdom of himself or his family or dependants (including expenditure on the provision or maintenance of any residence outside the United Kingdom).

(3) This paragraph applies to debts disposed of after 18th November 1967, and all such adjustments shall be made by way of discharge or repayment of tax as are required to give effect to this paragraph.”

1967 c. 54. (3) Paragraph 11 of Schedule 13 to the Finance Act 1967 (which is re-enacted in this paragraph) shall cease to have effect.

Foreign currency: chargeable gains accruing to non-resident companies

4. In section 41(5) of the Finance Act 1965 after paragraph (b) there shall be inserted the following paragraph—

“(bb) a chargeable gain accruing on the disposal after 18th November 1967 of currency or of a debt within paragraph 11A(1) of Schedule 7 to this Act (foreign bank accounts),

where the currency or debt is or represents money in use for the purposes of a trade carried on by the company wholly outside the United Kingdom, or”.

SCH. 19

All such adjustments shall be made by way of discharge or repayment of tax as are required to give effect to this paragraph.

Personal representatives : gains and losses in three years after death

5.—(1) After section 24 of the Finance Act 1965 there shall be inserted the following section—

“24A.—(1) No gain or loss which accrues to the personal representatives of a deceased person in the period of three years beginning with the death shall be a chargeable gain or allowable loss but, subject to the provisions of this section, the deceased person (and his personal representatives) shall be treated as if any chargeable gain or allowable loss which would, but for the preceding provisions, have accrued to the personal representatives had accrued under section 24(1) above to the deceased person on his death (as a gain or loss unrelated to any particular asset).

(2) In computing for the purposes of section 25(5) below (£5,000 relief for settled property) whether any relief is given under section 24(2) above (£5,000 relief for deceased's estate) or whether relief is so given in respect of an aggregate sum less than the amount available for relief under section 24(2) above,—

- (a) if the total of chargeable gains treated as accruing under section 24(1) above by virtue only of subsection (1) above exceeds the total of allowable losses so treated, the aggregate sum (if any) in respect of which relief is given under section 24(2) above shall be computed without regard to the provisions of subsection (1) above ; but
- (b) if the total of those chargeable gains is less than the total of those allowable losses, subsection (1) above shall be taken into account in computing the aggregate sum (if any) in respect of which relief is given under section 24(2) above.

(3) Where paragraph (a) of subsection (2) above applies for the purpose of computing the amount available for relief under section 25(5) below—

- (a) the relief given under section 25(5) shall be computed before computing the relief under section 24(2) above ; and
- (b) in determining the relief to be given under section 24(2) above, having regard to subsection (1) above, from the £5,000 otherwise available for relief under that section there shall be deducted the aggregate sum in respect of which relief has been given under section 25(5) below.

SCH. 19

(4) Subsection (1) above shall not affect the amount of relief under section 26(1) below (allowance of capital gains tax against estate duty).

(5) Capital gains tax for the year of assessment in which the deceased died shall be assessable, chargeable and recoverable in the first instance without regard to any gain or loss which may accrue to the personal representatives, and all such adjustments, whether by way of assessment or discharge or repayment of tax, as are required to give effect to this section by reference to any gain or loss accruing after the death shall be made at the expiration of the said period of three years, or when the personal representatives have completed administration of the deceased's assets, whichever is the earlier.

An assessment made in pursuance of this subsection shall not be out of time if made within six years from the end of the year of assessment in which the deceased died."

1965 c. 25.

(2) In section 25(5) of the Finance Act 1965 for the words "subsection (2) of the last foregoing section" there shall be substituted "section 24(2) above" in both the places where those words appear.

(3) In paragraph 16(1) of Schedule 6 to the Finance Act 1965 (allowance of incidental costs of actual disposal by personal representatives in computing gains accruing on disposal of assets deemed to be made by an individual on his death) for the words "whether by way of sale or by way of disposition to legatees" there shall be substituted the words "by way of disposition to legatees in the period of three years beginning with the death".

(4) Section 24(8) of the Finance Act 1965 (allowable losses accruing to personal representatives: deduction from chargeable gains accruing to the deceased) shall cease to have effect.

(5) In paragraph 12(2) of Schedule 10 to the Finance Act 1965 (gains of trustees and personal representatives not to be gains of any other person except where section 22(5) of that Act applies) after the words "section 22(5)", there shall be inserted the words "and section 24A".

(6) This paragraph applies in the case of deaths occurring after 5th April 1969.

Legatees: assets appropriated in satisfaction of legacies

1962 c. 44.

6.—(1) In section 45(1) of the Finance Act 1965 and section 16(1) of the Finance Act 1962 after the definition of "legatee" there shall be inserted the following words—

"for the purposes of the definition of 'legatee' above, and of any reference to a person acquiring an asset 'as legatee', property taken under a testamentary disposition or on an intestacy or partial intestacy includes any asset appropriated by the personal representatives in or towards satisfaction of a pecuniary legacy or any other interest or share in the property devolving under the disposition or intestacy".

(2) This paragraph applies in the case of deaths occurring after 5th April 1969.

Exemption for private residence: disposal between man and wife SCH. 19

7.—(1) In section 29(8) of the Finance Act 1965 after paragraph 1965 c. 25.
(b) there shall be inserted the following paragraph—

“(bb) if paragraph (b) above applies, but the dwelling-house or part of a dwelling-house was not the only or main residence of both throughout the period of ownership of the one making the disposal, account shall be taken of any part of that period during which it was his only or main residence as if it was also that of the other, and”.

(2) This paragraph applies in relation to disposals after 5th April 1969.

Settlements

8.—(1) Section 25(5) of the Finance Act 1965 (£5,000 relief against gains accruing to trustees on a death) shall be amended with respect to deaths after 5th April 1969 as follows—

(a) paragraph (b) (relief by reference to postponed occasion of charge) shall cease to have effect,

(b) in paragraph (d) (apportionment between two or more settlements) for the words from “according” to the end of the paragraph there shall be substituted the words—

“according to the respective aggregates of the chargeable gains (less allowable losses) which accrue to those trustees respectively on the death”.

(2) After the said section 25(5) there shall be inserted the following subsection—

“(5A) Subsection (5) above shall not apply on a death after 5th April 1969 unless the deceased was at the time of death either resident or ordinarily resident in the United Kingdom”.

(3) At the end of the proviso to section 25(1) of the Finance Act 1965 and of the proviso to section 12(6) of the Finance Act 1962 1962 c. 44.
(residence of trustees) there shall be added the words “and if in such a case the trustees or a majority of them are or are treated in relation to that trust as not resident in the United Kingdom, the general administration of the trust shall be treated as ordinarily carried on outside the United Kingdom”.

(4) Sub-paragraph (3) above applies in relation to disposals of assets after 5th April 1969.

Distinction between trustees of settled property and bare trustees

9. It is hereby declared that references in Part III of the Finance Act 1965, and in Chapter II of Part II of the Finance Act 1962, to any asset held by a person as trustee for another person absolutely entitled as against the trustee are references to a case where that other person has the exclusive right, subject only to satisfying any outstanding charge, lien or other right of the trustees to resort to the asset for payment of duty, taxes, costs or other outgoings, to direct how that asset shall be dealt with.

SCH. 19

Part disposal of land

10.—(1) This paragraph applies to a transfer after 5th April 1969 of land forming part only of a holding of land, where—

(a) the amount or value of the consideration for the transfer is small, as compared with the market value of the holding as it subsisted immediately before the transfer, and

1965 c. 25. (b) the transfer is not one which, by virtue of paragraph 20 of Schedule 7 to the Finance Act 1965 (transfers between husband and wife) or paragraph 2 of Schedule 13 to that Act (transfers within groups of companies), is treated as giving rise to neither a gain nor a loss.

(2) Subject to sub-paragraph (3) below, if the transferor so claims, the transfer shall not be treated for the purposes of Part III of the Finance Act 1965 as a disposal, but all sums which, if it had been so treated, would have been brought into account for consideration for that disposal in the computation under Schedule 6 to that Act of a gain accruing on the disposal shall be deducted from any expenditure allowable under that Schedule as a deduction in computing a gain on any subsequent disposal of the holding.

(3) This paragraph shall not apply—

(a) if the amount or value of the consideration for the transfer exceeds £2,500, or

(b) where in the year of assessment in which the transfer is made, the transferor made any other disposal of land, if the total amount or value of the consideration for all disposals of land made by the transferor in that year exceeds £2,500.

1966 c. 18. (4) No account shall be taken under sub-paragraph (3) above of any transfer of land to which paragraph 4 of Schedule 10 to the Finance Act 1966 (part disposal to authority with compulsory powers) applies.

(5) 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).

(6) In relation to a transfer which is not for full consideration in money or money's worth, "the amount or value of the consideration" in this paragraph shall mean the market value of the land transferred.

1967 c. 54. (7) In the application of this paragraph to a transfer to which section 33(1) of the Finance Act 1967 (current use value) applies, or would apply but for this paragraph, for references to the amount or value of the consideration for the transfer or to the market value of the holding there shall be substituted references to the current use value of the land, or as the case may be of the holding, at the relevant time.

(8) For the purposes of this paragraph the holding of land shall comprise only the land in respect of which the expenditure allowable under paragraphs (a) and (b) of paragraph 4(1) of Schedule 6 to the Finance Act 1965 would be apportioned under paragraph 7 of that Schedule if the transfer had been treated as a disposal (that is, as a part disposal of the holding).

(9) In this paragraph references to a holding of land include references to any estate or interest in a holding of land, not being an estate or interest which is a wasting asset, and references to part of a holding shall be construed accordingly.

SCH. 19

Compensation paid on compulsory acquisition

11.—(1) Where land or an interest in or right over land is acquired after 29th April 1969 and the acquisition is, or could have been, made under compulsory powers, then in considering whether, under paragraph 21(4) of Schedule 6 to the Finance Act 1965, the purchase price or compensation or other consideration for the acquisition should be apportioned and treated in part as a capital sum within section 22(3)(a) of the said Act, whether as compensation for loss of goodwill or for disturbance or otherwise, or should be apportioned in any other way, the fact that the acquisition is or could have been made compulsorily, and any statutory provision treating the purchase price or compensation or other consideration as exclusively paid in respect of the land itself, shall be disregarded.

1965 c. 25.

(2) Sub-paragraph (1) above applies with respect to the apportionments to be made under section 13(3) of the Finance Act 1962 as it applies to the apportionments to be made for the purposes of Schedule 6 to the Finance Act 1965.

1962 c. 44.

(3) In any case where land or an interest in land is acquired as mentioned in sub-paragraph (1) above from any person and the compensation or purchase price includes an amount in respect of severance of the land comprised in the acquisition or sale from other land in which that person is entitled in the same capacity to an interest or in respect of that other land as being injuriously affected, there shall be deemed for the purposes of Part III of the Finance Act 1965 to be a part disposal of that other land.

(4) Unless the person receiving the compensation makes an election under section 33(3) of the Finance Act 1967, the amount of the consideration for such a part disposal as is referred to in sub-paragraph (3) above shall in the case of land in Great Britain be determined in accordance with paragraph 5(4) of Schedule 14 to the Finance Act 1967 as if the part disposal derived from such a chargeable act or event as is referred to in that paragraph.

1967 c. 54.

Gifts to charities, etc.

12. At the end of paragraph 17(3) of Schedule 7 to the Finance Act 1965 (transactions between connected persons) there shall be added the words—

“ Provided that this sub-paragraph shall not apply to a disposal after 5th April 1969 by way of gift in settlement if—

- (a) the gift is exclusively for charitable purposes, or
- (b) the gift and the income from it is wholly or primarily applicable for educational, cultural or recreational purposes, and the persons benefiting from the application for those purposes are confined to members of an association of persons for whose benefit the gift was made, not being persons all or most of whom are, in the terms of paragraph 21 of this Schedule, connected persons ”.

SCH. 19
1965 c. 25.

Returns by share dealers

13. In paragraph 7 of Schedule 10 to the Finance Act 1965 after sub-paragraph (4) there shall be inserted the following sub-paragraph—

“(4A) A person (other than a member of a stock exchange in the United Kingdom) who acts as an agent or broker in the United Kingdom in transactions in shares or securities may be required to make a return giving particulars of any such transactions effected by him after 5th April 1968 and in the period specified in the notice, and giving particulars of—

- (a) the parties to the transactions,
- (b) the number or amount of the shares or securities dealt with in the respective transactions, and
- (c) the amount or value of the consideration.”

Appropriation to and from trading stock

14.—(1) In sub-paragraphs (1) and (3) of paragraph 1 of Schedule 7 to the Finance Act 1965 for the word “gain” there shall be substituted the words “chargeable gain” and for the word “loss” there shall be substituted the words “allowable loss”.

(2) In sub-paragraph (2) of that paragraph for the word “Where” there shall be substituted the words “If at any time” and after the words “as having acquired it” there shall be inserted the words “at that time”.

(3) This paragraph applies in relation to any appropriation of an asset after 29th April 1969.

Transfer of business to a company

1962 c. 44.

15.—(1) This paragraph shall apply for the purposes of Part III of the Finance Act 1965, and of Chapter II of Part II of the Finance Act 1962, where a person who is not a company transfers to a company a business as a going concern, together with the whole assets of the business, or together with the whole of those assets other than cash, and the business is so transferred wholly or partly in exchange for shares issued by the company to the person transferring the business.

Any shares so received by the transferor in exchange for the business are referred to below as “the new assets”.

(2) The amount determined under sub-paragraph (4) below shall be deducted from the aggregate (referred to below as “the amount of the gain on the old assets”) of the net chargeable gains plus net short-term gains accruing to the transferor on his disposal of the assets included in the business; and if the amount of the gain on the old assets includes both net chargeable gains and net short-term gains, the deduction under this sub-paragraph shall be apportioned rateably between the two kinds of gains.

(3) For the purpose of computing any chargeable gain or short-term gain accruing on the disposal of any new asset—

- (a) the amount determined under sub-paragraph (4) below shall be apportioned between the new assets as a whole, and

(b) the sums allowable as a deduction under paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 (cost of acquisition in relation to chargeable gains) or, as the case may be, the sums allowable in computing any short-term gain on the disposal, shall be reduced by the amount apportioned to the new asset under paragraph (a) above ;

and if the shares which comprise the new assets are not all of the same class, the apportionment between the shares under paragraph (a) above shall be in accordance with their market values at the time they were acquired by the transferor.

(4) The amount referred to in sub-paragraphs (2) and (3)(a) above shall not exceed the cost of the new assets but, subject to that, the said amount shall be a fraction $\frac{A}{B}$ of the amount of the gain on the old assets where—

“ A ” is the cost of the new assets, and

“ B ” is the value of the whole of the consideration received by the transferor in exchange for the business ;

and for the purposes of this sub-paragraph “ the cost of the new assets ” means any sums which would be allowable as a deduction under paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 if the new assets were disposed of as a whole in circumstances giving rise to a chargeable gain.

(5) The provisions of section 33 of, and Schedule 14 to, the Finance Act 1967 (current use value of land in Great Britain) shall be applied, where relevant, in fixing the amount of the gain on the old assets before the provisions of this paragraph are applied.

(6) Paragraph 8 of Schedule 7 to the Finance Act 1965 and paragraph 14 of Schedule 9 to the Finance Act 1962 (which are superseded by this paragraph) shall cease to have effect.

(7) In this paragraph “ net chargeable gains ” means chargeable gains less allowable losses, “ short term gains ” means gains taxable under Chapter II of Part II of the Finance Act 1962, and “ net short term gains ” means short term gains less losses allowable against those gains.

(8) References in this paragraph to the business, in relation to shares or consideration received in exchange for the business, include references to such assets of the business as are referred to in sub-paragraph (1) above.

(9) This paragraph applies in relation to any transfer of a business on or after 6th April 1969 and also, for the purpose of computing the chargeable gains and short term gains accruing to any person who has not before that date disposed of any of the new assets received by him, in relation to any transfer before that date which did not give rise to a chargeable or short-term gain.

Replacement of business assets : depreciating assets

16.—(1) Section 33 of the Finance Act 1965 shall have effect subject to the provisions of this paragraph in which—

(a) the “ held over gain ” means the amount by which, under subsection (1) or subsection (2) of the said section 33, and

SCH. 19

apart from the provisions of this paragraph, any chargeable gain on one asset (called "asset No. 1") is reduced, with a corresponding reduction of the expenditure allowable in respect of another asset (called "asset No. 2"),

- (b) any reference to a gain of any amount being carried forward to any asset is a reference to a reduction of that amount in a chargeable gain coupled with a reduction of the same amount in expenditure allowable in respect of that asset.

(2) If asset No. 2 is a depreciating asset, the held over gain shall not be carried forward, but the claimant shall be treated for the purposes of long-term and short-term tax on capital gains as if so much of the chargeable gain on asset No. 1 as is equal to the held over gain did not accrue until—

- (a) the claimant disposes of asset No. 2, or
(b) he ceases to use asset No. 2 for the purposes of a trade carried on by him, or
(c) the expiration of a period of ten years beginning with the acquisition of asset No. 2,

whichever event comes first.

(3) If, in the circumstances specified in sub-paragraph (4) below, the claimant acquires an asset (called "asset No. 3") which is not a depreciating asset, and so claims under the said section 33—

- (a) the gain held over from asset No. 1 shall be carried forward to asset No. 3, and
(b) the claim which applies to asset No. 2 shall be treated as withdrawn (so that sub-paragraph (2) above does not apply).

(4) The circumstances are that asset No. 3 is acquired not later than the time when the chargeable gain postponed under sub-paragraph (2) above would accrue and, assuming—

- (a) that the consideration for asset No. 1 was applied in acquiring asset No. 3, and
(b) that the time between the disposal of asset No. 1 and the acquisition of asset No. 3 was within the time limited by subsection (3) of the said section 33,

the whole amount of the postponed gain could be carried forward from asset No. 1 to asset No. 3; and the claim under sub-paragraph (3) above shall be accepted as if those assumptions were true.

(5) If part only of the postponed gain could be carried forward from asset No. 1 to asset No. 3, and the claimant so requires, that and the other part of the postponed gain shall be treated as derived from two separate assets, so that, on that claim—

- (a) sub-paragraph (3) above applies to the first-mentioned part, and
(b) the other part remains subject to sub-paragraph (2) above.

(6) Sub-paragraph (2) above shall apply where the claimant is a member of a group of companies as if all members of the group

for the time being were the same person (and in accordance with paragraph 6 of Schedule 13 to the Finance Act 1965, as if all trades carried on by members were the same trade), and so that the gain shall accrue to the member of the group holding the asset on the occurrence of the event mentioned in that sub-paragraph. SCH. 19
1965 c. 25.

This sub-paragraph shall be read as if contained in Part I of the said Schedule 13.

(7) For the purposes of this paragraph an asset is a depreciating asset at any time if—

(a) at that time it is a wasting asset as defined in paragraph 9 of Schedule 6 to the Finance Act 1965, or

(b) within the period of ten years beginning at that time it will become a wasting asset (so defined).

(8) This paragraph does not apply where both the disposal of asset No. 1 and the acquisition of asset No. 2 fell before 6th April 1969.

(9) This paragraph shall be construed as one with the said section 33.

Replacement of business assets : hovercraft

17.—(1) Section 33 of the Finance Act 1965 shall be amended by the addition, at the end of subsection (6), of a further class of asset to which that section applies, namely:—

CLASS 5

Hovercraft (within the meaning of the Hovercraft Act 1968) 1968 c. 59.

(2) This paragraph has effect with respect to any disposal of assets after 5th April 1969.

Company transferring assets to non-resident company

18.—(1) This paragraph shall apply where a company resident in the United Kingdom which is carrying on a trade outside the United Kingdom through a branch or agency transfers the trade carried on through that branch or agency, together with the whole assets of the business used for the purposes of that trade, or together with the whole of those assets other than cash, to a company not resident in the United Kingdom, and the business is so transferred wholly or partly in exchange for shares or for shares and loan stock issued by the transferee company to the transferor company, and the shares so issued, either alone or taken together with any other shares in the transferee company already held by the transferor company, amount in all to not less than one quarter of the ordinary share capital of the transferee company.

(2) For the purposes of Part III of the Finance Act 1965 the transferor company shall be treated as if a fraction of any chargeable gain accruing to it on its disposal of any asset so transferred to the transferee company did not accrue to the transferor company until—

(a) the transferee company disposes or partly disposes of that asset, or ceases to use it, or the transferee company is wound up or dissolved, or

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- (b) the transferor company disposes of all or any of the shares or loan stock issued in exchange by the transferee company, or
 - (c) the expiration of a period of ten years beginning with the transfer, or
 - (d) the passing of a resolution or the making of an order, or any other act, for the winding up of the transferor company (unless that company is not in fact wound up or dissolved),

whichever event comes first.

1965 c. 25. (3) A disposal of shares or loan stock by the transferor company which, by virtue of Schedule 13 to the Finance Act 1965 (groups of companies), is treated as giving rise to neither a gain nor a loss shall be disregarded for the purposes of sub-paragraph (2)(b) above, but on the first occasion after such a disposal that there is a disposal which is not so treated of all or any of those shares or that loan stock, that sub-paragraph shall apply as if the disposal were a disposal by the transferor company.

(4) The fraction referred to in sub-paragraph (2) above is $\frac{A}{B}$

where—

A is the market value at the time of the transfer of the shares and of any loan stock received by the transferor company in exchange for the business (including any such assets as are referred to in sub-paragraph (1) above), and

B is the market value at the time of the transfer of the whole of the consideration so received by the transferor company.

(5) For the purposes of this paragraph the ordinary share capital of a company means all the issued share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company; and if all or part of the ordinary share capital of the transferee company consists of shares of no par value, the proportion of one quarter shall be determined according to the market value of the ordinary share capital at the time of the transfer.

(6) This paragraph applies in relation to any transfer of a trade and assets after 10th April 1968 and all such adjustments shall be made by discharge or repayment of tax as are required to give effect to the provisions of this paragraph.

(7) This paragraph shall be construed as if it formed part of Part IV of the Finance Act 1965 (company taxation).

Interest charged to capital by a company

19.—(1) Where—

- (a) a company incurs expenditure on the construction of any building, structure or works, being expenditure allowable as a deduction under paragraph 4 of Schedule 6 to the Finance Act 1965 in computing a gain accruing to the company on the disposal of the building, structure or work, or of any asset comprising it, and

- (b) that expenditure was defrayed out of borrowed money, and Sch. 19
 (c) the company charged to capital all or any of the interest on that borrowed money referable to a period or part of a period ending on or before the disposal, and
 (d) the disposal occurred after 5th April 1969,

the sums so allowable under the said paragraph 4 shall include the amount of that interest charged to capital.

(2) Paragraph 3 of Schedule 14 to the Finance Act 1967 (restriction on deductions where gain computed by reference to current use value of land) shall not restrict the sums allowable under sub-paragraph (1) above. 1967 c. 54.

(3) This paragraph shall be construed as if it formed part of Part IV of the Finance Act 1965 (company taxation). 1965 c. 25.

Company ceasing to be a member of a group

20. References in paragraphs 18 and 19 of Schedule 12 to the Finance Act 1968 to a company ceasing to be a member of a group of companies do not apply to cases where, after 5th April 1969, a company ceases to be a member of a group of companies— 1968 c. 44.

- (a) by being wound up or dissolved, or
 (b) in consequence of another member of the group being wound up or dissolved.

Loss on disposal of shares etc. attributable to depreciatory transaction

21.—(1) For the purposes of paragraph 20 of Schedule 12 to the Finance Act 1968 (losses attributable to depreciatory transactions in a group) as it has effect in relation to disposals of shares in or securities of a company after 29th April 1969, any transaction effected on or after 6th April 1965 which materially reduced the value of those shares or securities and fulfils the conditions specified in sub-paragraph (2) below shall be a depreciatory transaction, notwithstanding that it does not consist of such a disposal of assets as is referred to in sub-paragraph (1) of the said paragraph 20.

(2) The conditions referred to in sub-paragraph (1) above are—

- (a) that the company, the shares in which or securities of which are disposed of as mentioned in the said paragraph 20(1) or any subsidiary of that company was a party to the transaction, and
 (b) that the parties to the transaction were or included two or more companies which at the time of the transaction were members of the same group of companies.

(3) Without prejudice to the generality of sub-paragraph (1) above (or of any reference to a disposal of assets in the said paragraph 20) the cancellation of any shares in or securities of one member of a group of companies under section 66 of the Companies Act 1948 shall, to the extent that immediately before the cancellation those shares or securities were the property of another member of the group, be taken to be a transaction fulfilling the conditions in sub-paragraph (2) above. 1948 c. 48.

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(4) Where the following conditions apply, namely,—

- (a) that one company (in this sub-paragraph referred to as “the first company”) has a holding in another company (in this sub-paragraph referred to as “the second company”) and the holding amounts to, or is an ingredient in a holding amounting to, 10 per cent. of all holdings of the same class in the second company,
- (b) that the first company is not a dealing company, as defined in paragraph 10(7) of Schedule 14 to this Act, in relation to the holding,
- (c) that a distribution is or has been made after 29th April 1969 to the first company in respect of the holding, and
- (d) that the effect of the distribution is that the value of the holding is or has been materially reduced,

1965 c. 25.

then, subject to sub-paragraph (5) below, the said paragraph 20 shall apply in relation to any disposal of any shares or securities comprised in the holding, whether the disposal is by the first company or by any other company to which the holding is transferred by a transfer to which paragraph 2 of Schedule 13 to the Finance Act 1965 applies, as if the distribution were a depreciatory transaction and, if the companies concerned are not members of a group of companies, as if they were.

(5) For the purposes of the said paragraph 20, neither a transaction (whether consisting of the disposal of assets or otherwise) nor a distribution falling within sub-paragraph (4) above shall be treated as a depreciatory transaction to the extent that it consists of a payment which is required to be or has been brought into account, for the purposes of corporation tax on chargeable gains, in computing a chargeable gain or allowable loss accruing to the person making the disposal referred to in sub-paragraph (1) of that paragraph.

(6) Except in so far as this paragraph extends the concept of a depreciatory transaction, expressions used in this paragraph have the same meaning as in the said paragraph 20 and in this paragraph—

“distribution” has the meaning assigned to it by Schedule 11 to the Finance Act 1965,

1968 c. 44.

“subsidiary” has the same meaning as in Schedule 12 to the Finance Act 1968, and

“holding” has the same meaning as in paragraph 10 of Schedule 14 to this Act and sub-paragraph (4) of that paragraph shall apply for the purpose of determining whether a holding is an ingredient in a holding amounting to 10 per cent. of all holdings of a particular class.

(7) Section 65 of the Finance Act 1965 (tax avoidance in relation to capital gains and other matters by dividend stripping and bond-washing) shall not apply in relation to a distribution made after 29th April 1969.

Company amalgamations and reconstructions

22.—(1) In relation to any transfer of the whole or part of a company’s business taking effect after 19th June 1969, any reference

to a company in paragraph 7(2) of Schedule 7 to the Finance Act 1965 (transfer of business on amalgamation or reconstruction to be on a no-gain, no-loss basis in certain cases) shall be construed as a reference to a company within the meaning of Part IV of the Finance Act 1965 and where, on or before that date—

- (a) the said paragraph 7(2) applied on the transfer of the whole or part of a business to a body which is not a company within the meaning of the said Part IV, but
- (b) all or any of the assets included in the transfer were not disposed of by that body,

then any disposal by that body after that date of any of the assets referred to in paragraph (b) above shall be disregarded for the purposes of Chapter II of Part II of the Finance Act 1962 (tax on short-term gains).

(2) The said paragraph 7(2) shall not apply in the case of a transfer on or after 29th April 1969 of the whole or part of a company's business to a unit trust scheme to which subsection (1) or subsection (2) of section 38 of the Finance Act 1965 (unit trusts for exempt unit holders) applies.

(3) Where the said paragraph 7(2) of Schedule 7 has applied on the transfer of a company's business (in whole or in part) to a unit trust scheme to which at the time of the transfer neither subsection (1) nor subsection (2) of section 38 of the Finance Act 1965 applied, then if—

- (a) at any time after the transfer the unit trust scheme becomes in a year of assessment one to which either of those subsections does apply, and
- (b) at the beginning of that year of assessment the unit trust scheme still owns any of the assets of the business transferred,

the unit trust scheme shall be treated for all the purposes of Part III of the Finance Act 1965 as if immediately after the transfer it had sold, and immediately re-acquired, the assets referred to in paragraph (b) above at their market value at that time.

(4) Notwithstanding any limitation on the time for making assessments, an assessment to corporation tax chargeable in consequence of sub-paragraph (3) above may be made at any time within six years after the end of the year of assessment referred to in that sub-paragraph and where under that sub-paragraph a unit trust scheme is to be treated as having disposed of, and re-acquired, an asset of a business, all such recomputations of liability in respect of other disposals and all such adjustments of tax, whether by way of assessment or by way of discharge or repayment of tax as may be required in consequence of the provisions of that sub-paragraph shall be carried out.

(5) At the end of paragraph 15(2) of Schedule 12 to the Finance Act 1968 (application of paragraph 7(1) of Schedule 7 to Finance Act 1965 to companies having no share capital) there shall be added, with effect from 6th April 1969, the words—

“In this sub-paragraph ‘company’ has the same meaning as in Part III of the Finance Act 1965”.

- SCH. 19
1967 c. 54,
1967 c. 1.
- Betterment levy relief : consequential adjustments*
- 23.—(1) In section 33 of the Finance Act 1967 (exclusion of development value) after subsection (3) insert—
- “(3A) If a disposal constitutes a chargeable act or event exempted from levy by section 59A of the Land Commission Act 1967 this section shall apply as if an election had been made under this section as respects the disposal.”
- (2) At the end of paragraph 2 of Schedule 14 to the said Act (adjustment of current use value reflecting new development) insert—
- “(3) Where the project of material development is exempt from levy by virtue of section 59A of the Land Commission Act 1967—
- (a) this paragraph shall not apply unless some amount of the development value in the project was charged to levy on an occasion before the beginning of the project, and
- (b) if some amount of that development value was so charged to levy, the relief under this paragraph (that is to say the notional expenditure credited to the owner of the land under sub-paragraph (1)(a) above) shall not exceed that amount.
- For the purposes of this sub-paragraph an amount of development value in the project shall be regarded as having been charged to levy on such an earlier occasion if, in relation to the project, there is a base value under Schedule 5 to the said Act, and the said amount shall be that base value less the current use value of the land immediately before the project was begun.
- (4) Where under section 60A of the said Act the net development value is reduced by any amount, the relief under this paragraph shall be reduced by that amount”.

Section 60.

SCHEDULE 20

CONSOLIDATION AMENDMENTS

Conversion of Case VIII of Schedule D (rents etc.) into new Schedule A

- 1963 c. 25.
- 1.—(1) Sections 14(1)(b), 15(1) and 15(2) of the Finance Act 1963 shall, in relation to income tax and corporation tax for years of assessment and accounting periods ending after 5th April 1970, have effect as if, instead of imposing a charge to tax under Case VIII of Schedule D, they imposed the like charge under a new Schedule, to be known as Schedule A; and accordingly, in relation to tax for any such year or period—
- (a) in all other enactments, instruments and documents, any reference to the said Case VIII, whether a specific reference or one imported by more general words, shall be construed as a reference to Schedule A, and
- (b) in paragraph 1(b) of Schedule D, as set out in section 122 of the Income Tax Act 1952, after “not charged under” insert “Schedule A”.
- 1952 c. 10.

(2) It is hereby declared that nothing in this paragraph affects the continuity of the operation of the Income Tax Acts or the Corporation Tax Acts. SCH. 20

Restatement of details of Schedule B charge

2.—(1) Sub-paragraphs (2) to (4) below shall have effect in substitution for paragraph 2 of Schedule B, as set out in section 83 of the Income Tax Act 1952, sections 115(1) and 222 of that Act, section 28(2) of the Finance Act 1963 and section 54(5) of the Finance Act 1965. 1952 c. 10. 1963 c. 25. 1965 c. 25.

(2) Tax under Schedule B shall be charged on the occupier of the woodlands on the assessable value of his occupation in the year of assessment or company's accounting period, and the amount on which he is chargeable shall be deemed for all tax purposes to be income arising from that occupation.

(3) For the purposes of tax under that Schedule—

- (a) the assessable value of a person's occupation of woodlands is an amount equal to one-third of the woodlands' annual value, or a proportionate part of that amount if the period in respect of which he is chargeable is less than one year, and
- (b) the annual value of any woodlands shall be determined in accordance with Schedule 5 to the Finance Act 1963, but as if the land, instead of being woodlands, were let in its natural and unimproved state.

(4) For the purposes of the said Schedule B and of sub-paragraphs (2) and (3) above, every person having the use of lands shall be deemed to be the occupier thereof, and references to occupation shall be construed accordingly.

(5) In consequence of the above provisions, in section 28(3) of the Finance Act 1963, for all the words after "assessable value" substitute "for the purposes of Schedule B of his occupation of the land in that year".

Case VII of Schedule D

3. The following provisions (which exclude from the short term capital gains tax, or from particular rules relating thereto, transactions where the acquisition or disposal took place before a certain date) shall cease to have effect—

- (a) in the Finance Act 1962, the proviso to section 10(1), 1962 c. 44.
- (b) in the Finance Act 1965, in section 17(9), the paragraph beginning "This subsection", section 17(14) and section 18(6), and
- (c) in the Finance Act 1968, section 33(5) and, in Schedule 13, paragraphs 1(4) and 5(1). 1968 c. 44.

Receipts after cessation or change of basis

4.—(1) No amount shall be deducted under section 32(4) of the Finance Act 1960 if that amount has been allowed under any other provision of the Income Tax Acts or the Corporation Tax Acts. 1960 c. 44.

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1960 c. 44.
1968 c. 44. (2) Section 33(3) of the Finance Act 1960 and paragraph 6(1) of Schedule 10 to the Finance Act 1968 (elections for carry-back) shall be amended as follows—

(a) in the said section 33(3)—

(i) for “that person” substitute “or his personal representatives, that person or (in either case) his personal representatives”,

(ii) for the words from “in lieu of” to “year in” substitute “be charged as if the sum or sums in question were received on the date on”, and

(iii) for the words from “upon him” to “case may be” substitute “accordingly”, and

(b) in the said paragraph 6(1)—

(i) for “the recipient” substitute “by the person by whom the trade, profession or vocation was carried on before the discontinuance or change of basis, or his personal representatives, that person or (in either case) his personal representatives”, and

(ii) omit “on him”.

1965 c. 25.
1953 c. 34. (3) It is hereby declared that, by virtue of section 63(5) of the Finance Act 1965, section 34 of the Finance Act 1960 (receipts and losses accruing after change treated as discontinuance under section 19 of the Finance Act 1953) applies in the case of an event treated as a discontinuance by virtue of section 54(2) of the said Act of 1965 as it applies in the case of a change so treated under the said section 19.

(4) It is further declared—

(a) that so much of section 18(6) of the Finance Act 1968 as provides that a trade, profession or vocation carried on before a discontinuance is not to be treated as the same as any carried on after the discontinuance applies only for the purposes of section 19 of that Act, and

(b) that paragraph 4(1) of Schedule 10 to the said Act of 1968 (work in progress) is to be construed in accordance with section 43(5) of the Finance Act 1960.

Pensions

1952 c. 10. 5.—(1) For paragraph 2 of Schedule E in section 156 of the Income Tax Act 1952 (charging pensions by reference to the terms of Schedule D) substitute—

“2. Tax under this Schedule shall also be charged in respect of any pension which is paid otherwise than by or on behalf of a person outside the United Kingdom.”.

(2) For paragraph 3 of that Schedule (pensions and annuities payable by reason of service outside the United Kingdom) substitute—

“3. Where—

(a) any pension or annuity is payable in the United Kingdom by or through any public department, officer or agent of the government of a territory to which this paragraph

applies (but otherwise than out of the public revenue of the United Kingdom or the public revenue of Northern Ireland) to a person who has been employed in relevant service outside the United Kingdom in respect of that service, or

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- (b) any pension or annuity is so payable to the widow, child, relative or dependant of any such person as aforesaid,

and the person in receipt of the pension or annuity is chargeable to tax as a person resident in the United Kingdom, the pension or annuity shall be chargeable to tax under this Schedule.

The territories to which this paragraph applies are—

- (i) any country forming part of Her Majesty's dominions,
 (ii) any other country for the time being mentioned in section 1(3) of the British Nationality Act 1948, and
 (iii) any territory under Her Majesty's protection,

and in this paragraph "relevant service" means the service of the Crown, or service under the government of a territory to which this paragraph applies."

- (3) A pension which—

- (a) is paid by or on behalf of a person outside the United Kingdom, and

- (b) is not charged under paragraph 3 of Schedule E

shall be charged to tax under Case V of Schedule D.

Close companies : surtax apportionments : loan creditors

6.—(1) In paragraph 11(1) of Schedule 5 to the Finance Act 1966 ^{1966 c. 18.} (rule for determining interests of loan creditors in the case of any company which is an investment company), for "which is an investment company" substitute "which is not a trading company as defined in paragraph 8(1) of Schedule 18 to the said Act of 1965".

(2) Subsection (5)(a) of section 78 of the Finance Act 1965 ^{1965 c. 25.} (applying certain provisions of the Income Tax Act 1952 to apportionments under that section) shall not have effect so as to apply the provisos to section 258(3) of the said Act of 1952 (beneficial interests in loans) in the case of any trading company as defined in paragraph 8(1) of Schedule 18 to the said Act of 1965: and in the said provisos as they apply by virtue of the said subsection (5)(a) in the case of any other company, "participator" shall not be substituted for "loan creditor" (as required by the said subsection (5)(a)), but—

- (a) for "this Chapter" (in both places) substitute "section 78 of the Finance Act 1965",
 (b) for "the said subsection (1)" (in both places) substitute "subsection (5) of the said section 78",
 (c) omit "the income of" (twice), and
 (d) for "by virtue of the preceding provisions of this section" (in both places) substitute "in respect of that loan capital or debt".

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Foreign income tax

7.—(1) For the purposes of the Income Tax Acts and the Corporation Tax Acts, the amount of any income arising in any place outside the United Kingdom shall, subject to the provisions of this paragraph, be treated as reduced by any sum which has been paid in respect of tax on that income in the place where the income has arisen (that is to say tax payable under the law of a country outside the United Kingdom).

(2) Sub-paragraph (1) of this paragraph—

(a) shall not apply to income the tax on which is to be computed by reference to the amount of income received in the United Kingdom, and

1952 c. 10.

(b) shall not affect the proviso to section 227(2) of the Income Tax Act 1952 (personal relief for non-residents: computation by reference to amount of total income, including income not taxed in the United Kingdom),

1965 c. 25.

and this paragraph has effect subject to paragraph 2(2) of Schedule 16 to the Finance Act 1965 (no deduction for foreign tax where credit is allowable for that tax against income tax or corporation tax).

Commonwealth Agents-General, and official agents, etc.

8.—(1) An Agent-General who is resident in the United Kingdom shall be entitled to the same immunity from income tax as that to which the head of a mission so resident is entitled under the Diplomatic Privileges Act 1964.

1964 c. 81.

(2) Any person having or exercising any employment to which this sub-paragraph applies (not being a person employed in any trade, business or other undertaking carried on for the purposes of profit) shall be entitled to the same immunity from income tax as that to which a member of the staff of a mission is entitled under the Diplomatic Privileges Act 1964.

The employments to which this sub-paragraph applies are the employment in the United Kingdom as—

(a) a member of the personal staff of any Agent-General, or

(b) an official agent for, or for any state or province of, any of the countries for the time being mentioned in section 1(3) of the British Nationality Act 1948 or the Republic of Ireland, or

1948 c. 5.

(c) an official agent for any self-governing colony.

of a person certified by the High Commissioner of the country in question or, as the case may be, by the Agent-General for the state, province or self-governing colony in question to be ordinarily resident outside the United Kingdom and to be resident in the United Kingdom solely for the purpose of the performance of his duties as such member or official agent.

(3) In this paragraph—

“Agent-General” means the Agent-General for any state or province of a country within sub-paragraph (2)(b) above or for any self-governing colony ;

“High Commissioner” includes the head of the mission of a country within sub-paragraph (2)(b) above, by whatever name called ; SCH. 20

“mission” has the same meaning as in the Diplomatic Privileges Act 1964, and references to the head of a mission and a member of the staff of a mission shall be construed in accordance with that Act ; 1964 c. 81.

“self-governing colony” means any colony certified by a Secretary of State to be a self-governing colony.

(4) Section 461 of the Income Tax Act 1952 (which is superseded by this paragraph) shall cease to have effect, and— 1952 c. 10.

(a) in section 39(2) of the Finance Act 1960 (application of Tax Acts to public departments), for the reference to any country, state, province or colony specified in subsection (2) of the said section 461 substitute a reference to any country, state, province or colony within sub-paragraph (2)(b) or (2)(c) above, 1960 c. 44.

(b) in section 35(3) of the Finance Act 1965 (capital gains tax exemptions), for the reference to the said section 461 substitute a reference to this paragraph. 1965 c. 25.

Definition of “company”

9.—(1) In the following provisions of the Income Tax Act 1952 “company” shall mean a company as defined for the purposes of Part IV of the Finance Act 1965—

Section 27(2) (returns by employers of lists of employees).

Chapter III of Part IX as applied to close companies by Part IV of the Finance Act 1965.

Section 444 (mutual business).

(2) The said definition of company shall also apply for the purposes of the following provisions relating to double taxation relief—

In the Income Tax Act 1952, paragraph 10 of Schedule 16 and paragraph 3 of Schedule 17.

Section 16 of the Finance Act 1964. 1964 c. 49.

Section 30(2) of the Finance Act 1966. 1966 c. 18.

Section 30 of the Finance Act 1968. 1968 c. 44.

(3) The said definition shall also apply for the purposes of Chapter II of Part II of the Finance Act 1962 (short term capital gains), but this sub-paragraph shall not be taken as extending the exemption from tax under the said Chapter II which is conferred on companies by section 82(2) of the Finance Act 1965 to any unit trust scheme which is not an authorised unit trust scheme within the meaning of section 69 of the Finance Act 1960. 1962 c. 44.

Meaning of “connected person”

10. In sections 32(1) and 47(3) of the Finance Act 1963 and section 25(10)(b) of the Finance Act 1966, for references to paragraph 20 of Schedule 9 to the Finance Act 1962 (meaning of “con- 1963 c. 25.

- SCH. 20
1965 c. 25.
1962 c. 44.
- ected person”) substitute references to paragraph 21 of Schedule 7 to the Finance Act 1965 (which defines that expression similarly, but, in sub-paragraph (3), with minor variations as respects trustees of settlements); and the said paragraph 21 shall also apply instead of the said paragraph 20 for the purposes of paragraph 12(2) of Schedule 9 to the Finance Act 1962.

Discharge of functions of Commissioners of Inland Revenue

- 1890 c. 21.
- 11.—(1) The Inland Revenue Regulation Act 1890 (in which “the Commissioners” means the Commissioners of Inland Revenue) shall be amended as follows.
- (2) After section 4 insert—
- “Exercise of functions of Commissioners. 4A. Any function conferred by or under any enactment, including any future enactment, on the Commissioners may be exercised by any officer of the Commissioners acting under their authority:
- Provided that this section shall not apply to the making of any statutory instrument.”
- (3) At the end of section 24 add—
- “(4) Any notice or other document purporting to be issued in exercise of any function conferred on the Commissioners shall, until the contrary is proved, be deemed to be so issued.”

Appeals against assessment

- 12.—(1) An appeal may be brought against an assessment to income tax (including surtax), capital gains tax, or corporation tax by a notice of appeal in writing given within thirty days after the date of the notice of assessment.
- (2) The notice of appeal shall be given to the inspector or other officer of the Board by whom the notice of assessment was given.
- (3) An appeal against an assessment to surtax, or any other assessment made by the Board, shall be to the Special Commissioners.
- 1964 c. 37.
- (4) Subject to sub-paragraph (3) above, the appeal shall be to the General Commissioners, except that the appellant may elect (in accordance with section 12(2) of the Income Tax Management Act 1964) to bring the appeal before the Special Commissioners instead of the General Commissioners.
- (5) The notice of appeal against any assessment shall specify the grounds of appeal, but on the hearing of the appeal the Commissioners may allow the appellant to put forward any ground not specified in the notice, and take it into consideration if satisfied that the omission was not wilful or unreasonable.
- 1952 c. 10.
- (6) This paragraph has effect instead of—
- (a) sections 51, 62 and 63(1) of the Income Tax Act 1952, and (so far as it relates to a right of appeal) section 229(4) of that Act, with the entry relating thereto in Schedule 4 to the Income Tax Management Act 1964,

- (b) paragraph 1(2) of Schedule 10 to the Finance Act 1965, and Regulations 3 and 4 of the Capital Gains Tax Regulations 1967, and SCH. 20
1965 c. 25.
S.I. 1967/149.
- (c) sub-paragraphs (2) and (4) of paragraph 6, and paragraph 17(2), of Schedule 6 to the Finance Act 1966, 1966 c. 18.

but has effect subject to any other express provision relating to any of the taxes mentioned in sub-paragraph (1) above, including in particular any provision under which an appeal lies to the Special Commissioners to the exclusion of the General Commissioners, any provision transferring jurisdiction to some other tribunal, and any provision making one kind of assessment conclusive in an appeal against another kind of assessment.

Evidence and procedure in appeals and other proceedings before Commissioners

13.—(1) Sub-paragraphs (2) and (3) below shall have effect in substitution for section 59(1) of the Income Tax Act 1952 (evidence). 1952 c. 10.

(2) Any party to an appeal to the Commissioners shall be entitled to adduce any lawful evidence.

(3) The Commissioners may summon any person (other than the appellant) to appear before them and give evidence, and a witness before the Commissioners may be examined on oath:

Provided that any agent or servant of the appellant, and any other person confidentially employed in his affairs, may refuse to be sworn or to answer any question to which he objects.

(4) In section 59(3)(b) of that Act, the words “or to subscribe the oath” shall be omitted; and the proviso to that subsection shall be taken as referring to any such person as is within the proviso to sub-paragraph (3) above.

(5) In section 52(4) of the said Act of 1952 (right of appellant or officers to appear by barrister or solicitor) for “the appellant or officers” substitute “any party to the appeal”.

Interest on overdue tax

14.—(1) Sections 495 and 496 of the Income Tax Act 1952 and section 58 of the Finance Act 1960, as extended to capital gains tax and corporation tax by paragraph 1(1) of Schedule 10 and paragraph 8 of Schedule 15 to the Finance Act 1965, shall have effect subject to and in accordance with the following provisions. 1960 c. 44.

(2) Subsection (1) of the said section 495 shall apply to any assessment to corporation tax as it applies to any assessment to surtax.

(3) The said section 496 shall not apply in consequence of any repayment of tax under section 75(2) of the said Act of 1965.

(4) For the purposes of the said section 496, a relief from corporation tax or capital gains tax shall not be treated as affecting tax charged by any assessment unless the assessment is to the same tax, and a relief from tax under section 75, 76 or 77 of the said Act

SCH. 20 of 1965 shall not be so treated unless the assessment is to tax under the same section.

(5) For the purposes of section 58 of the said Act of 1960 as applied for capital gains tax, the date when capital gains tax charged for any year of assessment ought to have been paid shall be 6th July in the next following year of assessment.

Form of returns

15. Any return, statement or declaration under the enactments relating to capital gains tax shall be in such form as the Board prescribe.

Service of documents

16.—(1) Any notice or other document to be given, sent, served or delivered under the Income Tax Acts, the enactments relating to capital gains tax or the Corporation Tax Acts may be served by post, and, if to be given, sent, served or delivered to or on any person by the Board, by any officer of the Board, or by or on behalf of any body of Commissioners, may be so served addressed to that person—

(a) at his usual or last known place of residence, or his place of business or employment, or

(b) in the case of a company, at any other prescribed place and, in the case of a liquidator of a company, at his address for the purposes of the liquidation or any other prescribed place.

(2) In sub-paragraph (1) above “prescribed” means prescribed by regulations made by the Board, and the power of making regulations for the purposes of that sub-paragraph shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

1965 c. 25. (3) In this paragraph “company” has the same meaning as in Part IV of the Finance Act 1965.

The Income Tax Act 1952

1952 c. 10. 17.—(1) Section 12(4) of the Income Tax Act 1952 (Commissioners not to be concerned with their own tax cases) shall cease to have effect, but no General Commissioner or Special Commissioner shall act as such in relation to any matter in which he has a personal interest, or is interested on behalf of another person, except with the express consent of the parties to the proceedings.

(2) Section 65(2) of the said Act of 1952 (double assessments) shall apply in relation to corporation tax as it applies in relation to income tax, but with the substitution for “year” of “accounting period”.

(3) Section 66(1) of the said Act of 1952 (relief for error or mistake) shall apply to any assessment to income tax, and the words “under Schedule D or Schedule E” shall cease to have effect.

(4) In section 72(2) of the said Act of 1952, omit paragraph (c) (dates for payment of tax in respect of office or employment not covered by pay as you earn regulations). SCH. 20

(5) For section 120 of the said Act of 1952 (dividends of non-residents) substitute the following—

“ 120.—(1) No tax shall be chargeable in respect of dividends payable in the United Kingdom on the securities of any state or territory outside the United Kingdom, or in respect of any dividends or proceeds chargeable apart from this subsection under paragraph 3 or 4 of Schedule C, if it is proved, on a claim in that behalf made to the Commissioners of Inland Revenue, that the person owning the securities and entitled to the dividends or proceeds is not resident in the United Kingdom.

(2) Where securities are held under a trust, and the person who is the beneficiary in possession under the trust is the sole beneficiary in possession and can, by means either of the revocation of the trust or of the exercise of any powers under the trust, call upon the trustees at any time to transfer the securities to him absolutely free from any trust, that person shall, for the purposes of subsection (1) above, be deemed to be the person owning the securities.”

(6) In section 121 of the said Act of 1952, in the definition of “dividends”—

(a) omit “(except in the phrase ‘stock, dividends or interest’)”,
and

(b) before “annuities”, where it first occurs, insert “public”.

Accordingly—

(i) in section 117 of the said Act, omit paragraph 6 of Schedule C, and

(ii) in section 119(1) and (2) of that Act, for “dividends or interest” substitute “or dividends”.

(7) The appeal given by section 127(3) of the said Act of 1952 as amended by Schedule 4 to the Income Tax Management Act 1964 c. 37. 1964 (decision by Board whether or not to give a direction as to basis period) shall lie to the General Commissioners unless the appellant elects in accordance with section 12(2) of the said Act of 1964 to bring the appeal before the Special Commissioners instead of the General Commissioners.

(8) In section 129(3) of the said Act of 1952 (notice to revise basis of assessment: change in persons carrying on trade)—

(a) for “if given after the occurrence of the change” substitute “if given after the occurrence of the change, and after notice has been given under section 19(3) of the Finance Act 1953 as respects the change”, and

(b) in paragraphs (i) and (ii), for “the persons” substitute “the individuals”.

(9) It is hereby declared that Part IV of the Finance Act 1965 c. 25. does not apply anything in section 132 of the Income Tax Act 1952 c. 10. (allowable deductions and remittance basis) for the purposes of

- SCH. 20 corporation tax, but that so much of section 429(1) of the said Act of 1952 (foreign life assurance funds) as requires tax or income to be computed by reference to the amount of income received in the United Kingdom as in the cases mentioned in subsection (2) of the said section 132 does apply for the purposes of corporation tax under Cases IV and V of Schedule D.
- 1964 c. 37. (10) In section 137 of the said Act of 1952 (as amended by paragraph (1)(c) of Schedule 4 to the Income Tax Management Act 1964)—
- (a) in paragraph (c) (rent of accommodation used partly for trade, profession or vocation), omit “shall be such as may be determined by an inspector and”, and, for “an inspector is of opinion”, substitute “it appears”, and
- (b) in paragraph (i) (bad and doubtful debts) omit “to the satisfaction of an inspector”.
- (11) In section 144(4) of the said Act of 1952 (partnership returns), for “the respective Commissioners may, if they think fit,” substitute “an inspector may, if he thinks fit,” and for “they are” substitute “he is”.
- 1965 c. 25.
1952 c. 10. (12) It is hereby declared that Part IV of the Finance Act 1965 does not apply section 148 or 153 of the Income Tax Act 1952 for the purposes of corporation tax.
- (13) For the purposes of section 155(1) of the said Act of 1952 as applied by section 53 of the Finance Act 1965, apportionments shall be made on a time basis in accordance with section 89(6) of the said Act of 1965, and section 155(2) of the said Act of 1952 (apportionment on a monthly basis) shall not apply.
- (14) In section 169(1) of the said Act of 1952 (payments out of profits or gains brought into charge to income tax) as amended by Part II of Schedule 13 to this Act, after “payment”, where it first occurs, insert “charged with tax under Case III of Schedule D”; and in section 170(1)(a) of that Act (payments not out of profits or gains brought into charge to income tax) as so amended, before “Schedule D”, insert “Case III of”.
- In consequence of the amendments made by the preceding provision—
- 1963 c. 25. (a) omit subsections (2) and (4) of the said section 169, and subsection (5) of the said section 170;
- (b) in section 16(6) of the Finance Act 1963, omit “other payments being” and, before “Schedule D”, insert “Case III of”, and
- (c) in sections 52(3)(a) and 53(5)(b) of the Finance Act 1965, for “but not including sums falling within section 169(4) (rents, etc.)” substitute “but not including sums which are, or but for any exemption would be, chargeable under Schedule A”.
- (15) For section 190 of the said Act of 1952 (dividends of non-residents) there shall be substituted the following section—
- “190.—(1) In the cases mentioned in sections 188 and 189 above, no tax shall be chargeable if it is proved, on a claim in

that behalf made to the Commissioners of Inland Revenue, that the person owning the stocks, funds, shares or securities and entitled to the dividends or proceeds is not resident in the United Kingdom. SCH. 20

(2) Where stocks, funds, shares or securities are held under a trust, and the person who is the beneficiary in possession under the trust is the sole beneficiary in possession and can, by means either of the revocation of the trust or of the exercise of any powers under the trust, call upon the trustees at any time to transfer the stocks, funds, shares or securities to him absolutely free from any trust, that person shall, for the purposes of subsection (1) above, be deemed to be the person owning the stocks, funds, shares or securities."

(16) Section 193 of the said Act of 1952 (exemption for interest on certain savings certificates issued to local residents by the government of Northern Ireland, of Ceylon, or of any colony, protectorate, protected state, trust territory or mandated territory) shall apply only to certificates issued by the government of Northern Ireland.

(17) Sections 203(1)(ii) and 416(3) of the said Act of 1952 (sale and repurchase of, and transfers of income arising from, securities) shall apply in relation to corporation tax in accordance with paragraph 3 of Schedule 15 to the Finance Act 1965, and with the omission, in the said section 203(1)(ii), of the words "unless he shows that it has borne tax at the standard rate", and, in the said section 416(3), of the words "that it has borne tax at the standard rate or". 1965 c. 25.

(18) In section 207(1)(b) of the said Act of 1952 (information about court orders), for "vary an order" substitute "vary or revive an order".

(19) In section 212(5) of the said Act of 1952 (child relief) for "Governor of Northern Ireland" substitute "Ministry of Education for Northern Ireland".

(20) In section 214(1) of the said Act of 1952 (child-minder and housekeeper relief), omit "for the purpose of having the charge and care of any child of his or" and "take such charge or", and, after "some other female person", insert "to reside with him".

(21) In section 219(2)(a)(i) of the said Act of 1952 (life insurance relief: insurances made after 22nd June 1916), for "India" substitute "any other country mentioned in section 1(3) of the British Nationality Act 1948"; and in section 225(2)(a)(i) of that Act (relief for earlier insurances), for "Her Majesty's dominions, India or the Republic of Ireland" substitute "the Crown's dominions". 1948 c. 56.

(22) In section 226(5) of the said Act of 1952 (life insurance relief: supplementary provisions), for "Commissioners to whom the claim for relief is made" substitute "inspector".

(23) In section 227(2)(b) of the said Act of 1952 (personal reliefs for non-residents), for "native State" substitute "territory".

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- SCH. 20 (24) In section 229(1) of the said Act of 1952 (dates for payment of surtax) for "signed and allowed" substitute "made" (twice).
- S.I. 1965/433. (25) Subsections (6) and (7) of section 229 of the said Act of 1952 (surtax regulations) shall cease to have effect, together with the Income Tax (Surtax, etc.) Regulations 1965, but, in section 232 of that Act (power of Board to require additional particulars for purposes of surtax), after "The Board may for the purpose of charging surtax" insert "by notice in writing".
- (26) In section 237 of the said Act of 1952 (surtax avoidance by sales cum dividend, etc.), in subsection (7)(b), for "duty has been paid at the rate of one or two pounds per cent" substitute "ad valorem duty has been paid".
- (27) In section 249(2) of the said Act of 1952 (surtax apportionments), omit paragraph (a) and, in paragraph (b), after "shall" insert "for the purposes of surtax".
- 1965 c. 25. (28) It is hereby declared that, in section 342(4) of the said Act of 1952 (losses carried forward) the expression "this Act" includes the provisions of Part IV of the Finance Act 1965 about income tax under Schedule F (which replace the provisions of the said Act of 1952 about the taxation of company dividends).
- (29) It is hereby declared that, in section 347(1)(b) and section 347(4) of the said Act of 1952 (matters which may be included in double taxation agreements), references to income included, in relation to the profits tax, references to profits chargeable to that tax, so that, under section 64(1) of the Finance Act 1965, the said provisions apply to income chargeable to corporation tax as well as income chargeable to income tax.
- (30) In section 352 of the said Act of 1952 (power to make special agreements for double taxation relief in respect of shipping, air transport and agency profits), for "any country to which this section applies" in subsections (1) and (2) substitute "any territory outside the United Kingdom", and for "country", wherever else occurring in those subsections, substitute "territory".
- 1968 c. 44. (31) In sections 354(2) and 359(1)(2) of the said Act of 1952 (husband and wife) and section 15(7) of the Finance Act 1968 (parent and child), after "curator", wherever it occurs, insert "receiver".
- (32) In section 355(1) of the said Act of 1952 (option for separate assessment) for "income tax" and "tax" substitute "income tax other than surtax".
- 1964 c. 37. (33) Exemption under section 379(1) of the said Act of 1952 in respect of income derived from investments or deposits of a superannuation fund shall be given on a claim to which section 9 of the Income Tax Management Act 1964 shall apply.
- (34) For the purposes of any charge to corporation tax under section 419 of the said Act of 1952 (estates of deceased persons: absolute interests in residue), the residuary income of a company shall be computed in the first instance by reference to years of

assessment, and the residuary income for any such year shall be apportioned between the accounting periods (if more than one) comprising that year. SCH. 20

(35) In section 425(6)(b) of the said Act of 1952, for the words—
“expenses of management in respect of which repayment of tax may be claimed under this section”

substitute—

“expenses of management deductible under section 69(1) of the Finance Act 1965”.

1965 c. 25.

(36) In sections 434(1) and 435(1) of the said Act of 1952 (time limit for election) after “year of assessment” insert “or company’s accounting period”.

(37) In section 437 of the said Act of 1952—

(a) for the definition of “assurance company” substitute
“‘assurance company’ means any company, as defined in Part IV of the Finance Act 1965, being a company to which the Insurance Companies Act 1958 or the Insurance Companies Act (Northern Ireland) 1968 applies,”

(b) in the definition of “life assurance business” for “annuities” substitute “annuities on human life”.

(38) Sections 439(2), 440(1) and 440(2) of the said Act of 1952 (tax exemptions of savings banks, friendly societies and trade unions) shall be amended as follows—

(a) in each of those provisions, omit “under Schedules C and D”,

(b) in the said section 440(1), for “one hundred and sixty pounds” substitute “£160 a year”, and

(c) in the said section 440(2), for the words from “interest” to “solely” substitute “income which is not trading income, and which is applicable and applied”.

(39) In section 442 of the said Act of 1952 (share interest and loan interest of industrial and provident societies)—

(a) at the end of the proviso to subsection (i), insert “and in any such case, section 26 of the Finance Act 1969 shall apply to the payment as it applies to a payment of yearly interest, and income tax shall be deducted accordingly”,

(b) in subsection (2), omit “without deduction of income tax”, and

(c) in subsection (3), omit “subsection (2) of ” and “becomes chargeable as therein provided”, and, after “on that person”, insert “becomes so chargeable”.

(40) In the proviso to section 445(1) of the said Act of 1952 (Board’s duty to ensure that arrangements with building societies preserve as nearly as may be the total tax payable to the Crown) for “total tax” substitute “total income tax”.

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1965 c. 25.

(41) In the said section 445 "dividend" shall include any distribution as defined for the purposes of Part IV of the Finance Act 1965 whether described as a dividend or otherwise.

1952 c. 10.

(42) It is hereby declared that the provisions of the Income Tax Acts applying for the purposes of corporation tax by virtue of Part IV of the Finance Act 1965 include section 472 of the Income Tax Act 1952 (patent royalties).

(43) Section 510 of the said Act of 1952 (settling of appeals by agreement) shall apply, subject to any necessary modifications, to any proceedings which are to be heard and determined in the same way as an appeal against an assessment.

(44) The definition of "relative" in section 526(1) of the said Act of 1952 shall apply only for the purposes of Part VIII of that Act (personal reliefs).

(45) Part III of Schedule 8 to the said Act of 1952 (paying agents) shall be amended as follows—

(a) in paragraph 1(1), omit from "within one month" to "shall also",

(b) after paragraph 1(2), insert—

"(3) Every chargeable person shall, not later than twelve months after paying any dividends or effecting any other transaction in respect of which he is a chargeable person, and unless within that time he delivers an account with respect to the dividends or proceeds in question under sub-paragraph (1) above, deliver to the Commissioners of Inland Revenue a written statement specifying his name and address and describing those dividends or proceeds.", and

(c) in paragraph 4, for "income tax" substitute "income or corporation tax".

(46) In Schedule 10 to the said Act of 1952, for items 4 to 9 substitute the following—

"4. Member of Queen Alexandra's Royal Army Nursing Corps.

5. Member of Women's Royal Army Corps.

6. Woman employed with the Royal Army Medical Corps or the Royal Army Dental Corps with relative rank as an officer.

7. Member of the Princess Mary's Royal Air Force Nursing Service and Reserve.

8. Member of the Women's Royal Air Force.

9. Woman officer of the Medical and Dental Branch of the Royal Air Force.

10. Member of the Voluntary Aid Detachment Reserves employed under the Admiralty Board of the Defence Council."

(47) Paragraph 13 of Schedule 16 to the said Act of 1952 (claims to be made within six years of relevant year of assessment) shall have effect for the purposes of corporation tax as if it specified a period of six years from the end of the company's accounting period for which the income falls to be charged to corporation tax, or would fall so to be charged if any corporation tax were chargeable in respect thereof. SCH. 20

The Finance Act 1956

18.—(1) In section 22(8) of the Finance Act 1956— 1956 c. 54.

(a) for “as director of an investment company (as defined in section 257 of the Income Tax Act 1952)” substitute “as director of a company whose income consists wholly or mainly of investment income (construing investment income in accordance with paragraph 8(1) of Schedule 18 to the Finance Act 1965) being a company”, and 1952 c. 10.

(b) for “that Act” substitute “the said Act of 1952”.

(2) Section 9 of the Income Tax Management Act 1964 shall apply to a claim under section 28(1) of the Finance Act 1956 for relief under section 23 of that Act. 1964 c. 37.

(3) Section 28(2) of the said Act of 1956 shall apply only for the purposes of section 27 of that Act, and of section 28(1) of that Act as it has effect in relation to questions arising under the said section 27, and the power to make regulations conferred by subsections (3) and (4) of the said section 28 shall be exercisable for those purposes only.

(4) In section 28(5) of the said Act of 1956 for “this Part of this Act” substitute “section 23 or 27 of this Act”, and for “penalty of five hundred pounds” substitute “penalty not exceeding five hundred pounds”.

The Finance Act 1960

19.—(1) In section 27 of the Finance Act 1960 (sale of securities cum dividend), in subsections (4) and (5), omit from “except” to “nineteen hundred and sixty”. 1960 c. 44.

(2) In section 28(6) of the said Act of 1960 (appeal against notice of adjustment to counteract tax advantage), for “the clerk to the Special Commissioners” substitute “the Commissioners of Inland Revenue”; and, in section 28(8) of that Act (supplemental), the first reference to section 247 of the Income Tax Act 1952 shall not include a reference to subsection (1) of that section.

(3) In section 37(7) of the said Act of 1960 (time for delivery of particulars), for “fourteen days” substitute “thirty days”.

(4) Section 51 of the said Act of 1960 (time limit for recovery from taxpayer of tax lost through his fault), as extended to capital gains tax by paragraph 1(1) of Schedule 10 to the Finance 1965 c. 25.

SCH. 20 Act 1965, shall apply separately to income tax and to capital gains tax, so that the making of an assessment to one of those taxes shall not affect the time allowed for the making of an assessment to the other tax.

(5) Section 60 of the said Act of 1960 (evidence in penalty proceedings) shall apply in relation to corporation tax as if "income" included chargeable gains.

(6) In section 69(2)(a) of the said Act of 1960 (sums appropriated for managers' remuneration), after "income" insert "or chargeable gains".

The Finance Act 1963

1963 c. 25. 20.—(1) In section 15(4) of the Finance Act 1963 (election for Case VIII to apply to furnished lettings), and in paragraph 7(2) of Schedule 4 to that Act (election with respect to land managed as one estate), after "year of assessment" insert "or company's accounting period".

(2) Subsections (4) and (5) of section 16 of the said Act of 1963 (collection of Case VIII tax from derivative lessees and agents) shall apply for corporation tax as well as for income tax.

1965 c. 25. (3) It is hereby declared that the provisions of the Income Tax Acts applying for the purposes of corporation tax by virtue of Part IV of the Finance Act 1965 include section 17 of the said Act of 1963.

(4) Sections 18 and 30 of the said Act of 1963 (returns, etc., for purposes of Case VIII, and supplemental provisions with respect to determination of annual value) shall apply for the purposes of corporation tax.

(5) In section 22(6) of the said Act of 1963 (election with respect to premiums payable by instalments) for "before the expiration of the year of assessment following that in which he becomes entitled to the first such instalment" substitute "not later than one year after the year of assessment or company's accounting period in which he becomes entitled to the first such instalment".

(6) So much of paragraph 19 of Schedule 4 to the said Act of 1963 as relates to the construction of references in that Schedule to a lease shall not apply for the purposes of paragraphs 8 to 10 of that Schedule (deductions from rents: premiums etc.); and the definition in the said paragraph 19 of "premises" shall, instead of applying for the purposes of that Schedule only, apply for all the purposes of Chapter II of Part II of the said Act of 1963.

The Income Tax Management Act 1964

1964 c. 37. 21.—(1) In section 7(8) of the Income Tax Management Act 1964 (limitation of penalty for failure to make return) the limit on the penalty shall not apply unless it is shown that there was neither any income nor any chargeable gains to be included in the return.

(2) Where under section 9(4)(a) of the said Act of 1964 (claims under Acts passed after that Act) an appeal lies to the General Commissioners the appellant may elect (in accordance with section 12(2) of that Act) to bring the appeal before the Special Commissioners instead of the General Commissioners: SCH. 20

Provided that if an appeal to either body of Commissioners is pending against an assessment on the appellant which relates to the same source of income as that to which the claim relates, the appeal on the claim shall lie to that body of Commissioners.

(3) Section 15(2)(a) of the said Act of 1964 (application of section 12 of that Act to county court in Northern Ireland)—

(a) shall have effect as if its exclusion of subsection (2) of the said section 12 were an exclusion of the first paragraph only of that subsection, and

(b) shall be taken as applying section 59 of the Finance Act 1960 c. 44. 1960 (summary recovery of penalty for offence under the said section 12), but not sections 52, 59 or 64 of the Income Tax Act 1952 (which are referred to in the said 1952 c. 10. section 12).

(4) Paragraph 1 of Schedule 10 to the Finance Act 1965 shall be read as applying for the purposes of capital gains tax rules 5 and 6 in Schedule 3 to the said Act of 1964, but no other rule in that Schedule, the reference in the said rule 5 to Cases I and II of Schedule D being for that purpose disregarded. 1965 c. 25.

(5) In Schedule 4 to the said Act of 1964, in paragraph 2 of the entry relating to section 507 of the Income Tax Act 1952, omit "to which section 9 of this Act applies".

The Finance Act 1965

22.—(1) Section 17(3) of the Finance Act 1965 (which excludes certain vehicles from the short term capital gains tax, and is superseded by the more general exclusion of wasting assets in paragraph 1 of Schedule 13 to the Finance Act 1968) shall cease to have effect. 1968 c. 44.

(2) In section 44(8) of the said Act of 1965 (determination by General Commissioners of value of certain shares or securities) insert at the end "and those Commissioners shall hear and determine the question in the same way as an appeal".

(3) In section 47(1) of the said Act of 1965 (charging under Schedule F dividends and other distributions not charged under Schedule D or Schedule E), for "Schedule D or Schedule E" substitute "any other Schedule".

(4) In section 47(5) of the said Act of 1965 (distributions made in respect of share capital in a winding-up excluded from references to distributions, except references in any provision specially relating to a winding-up) omit "except references in any provision specially relating to a winding-up".

- SCH. 20 (5) In section 62(4) of the said Act of 1965 (set off of losses, etc. against franked investment income), for “after”, in both places where it occurs, substitute “within”, and for “income” (in paragraph (a)) substitute “profits”.
- (6) If a claim under section 62(7) of the said Act of 1965 relates to section 59 of that Act (terminal losses), and an accounting period of the company falls partly outside the three years mentioned in subsection (1) of the said section 59, then—
- (a) the restriction imposed by subsection (2) of the said section 59 on the amount of the reduction that may be made in the trading income of that period shall be applied only to any relief to be given apart from the said section 62, and shall be applied without regard to any amount treated as trading income of the period by virtue of that section, but
- (b) relief under the said section 62 shall be given only against so much (if any) of the amount so treated as would, under subsection (3)(a) of that section, be apportioned to the part of the period falling within the three years in question if that part were a separate accounting period.
- This sub-paragraph has effect in substitution for subsection (4) of the said section 62 as applied by subsection (7)(b) of that section.
- 1960 c. 44. (7) In sections 67 and 68 of the said Act of 1965 “unit trust” shall mean an authorised unit trust scheme as defined in section 71(1) of the Finance Act 1960, and section 37 of the said Act of 1965 (relief for unit holders in respect of gains of unit trusts) shall have effect accordingly.
- (8) In section 70(7) of the said Act of 1965 (amalgamations and transfers of engagements), references to industrial and provident societies shall be taken as references to registered industrial and provident societies.
- (9) In section 71 of the said Act of 1965, “dividend” shall include any distribution as defined for the purposes of Part IV of that Act whether described as a dividend or otherwise.
- 1952 c. 10. (10) Subsections (2) and (5) of the said section 71 shall apply to a company described in section 445(6) of the Income Tax Act 1952 (business similar to that of a building society) as they apply to a building society, except that in the said subsection (2) references to dividends and shares shall be deemed to be omitted.
- 1965 c. 25. (11) Section 77(3)(a) of the Finance Act 1965 shall not have effect so as to apply section 258(1) of the Income Tax Act 1952 (sums expended in or available for redemption of loan capital to be treated for purposes of shortfall charge as not applied to requirements of company’s business) to any company which is either a trading company as defined in paragraph 8(1) of Schedule 18 to the said Act of 1965 or, under paragraph 8(2) of that Schedule, a member of a trading group.
- (12) In paragraph 4(3) of Schedule 16 to the said Act of 1965 (dividends paid by companies resident in Commonwealth territories

to United Kingdom companies which control them: meaning of “control”) the reference to the Commonwealth territories shall be construed as a reference to Her Majesty’s dominions, any other country for the time being mentioned in section 1(3) of the British Nationality Act 1948, the British protectorates and protected states, and any trust territory administered by the government of any part of Her Majesty’s dominions. SCH. 20
1948 c. 56.

(13) In paragraph 4(1)(c) of Schedule 18 to the said Act of 1965, “loan creditors” shall have the meaning given by section 258(4) of the Income Tax Act 1952, instead of that given by sub-paragraph (2) of the said paragraph 4 (so as to exclude loan creditors in respect of money lent in the ordinary course of banking business). 1952 c. 10.

(14) In paragraph 8(1) of Schedule 18 to the said Act of 1965 (“trading company” to include any company whose income does not consist mainly of investment income), for “consist mainly” substitute “consist wholly or mainly”.

The Finance Act 1966

23.—(1) At the end of paragraph 18(1) of Schedule 6 to the Finance Act 1966 (which applies section 9 of the Income Tax Management Act 1964 to claims under section 62 of the Finance Act 1965 to set off losses etc., against franked investment income), insert “but paragraph 6(3) of this Schedule (Special Commissioners to determine appeals against assessments so far as relating to management expenses relief) shall apply to an appeal on any such claim as if it were an appeal against an assessment to corporation tax.” 1966 c. 18.
1964 c. 37.
1965 c. 25.

(2) In paragraph 21(2)(a) of the said Schedule 6 (relief under section 75(2) of the Finance Act 1965 to be claimed within six years from end of year of assessment to which the claim relates), for “to which the claim relates” substitute “in which the repayment is made”.

(3) Paragraph 24(1) of the said Schedule 6 (responsibility of company officers) shall apply to all provisions of the Income Tax Acts, and all the enactments relating to capital gains tax, as it applies to the Corporation Tax Acts, and section 20(3) of the Finance Act 1956 (responsibility for returns under that section in case of unincorporated bodies) shall not apply in the case of any body which is a company within the meaning of Part IV of the Finance Act 1965. 1956 c. 54.

The Finance Act 1967

24.—(1) It is hereby declared that, in paragraph 6 of Schedule 11 to the Finance Act 1967, “shares” includes, as in the provisions amended by that paragraph, stock. 1967 c. 54.

(2) In paragraph 8(3) of Schedule 11 to the said Act of 1967, for “for an accounting period after that event” substitute “for an accounting period ending after that event”.

The Finance Act 1968

25.—(1) In section 55(6) of the Finance Act 1965 (application of Part I of Schedule 13 to that Act to nationalised bodies), and in

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1968 c. 73.
1968 c. 44.

section 161(2) of the Transport Act 1968 (application of the said Part I to Executive for designated area), the references to the said Part I shall include references to Part II of Schedule 12 to the Finance Act 1968 except paragraphs 17 and 22.

1965 c. 25.

(2) Sub-paragraphs (2) and (3) of paragraph 23 of Schedule 12 to the Finance Act 1968 (continuity of groups for the purposes of Part II of that Schedule) shall apply for the purposes of Part I of Schedule 13 to the Finance Act 1965 as they apply for the purposes of the said Part II.

Gas Act 1948

1948 c. 67.

26. In section 48(1) of the Gas Act 1948 (contributions by Boards to expenses of Gas Council) after "Council" insert "(including corporation tax)".

Atomic Energy Authority Act 1954

1954 c. 32.

27. For paragraphs (a) to (e) of section 6(2) of the Atomic Energy Authority Act 1954 as amended by paragraph 12 of Schedule 15 to the Finance Act 1965 substitute—

"(a) from tax under Schedules A, B and C,

(b) from tax under Schedule D in respect of any yearly interest or other annual payment received by the Authority,

(c) from tax under Schedule F in respect of distributions received by the Authority, and

(d) from tax in respect of chargeable gains,

and section 48(1) of the Finance Act 1965 (franked investment income) shall not apply to such distributions as are mentioned in paragraph (c) above."

Electricity Act 1957

1952 c. 10.

1957 c. 48.

28.—(1) Paragraph 6 of Schedule 15 to the Finance Act 1965, in applying section 483 of the Income Tax Act 1952, shall be taken also to apply all the provisions of section 24 of the Electricity Act 1957.

(2) For section 21(2)(c) of the Electricity Act 1957 (contributions by Boards to expenses of Electricity Council) substitute—

"(c) corporation tax".

National Loans Act 1968

1889 c. 13.
1939 c. 117.

1968 c. 13.

29. Without prejudice to the provisions of section 38(1) of the Interpretation Act 1889 (references to provisions repealed and re-enacted), references in the Income Tax Acts and the Corporation Tax Acts to section 2 of the National Loans Act 1939 shall include references to section 14 of the National Loans Act 1968.

Commencement of amendments

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30.—(1) Subject to sub-paragraphs (2) to (4) below, the preceding provisions of this Schedule, except provisions declaratory of the law, shall have effect only in relation to tax for years of assessment and companies' accounting periods ending after 5th April 1970.

(2) Paragraph 7 of this Schedule shall have effect as respects income tax for the year 1969-70 and subsequent years of assessment, and as respects corporation tax for the financial year 1969 and subsequent financial years.

(3) Paragraph 23(1) of this Schedule shall apply to any appeal notice of which is given after the passing of this Act.

(4) The following provisions shall come into force for all purposes on 6th April 1970, that is to say, paragraph 9(1) so far as it relates to section 27(2) of the Income Tax Act 1952, paragraphs 11 to 16, in paragraph 17, sub-paragraphs (1) to (3), (7), (11), (25), (31), (36), (43), (45) and (47), paragraph 19 except sub-paragraphs (1) and (6), in paragraph 20, sub-paragraphs (1), (4) and (5), paragraph 21, paragraph 22(2), and sub-paragraphs (2) and (3) of paragraph 23.

SCHEDULE 21

Section 61.

REPEALS

PART I

CUSTOMS AND EXCISE REPEALS

Chapter	Short Title	Extent of Repeal
10 & 11 Eliz. 2. c. 13.	The Vehicles (Excise) Act 1962.	As from 1st January 1970— in section 9(1) the words “ a limited trade licence or ” and the word “ general ”; in section 9(2)(a) the word “ general ”; in section 24(1), the words “ ‘ general trade licence ’ , and ‘ limited trade licence ’ ”.
1963 c. 25.	The Purchase Tax Act 1963.	In Part I of Schedule 1— in Group 2, paragraphs (1), (2) and (3) of the exemptions; in Group 7, the words “ <i>Not chargeable under this Group</i> ” and the words “ Tissue and fabrics exceeding 12 inches in width ”.
1964 c. 49.	The Finance Act 1964.	In section 4(3), the word “ and ” in the second place where it occurs. As from 1st September 1969, section 6(1).
1965 c. 25. 1966 c. 18.	The Finance Act 1965. The Finance Act 1966.	Section 1. As from 1st October 1969— in section 13, paragraphs (c)

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Chapter	Short Title	Extent of Repeal
1966 c. 18— <i>cont.</i>	The Finance Act 1966 <i>—cont.</i>	<p>and (d) of subsection (4) and in subsection (5) the words “in addition to bingo”;</p> <p>section 14;</p> <p>in section 15(6), the definitions of “gaming machine” and “supplier”;</p> <p>in Schedule 3—</p> <p>in paragraph 7, the words “or a gaming machine licence”, the words “in the case of a gaming licence” and sub-paragraph (c);</p> <p>in paragraph 9, the words “or a gaming machine licence”;</p> <p>in paragraph 10, sub-paragraph (b);</p> <p>in paragraph 11, the words “or gaming machine licence”, the words “in the case of a gaming licence”, the words “bingo or, as the case may be, by way of”, and sub-paragraph (b);</p> <p>in paragraph 13, the words “or gaming machine licence” and “or, as the case may be, 14(5)”;</p> <p>in paragraph 14, the words “or a gaming machine licence”;</p> <p>paragraphs 15 and 16;</p> <p>in paragraph 17(1), the words “or gaming machine licence”, the words from “or, as the case may be, whereby” to “that date”, and the words from “or, as the case may be to” onwards;</p> <p>in paragraph 18(1), the words “or on gaming machine licences” and the words “any of”;</p> <p>in paragraph 19, in sub-paragraph (c), the words “15, 16”, and in sub-paragraph (d) the words “or gaming machines”;</p> <p>paragraph 22; and</p> <p>in paragraph 23(1), the words “or 14(1)” and “gaming machine”.</p>

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Chapter	Short Title	Extent of Repeal
1967 c. 54.	The Finance Act 1967.	Section 1(1) to (4). As from 1st January 1970, section 11(1)(c). Schedule 2.
1968 c. 44.	The Finance Act 1968.	Section 1(1), (2) and (4). Section 2(1). Section 3(1)(c). As from 1st October 1969, section 4(3). As from 1st January 1970, sections 8(2) and 9(a). Section 10(1). Schedules 1 to 3. As from 1st October 1969, Schedule 4 and, in paragraph 1 of Schedule 5, the words "or on gaming machine licences".
1968 c. 65.	The Gaming Act 1968.	In Schedule 6, paragraphs 1 to 3. In Schedule 2, in paragraphs 20(1)(e) and 60(c), the words "or section 14". In Schedule 3, in paragraph 9(e), the words "or section 14". In Schedule 4, in paragraph 11(e), the words "or section 14". In Part III of Schedule 11, so much as amends section 13(4)(c) and section 14(2) of the Finance Act 1966, and so much as amends section 15(6) of that Act with respect to the definition of "gaming machine".
1969 c. 27.	The Vehicle and Driving Licences Act 1969.	As from 1st January 1970, in section 33(1) the words "and 'general trade licence'".
1969 c. 32.	The Finance Act 1969.	As from 1st September 1969, paragraph 4(1) of Schedule 7.

PART II

DISALLOWANCE OF INTEREST

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.	Income Tax Act 1952.	In section 138, for 1970-71 and subsequent years of assessment— in subsection (1)(e) the words "and without any

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Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10— <i>cont.</i>	Income Tax Act 1952— <i>cont.</i>	deduction of United Kingdom income tax”; at the end of subsection (1) the words “notwithstanding anything in the last preceding section”, and subsection (2). Section 169(5) as respects interest paid after 15th August 1970. Section 200 as respects interest paid in 1970-71 or any subsequent year of assessment. Section 445(3)(b) for 1970-71 and subsequent years of assessment. Section 524(5)(c) for 1970-71 and subsequent years of assessment.
1963 c. 25.	The Finance Act 1963.	Section 43(4)(a) for 1970-71 and subsequent years of assessment.
1965 c. 25.	The Finance Act 1965.	In section 54(3) the words “nor section 137(l) of the Income Tax Act 1952” for accounting periods ending in 1970-71 or any subsequent year of assessment. Section 71(1)(b) for 1970-71 and subsequent years of assessment.

PART III
CLOSE COMPANIES

Chapter	Short Title	Extent of Repeal
1965 c. 25.	The Finance Act 1965.	Section 74. In section 77 subsection (3)(d) and in the proviso to subsection (6) the words from “or below the amount” to the end of the section. In section 78(3) the words “(or amounts treated as such for purposes of section 77 above)”. Section 89(5). In Schedule 11, paragraph 9(1)(a). In Schedule 18, in paragraph 6(1), the words ‘and “whole-time service director”’, paragraph 6(3) and paragraph 9(1)(b).

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Chapter	Short Title	Extent of Repeal
1966 c. 18.	The Finance Act 1966.	In Schedule 5, in paragraph 18(1)(b), the words from "is not in receipt" to "per annum and", and in paragraph 18(3) the definition of "remuneration".
1965 c. 54.	The Finance Act 1967.	In Schedule 11, in paragraph 9, the words "and paragraph 6(3)" and paragraph (a).

The repeals of section 77(3)(d) of, and paragraph 9(1)(a) of Schedule 11 to the Finance Act 1965 have effect as respects accounting periods beginning after 15th April 1969, and the repeals in paragraph 18 of Schedule 5 to the Finance Act 1966 have effect from that date.

The other repeals made by this Part of this Schedule apply as respects accounting periods ending after the end of March 1969 except so far as section 28 of this Act applies to any such accounting period.

PART IV

OTHER INCOME TAX AND CORPORATION TAX REPEALS

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.	The Income Tax Act 1952	In subsection (1) of section 220, the words from "Where the relevant amount" to the end of the subsection.
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	In section 430, subsections (4) and (5).
1963 c. 25.	The Finance Act 1963.	In section 28(11), the proviso, except with respect to dividends received before 30th April 1969.
1964 c. 92.	The Finance (No. 2) Act 1964.	In section 12, subsections (2) and (5).
1964 c. 92.	The Finance (No. 2) Act 1964.	In section 1(2), the words from "and by the substitution" onwards.
1965 c. 25.	The Finance Act 1965.	Section 10(5). Section 65, except with respect to distributions made before 30th April 1969. Schedule 9, except the last four entries.
1965 c. 25.	The Finance Act 1965.	In Schedule 15, paragraph 15(b), except with respect to distributions made before 30th April 1969.
1965 c. 25.	The Finance Act 1965.	Schedule 17, except with respect to distributions made before 30th April 1969.
1966 c. 18.	The Finance Act 1966.	In Schedule 5, paragraph 17, except with respect to distributions made before 30th April 1969.

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Chapter	Short Title	Extent of Repeal
1967 c. 54.	The Finance Act 1967.	In section 16, subsection (2), in subsection (3) the words from "for the year" to "assessment" and subsection (5), except in so far as it preserves the effect of any provision of section 218 of the Income Tax Act 1952.
1968 c. 44.	The Finance Act 1968.	In Schedule 11, except with respect to distributions made before 30th April 1969, subparagraphs (4) and (5) of paragraph 3 and paragraph 4. Section 14(1). Section 27, except with respect to distributions made before 30th April 1969.
1969 c. 46.	The Family Law Reform Act 1969.	In Schedule 2, paragraph 3.
1969 c. 39.	The Age of Majority (Scotland) Act 1969.	In Schedule 2, paragraph 3.

PART V

ESTATE DUTY REPEALS

Chapter	Short Title	Extent
44 & 45 Vict. c. 12.	The Customs and Inland Revenue Act 1881.	Section 38(2)(c).
52 & 53 Vict. c. 7.	The Customs and Inland Revenue Act 1889.	In section 11(1), the paragraph beginning "The description of property marked (c)".
57 & 58 Vict. c. 30.	The Finance Act 1894.	In section 1, the words "at the graduated rates hereinafter mentioned". Section 2(1)(d). In section 4, the words "rate of" and "at the proper graduated rate" and the words from "Provided" onwards. Section 5(3). In section 7(6), the words "rate of" in both places where they occur. Section 7(7). In section 8(7), the words "at the appropriate rate". In section 11(2), the words "the rate of" and "at that rate". In section 11(3), the words "rate of" and "at" and the word "rate" where secondly occurring.

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Chapter	Short Title	Extent
57 & 58 Vict. c. 30— <i>cont.</i>	The Finance Act 1894— <i>cont.</i>	Section 15(1) and (3). In section 16(3) as substituted by section 33(1) of the Finance Act 1954, paragraph (b) from “together” onwards, the words “any settled property other than” and the words “other than” where secondly occurring. Section 22(1)(l). In section 22(2)(a), the words from “including” to “or not”. Section 23(12), (14), (15) and (16). Sections 14, 15(4) and 16.
59 & 60 Vict. c. 28.	The Finance Act 1896.	Section 12.
63 & 64 Vict. c. 7.	The Finance Act 1900.	Section 57.
10 Edw. 7 & 1 Geo. 5. c. 8.	The Finance (1909–10) Act 1910.	Section 13(1).
4 & 5 Geo. 5. c. 10.	The Finance Act 1914.	In section 23(1), the words from “instead” to “Act” where next occurring. Section 23(4) from “and” onwards. Section 28.
15 & 16 Geo. 5. c. 36.	The Finance Act 1925.	Section 33.
24 & 25 Geo. 5. c. 32.	The Finance Act 1934.	In section 31(3), the words “or a benefit accrues therefrom” wherever those words occur, the words “or the benefit accruing on the death, as the case may be” and the words “or a benefit accruing”. Sections 47(7) and 48.
25 & 26 Geo. 5. c. 24.	The Finance Act 1935.	In section 30, subsection (1) (except for the purposes of the reference thereto in section 31(1)) and subsections (2) and (4). In section 31(2), the words “property deemed to be included in the”. Section 43. Section 45(3). In section 51(2A) as inserted by section 38 of the Finance Act 1944, the words from “(not being” to “office)”. Section 52.
1 Edw. 8 and 1 Geo. 6. c. 54.	The Finance Act 1937.	
1 & 2 Geo. 6. c. 46.	The Finance Act 1938.	
2 & 3 Geo. 6. c. 41.	The Finance Act 1939.	
3 & 4 Geo. 6. c. 29.	The Finance Act 1940.	

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Chapter	Short Title	Extent
3 & 4 Geo. 6. c. 29— <i>cont.</i>	The Finance Act 1940— <i>cont.</i>	In section 56(2), the words from “in” where first occurring to “Act, or” where first occurring, the words “disposition or determination or”, the words “of the person who had the interest or”, the words “and of any benefit to him”, the words “in the said subsection (2) or” and the words “as the case may be”.
7 & 8 Geo. 6. c. 23.	The Finance Act 1944.	In section 38, in the subsection (2A) inserted thereby, the words from “(not being” to “office”.
12, 13 & 14 Geo. 6. c. 47.	The Finance Act 1949.	In Part II of Schedule 4, paragraph 4.
14 Geo. 6. c. 15.	The Finance Act 1950.	Section 28(1) from “and” onwards. Section 43. Section 45. Schedule 7.
2 & 3 Eliz. 2. c. 44.	The Finance Act 1954.	In section 33(1), the words from “together” to “on that settled property”, the words “any settled property other than” and the words “other than” where secondly occurring.
4 & 5 Eliz. 2. c. 45.	The Finance Act 1956.	Section 33(2) and (3). In section 19, subsection (4) and paragraph (a) of subsection (7).
5 & 6 Eliz. 2. c. 49.	The Finance Act 1957.	Sections 32 and 35. Section 38(10). In section 38(11), the words “or under section thirteen of the Finance Act 1914”.
6 & 7 Eliz. 2. c. 56.	The Finance Act 1958.	In section 38(12), in paragraph (a) the word “and”, and paragraph (b). Section 38(16) from “and” onwards. Section 39(1). Section 28.
7 & 8 Eliz. 2. c. 58.	The Finance Act 1959.	In section 34(3), the words “be deemed to” and the words “so deemed to have passed”.
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	In section 64(2), paragraphs (b), (c) and (d). In section 64(4), the word “or” at the end of paragraph (b), and paragraph (c).

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Chapter	Short Title	Extent
1966 c. 18.	The Finance Act 1966.	Section 40. In section 41(2)(b), the words "of aggregation and".
1968 c. 44.	The Finance Act 1968.	Sections 38 and 39. In Schedule 14, so much of paragraph 1 as amends the Finance Act 1894, section 43(2) of the Finance Act 1940, the Finance Act 1950, or the Finance Act 1958, and paragraph 2(2) and (3).

Subject to section 40(2) of this Act, this Part of this Schedule has effect in relation to any death occurring after 15th April 1969.

PART VI

CAPITAL GAINS REPEALS

Chapter	Short Title	Extent of Repeal
10 & 11 Eliz. 2. c. 44.	The Finance Act 1962.	In Schedule 9, paragraph 14.
1965 c. 25.	The Finance Act 1965.	Section 24(8). Section 25(5)(b). In Schedule 7, paragraph 8.
1967 c. 54.	The Finance Act 1967.	In Schedule 13, paragraph 11. In Schedule 14, paragraph 11.
1968 c. 44.	The Finance Act 1968.	In Schedule 12, paragraph 16 and, except with respect to distributions made before 30th April 1969, paragraph 17 and the proviso to paragraph 20(1).

The repeals of sections 24(8) and 25(5)(b) of the Finance Act 1965 do not have effect in the case of deaths occurring before 6th April 1969.

PART VII

SELECTIVE EMPLOYMENT TAX REPEALS

Chapter	Short Title	Extent of Repeal
1968 c. 44.	The Finance Act 1968.	Section 51(1) and (3). In section 51(4), the words from "shall be" to "and".

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PART VIII

CONSOLIDATION REPEALS HAVING EFFECT FROM 6TH APRIL 1970

Chapter or Number	Short Title	Extent of Repeal
15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.	The Income Tax Act 1952.	Section 12(4). Section 51. Section 52(2)(b). Section 59(1). In section 59(3)(b), the words “ or to subscribe the oath ”. Section 62. Section 63(1). In section 66(1), the words “ under Schedule D or Schedule E ”. In section 165(1), the words from “ the references ” to “ body corporate and ”. In section 229, in subsection (4), from the beginning to “ deter- mined and ”, and subsections (6) and (7). Section 233(3). In section 244(6), from the beginning to “ abode, and ”. In section 247, subsections (1) and (4) as applied by section 28(8) of the Finance Act 1960. In section 359(5), the words “ or other proper officer of the Crown ”. Section 359(6). Section 360(3). In section 362(2), the words following “ payment of tax ” to the end of the subsection (including the proviso). In section 367(1)(2), the words from “ unless the Commis- sioners ” to the end. Section 515(2)(3)(4)(6)(7). In Schedule 8, in paragraph 1(1) of Part III, the words from “ within one month ” to “ shall also ”.
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	In section 28(8), the words “ and (4) ”. In section 51(7), the words “ any person nominated for that purpose by ”. In section 58(6), the words “ a person nominated for that purpose by ”.
1964 c. 37.	The Income Tax Manage- ment Act 1964.	Section 5(8). Section 9(12). In section 12(1), the words “ other officer of ” (twice).

Chapter	Short Title	Extent of Repeal
1964 c. 37— <i>cont.</i>	The Income Tax Management Act 1964— <i>cont.</i>	In section 12(6), the words from “and in the application” to the end of the subsection. In Schedule 4, paragraph (2). In Schedule 4, the amendments of sections 51, 62(1) and 229(4) of the Income Tax Act 1952, in the amendments of sections 413 and 430 of that Act, and of section 24 of the Finance Act 1962, the words “under section 51 of the Income Tax Act 1952”, and in the entry relating to section 507 of the Income Tax Act 1952, the words “to which section 9 of this Act applies”.
1965 c. 25.	The Finance Act 1965.	In Schedule 10, paragraph 1(2), and, in paragraph 8(1), the words “or other officer of the Board”. In Schedule 12, paragraph 5(2), so far as it relates to section 63(1) of the Income Tax Act 1952.
1966 c. 18.	The Finance Act 1966.	In Schedule 6, sub-paragraphs (2) and (4) of paragraph 6, in paragraph 9(7), the words “any person nominated for that purpose by”, paragraphs 11(7) and 17(2), paragraph 20(4) so far as it relates to sections 62 and 63(1) of the Income Tax Act 1952, and paragraph 26.
S.I. 1952 No. 653.	The Income Tax (Service of Notices) Regulations 1952.	The whole instrument.
S.I. 1965 No. 433.	The Income Tax (Surtax etc.) Regulations 1965.	The whole instrument.
S.I. 1967 No. 149.	The Capital Gains Tax Regulations 1967.	Regulations 3, 4, 5 and 10(2).
S.I. 1967 No. 150.	The Capital Gains Tax (Service of Notices) Regulations 1967.	The whole instrument.

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This Part of this Schedule comes into force on 6th April 1970.

OTHER CONSOLIDATION REPEALS

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.	The Income Tax Act 1952.	<p>Section 72(2)(c).</p> <p>In section 83, paragraph 2 of Schedule B.</p> <p>Section 115(1).</p> <p>In section 117, paragraph 6 of Schedule C.</p> <p>In section 121, in the definition of "dividends" the words "(except in the phrase 'stock dividends or interest')".</p> <p>In section 122, the proviso to paragraph 1 of Schedule D.</p> <p>Section 132(1)(b).</p> <p>In section 137, in paragraph (c), the words "shall be such as may be determined by an inspector and", and in paragraph (i), the words "to the satisfaction of an inspector".</p> <p>Section 169(2)(4).</p> <p>Section 170(5).</p> <p>In section 193, in subsection (2), the words "of Ceylon or of any colony", paragraphs (b) and (c) of subsection (3), and, in subsection (5), from the beginning to "colony; and".</p> <p>In section 214, in subsection (1), the words "for the purpose of having the charge and care of any child of his or", and the words "take such charge or", and subsection (2).</p> <p>Section 222.</p> <p>Section 249(2)(a).</p> <p>In provisos (i) and (ii) to section 258(3), the words "the income of".</p> <p>Section 348(5).</p> <p>Section 352(3).</p> <p>In section 379(4)(c) the words "in which claims for relief under this section are to be made and approved and".</p> <p>In section 439(2) the words "under Schedules C and D".</p> <p>In section 440, in subsections (1) and (2), the words "under Schedules C and D".</p>

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10— <i>cont.</i>	The Income Tax Act 1952— <i>cont.</i>	In section 442, in subsection (2), the words “without deduction of income tax”, and, in subsection (3), the words “subsection (2) of” and “becomes chargeable as therein provided”. In section 444, in subsections (1) and (2), the words “or society” wherever they occur and subsection (4). In section 445(5), the definition of “dividend”. Section 461.
4 & 5 Eliz. 2. c. 54.	The Finance Act 1956.	In the proviso to section 28(1), the words from the first “any person” to “Special Commissioners, and”.
5 & 6 Eliz. 2. c. 6.	The Ghana Independence Act 1957.	In Schedule 2, paragraph 1.
5 & 6 Eliz. 2. c. 60.	The Federation of Malaya Independence Act 1957.	In Schedule 1, paragraph 5.
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	In section 17(2)(b), the word “fourteen”. In section 27, in subsections (4) and (5), the words from “except” to “nineteen hundred and sixty”.
8 & 9 Eliz. 2. c. 52.	The Cyprus Act 1960.	In the Schedule, paragraph 7.
8 & 9 Eliz. 2. c. 55.	The Nigeria Independence Act 1960.	In Schedule 2, paragraph 1.
9 & 10 Eliz. 2. c. 16.	The Sierra Leone Independence Act 1961.	In Schedule 3, paragraph 1.
10 & 11 Eliz. 2. c. 1.	The Tanganyika Independence Act 1961.	In Schedule 2, paragraph 1.
10 & 11 Eliz. 2. c. 40.	The Jamaica Independence Act 1962.	In Schedule 2, paragraph 1.
10 & 11 Eliz. 2. c. 44.	The Finance Act 1962.	The proviso to section 10(1). In section 16(1), the definition of “company”. Section 22(4).
10 & 11 Eliz. 2. c. 54.	The Trinidad and Tobago Independence Act 1962.	In Schedule 9, paragraph 20. In Schedule 2, paragraph 1.
10 & 11 Eliz. 2. c. 57.	The Uganda Independence Act 1962.	In Schedule 3, paragraph 1.
1963 c. 25.	The Finance Act 1963.	In section 16(6), the words “other payments being”. Section 28(2).
1963 c. 54.	The Kenya Independence Act 1963.	In Schedule 2, paragraph 1.
1963 c. 55.	The Zanzibar Act 1963.	In Part I of Schedule 1, paragraph 1.
1964 c. 46.	The Malawi Independence Act 1964.	In Schedule 2, paragraph 1.

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Chapter	Short Title	Extent
1964 c. 65.	The Zambia Independence Act 1964.	In Schedule 1, paragraph 1.
1964 c. 86.	The Malta Independence Act 1964.	In Schedule 2, paragraph 1.
1964 c. 93.	The Gambia Independence Act 1964.	In Schedule 2, paragraph 1.
1965 c. 25.	The Finance Act 1965.	Section 17(3). In section 17(9), the paragraph beginning " This subsection ". Section 17(14). Section 18(6). In section 47(5), the words " except references in any provision specially relating to a winding up ". Section 54(5)(7). In section 62(7)(b), the words " and (4) ", and from " and with the substitution " to the end of the paragraph. In section 78(5)(a) the words " or to a loan creditor ". In Schedule 15, in paragraph 12, the words from " inserted " to " there shall be ".
1966 c. 14.	The Guyana Independence Act 1966.	In Schedule 2, paragraph 1.
1966 c. 18.	The Finance Act 1966.	In Schedule 5, in paragraph 3(1), the words " and the exemption conferred by section 6(2) of the Atomic Energy Authority Act 1954 ", and paragraph 11(2).
1966 c. 23.	The Botswana Independence Act 1966.	In Part I of the Schedule, paragraph 1.
1966 c. 24.	The Lesotho Independence Act 1966.	In Part I of the Schedule, paragraph 1.
1966 c. 29.	The Singapore Act 1966.	In the Schedule, paragraph 6.
1966 c. 37.	The Barbados Independence Act 1966.	In Schedule 2, paragraph 1.
1968 c. 8.	The Mauritius Independence Act 1968.	In Schedule 2, paragraph 1.
1968 c. 44.	The Finance Act 1968.	In section 17(6), the words " and (3) ". Section 33(5). In Schedule 10, in paragraph 6(1), the words " on him ". In Schedule 13, paragraphs 1(4) and 5(1).
1968 c. 56.	The Swaziland Independence Act 1968.	In the Schedule, paragraph 1.
S.R. & O. 1921 No. 1699.	Regulations dated 10th November 1921 made by Commissioners of Inland Revenue under Finance Act 1921, s. 32.	In Regulation 12, from " and all the provisions " to second " those claims ".

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Chapter	Short Title	Extent
S.I. 1956 No. 715.	The Ulster and Colonial Savings Certificates (Income Tax Exemption) Regulations 1956.	In Regulation 1, from "Certificates issued under" to the end, and Regulation 2, and the Schedule.

The above repeals of section 132(1)(b) of the Income Tax Act 1952 and section 54(7) of the Finance Act 1965 have effect as respects income tax for the year 1969-70 and subsequent years of assessment, and as respects corporation tax for the financial year 1969 and subsequent financial years.

Subject to that, this Part of this Schedule has effect only in relation to tax for years of assessment and companies' accounting periods ending after 5th April 1970.

PART X

OBSOLETE OR UNNECESSARY PROVISIONS IN TAX ACTS

Chapter	Short Title	Extent of Repeal
53 & 54 Vict. c. 21.	The Inland Revenue Regulation Act 1890.	Sections 21, 22 and 35(2) so far as they relate to capital gains tax and corporation tax.
5 & 6 Geo. 5. c. 89.	The Finance (No. 2) Act 1915.	Section 51(1).
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.	The Income Tax Act 1952.	Section 5(2). In section 12(1), the words "under this Act". In section 17, the words "in the execution of this Act", and the whole section except as respects General Commissioners or Special Commissioners. In section 31(1), the words (after paragraph (b)) from "Where" to the end of the subsection. Section 32. In section 74, in subsection (2) the words "or other peace officer" and "or officer", and in subsection (5) the words "or his deputy" (twice). In section 117, paragraph 7 of Schedule C. In section 122, in paragraph 1 of Schedule D, the words "in each case for every twenty shillings of the annual amount of the profits or gains". Section 124(3). Section 126.

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Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10— <i>cont.</i>	The Income Tax Act 1952 — <i>cont.</i>	<p>In section 132(1), the words (after paragraph (c)) from “and the provisions” to the end of the subsection.</p> <p>In section 156, in paragraph 1A of Schedule E, the words “for every twenty shillings of the amount thereof for the year”.</p> <p>Section 157(4).</p> <p>Section 187(1)(b).</p> <p>Section 202(5).</p> <p>In section 223, proviso (i).</p> <p>In section 249, in subsection (3), the words “and any regulations made thereunder”, in proviso (b) to subsection (4), the words “or the liquidator of a company”, and, in subsection (5), the words from “and where” to the end of the subsection.</p> <p>In section 316, in subsections (1) and (2)(c), the words “on or after the appointed day”.</p> <p>In section 317, in subsections (1) to (4), the words “on or after the appointed day”.</p> <p>In section 318, in subsections (1) and (2), the words “on or after the appointed day”.</p> <p>Section 319.</p> <p>In section 368, the words “(save as herein is excepted)”.</p> <p>Section 373(1)(b).</p> <p>In section 392, the words “after the first day of May, nineteen hundred and twenty-two”.</p> <p>In section 439(2), proviso (b).</p> <p>In section 442(4), the words from “in such form” to “prescribe”.</p> <p>Section 444(3).</p> <p>In section 457(1), the words “bounty at the commencement or”.</p> <p>Section 457(5)(b).</p> <p>Section 463(5).</p> <p>In section 469, in subsections (1) and (2), the words “on or after the tenth day of April, nineteen hundred and fifty-one”.</p> <p>Section 473(2)(b).</p> <p>Section 479(2).</p>

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Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10— <i>cont.</i>	The Income Tax Act 1952 — <i>cont.</i>	<p>In section 495(5), the words from “ In this subsection ‘ collector ’ ” to the end of the subsection.</p> <p>In section 498(1), proviso (b).</p> <p>In section 514, in subsections (1) and (2) the word “ charge,” and, in subsection (3), the words “ or charge made upon an assessment ” and “ certificate of charge or ” and the proviso.</p> <p>Section 525(2)(e).</p> <p>Section 528(3)(b).</p> <p>Section 529(3)(4).</p> <p>Section 530(1)(2).</p> <p>In Schedule 9, paragraphs 1 and 2.</p> <p>In paragraph 1 of Schedule 16, in sub-paragraph (1) the definition of “ foreign income tax ”, sub-paragraph (2) and in sub-paragraph (3) the words “ or foreign income tax ”.</p> <p>In Part III of Schedule 18, in paragraph 2(1), the words (after (b)) from “ and the provisions ” to the end, and paragraph 2(3).</p> <p>In paragraph 1(1) of Schedule 19, in the definition of “ payment ”, the words “ on or after the sixth day of April, nineteen hundred and forty-five ”, and, in the definition of “ contribution ”, the words from “ but does not ” to “ forty-five ”.</p> <p>In Schedule 20, in paragraph 2(3), the proviso.</p> <p>Schedule 22, so far as not repealed.</p> <p>In Part II of Schedule 23, paragraphs 4 and 5.</p> <p>In Schedule 24, in the first paragraph, the words “ value of property or ”.</p>
15 & 16 Geo. 6. & 1 Eliz. 2. c. 33.	The Finance Act 1952.	<p>Section 17.</p> <p>Section 18(6)(c).</p> <p>In section 18(7), the words from “ and notwithstanding ” to the end of the subsection.</p> <p>In section 67(1), the proviso.</p>
1 & 2 Eliz. 2. c. 34.	The Finance Act 1953.	Section 25(8).
2 & 3 Eliz. 2. c. 44.	The Finance Act 1954.	Section 25.

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Chapter	Short Title	Extent of Repeal
4 & 5 Eliz. 2. c. 17.	The Finance (No. 2) Act 1955.	In section 3(1), the proviso.
4 & 5 Eliz. 2. c. 54.	The Finance Act 1956.	In section 24(2)(b), the words from “ (and without ” to the end of paragraph (b). Section 27(6).
7 & 8 Eliz. 2. c. 58.	The Finance Act 1959.	In section 23(1), the words “ on or after the eighth day of April, nineteen hundred and fifty-nine ”.
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	Section 33(4)(5). In section 63(1), the definitions of “ assessment ” and “ Summary Jurisdiction Acts (Northern Ireland) ”. In section 69(1), the words “ (including the regulations made thereunder) ”. In section 72, the proviso to subsection (1) and subsection (10).
9 & 10 Eliz. 2. c. 36.	The Finance Act 1961.	In section 28(2), the words “ and may, if not final, be amended ”.
10 & 11 Eliz. 2. c. 44.	The Finance Act 1962.	In section 12(9), the words from “ and without prejudice ” to the end of the subsection. In section 16(4), the words “ whose business consists mainly in the making of investments ”, and the words from “ and in the case ” to the end of the subsection.
1963 c. 25.	The Finance Act 1963.	Section 17. In section 29(1), from the beginning to “ vocation; and ”.
1965 c. 25.	The Finance Act 1965.	Section 17(12). In section 49(7), the words from “ and the Board ” to the end of the subsection. Section 55(4). Section 69(4). Section 78(7)(c). Section 80(5).
1966 c. 18. 1967 c. 54.	The Finance Act 1966. The Finance Act 1967.	In Schedule 15, paragraph 16. Section 29(12)(d). In section 39(2), the words “ on a claim being made to them for the purpose ”. In paragraph 5(7) of Schedule 11, the words “ the Committee of Ways and Means of the House of Commons, or of ”.
1968 c. 3.	The Capital Allowances Act 1968.	In Schedule 12, paragraph 3(4).
1968 c. 44.	The Finance Act 1968.	In Schedule 10, paragraph 7.

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