



# Finance Act 1970

## 1970 CHAPTER 24

### PART II

#### INCOME TAX AND CORPORATION TAX

### CHAPTER I

#### GENERAL

#### **11 Charge of income tax for 1970-71**

- (1) Income tax for the year 1970-71 shall be charged at the standard rate of 41-25 per cent, and, in the case of an individual whose total income exceeds £2,500, at such higher rates in respect of the excess over £2,000 as Parliament may hereafter determine.
- (2) Accordingly, in section 3(1) of the Taxes Act (effect of Act charging tax at a standard rate and, in the case of an individual whose total income exceeds a stated amount, at a higher rate or rates in respect of any part or parts of his income in excess of that amount) the words " in excess of that amount" shall be omitted.

#### **12 Surtax rates for 1969-70**

- (1) Subject to subsection (2) below, income tax for the year 1969-70 shall be charged, in the case of an individual whose total income exceeded £2,500, at a rate, for every £1 of each part specified in the following Table of the excess of that income over £2,000, equal to the standard rate for that year plus the additional rate so specified for that part.

TABLE

<i>Part of excess</i>	<i>Additional rate</i>
The first £500	10%
The next £500	12.5%

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<i>Part of excess</i>	<i>Additional rate</i>
The next £1,000	17.5%
The next £1,000	22.5%
The next £1,000	27.5%
The next £2,000	32.5%
The next £2,000	37.5%
The next £2,000	42.5%
The next £3,000	47.5%
The remainder	50%

- (2) An individual whose total income for the year 1969-70 did not exceed £2,681 shall be entitled to have the surtax chargeable by virtue of subsection (1) above reduced to an amount equal to 40 per cent, of the difference between his total income and £2,500.
- (3) By reason of subsection (1) above, in section 2(1) of the Income Tax Act 1952 (effect, for years preceding 1970-71, of Act charging tax at a standard rate and, in the case of an individual whose total income exceeds a stated amount, at a higher rate or rates in respect of any part or parts of his income in excess of that amount), the words " in excess of that amount" shall be omitted.

### 13 Charge of corporation tax for financial year 1969

Corporation, tax shall be charged for the financial year 1969 at the rate of 45 per cent.

### 14 Alterations of personal reliefs

- (1) For the year 1970-71 and subsequent years of assessment, Chapter II of Part I of the Taxes Act (personal reliefs) shall have effect subject to the following amendments:—
- (a) in section 8 (married and single relief)—
- (i) in subsection (1)(a) (married), for the reference to £375 there shall be substituted a reference to £465,
  - (ii) in subsection (1)(b) (single), for the reference to £255 there shall be substituted a reference to £325,
  - (iii) in subsection (2) (wife's earned income relief), for the reference to £255 there shall be substituted a reference to £325, and
  - (iv) in subsection (3) (amount of married relief in year of marriage), for the words "reduced by £10 for each month of the year ending before the date of the marriage " there shall be substituted " reduced, for each month of that year ending before the date of the marriage, by one-twelfth of the amount by which it exceeds the sum specified in paragraph (b) of that subsection ".
- (b) section 22 (reduced rate relief) shall cease to have effect, and, in section 5 (introductory), for the reference to sections 6 to 22 there shall be substituted a reference to sections 6 to 21;
- (c) in section 7 (relief for persons over 65 with small incomes)—
- (i) for the references to £425 and £680 (income limits for exemption) there shall be substituted references to £475 and £740,

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- (ii) for the reference to £265 (the excess over those limits beyond which relief by reduction of tax is excluded) there shall be substituted a reference to £255, and
    - (iii) for the reference to nine-twentieths (the fraction governing relief by reduction of tax) there shall be substituted a reference to 50 per cent.;
  - (d) in section 6(2) (relief for small incomes), for the reference to £710 (the income limit for marginal relief) there shall be substituted a reference to £750, and for the reference to one-half (the fraction governing marginal relief) there shall be substituted a reference to 55 per cent.;
  - (e) in section 16 (relief for dependent relative), for the reference in subsection (1) to £245 (lower income limit of dependent relative) there shall be substituted a reference to £260, for the references in subsections (1) and (2) to £320 (the normal higher income limit) there shall be substituted references to £335, and for the reference in subsection (2) to £355 (the higher income limit where the claimant is a woman other than a married woman living with her husband) there shall be substituted a reference to £370 ; and
  - (f) in section 14(1)(a) (additional relief for widows and others in respect of children: relief excluded in the case of a woman who is not a widow unless in full time occupation or totally incapacitated), the words from " except that it does not apply " to " physical or mental infirmity " shall be omitted.
- (2) The amounts of tax deductible or repayable under section 204 of the Taxes Act (pay as you earn) before 6th July 1970 shall be deemed not to have been affected by the provisions of subsection (1) above other than paragraph (e), 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.

## **15 Increase in initial allowances for industrial buildings**

- (1) In relation to capital expenditure incurred, at any time within the period beginning on 6th April 1970 and ending on 5th April 1972, on the construction of a building or structure in such circumstances that a person becomes entitled to an initial allowance within the meaning of section 1 of the Capital Allowances Act 1968, for the words " three-twentieths " in subsection (2) of that section (the rate of allowance) there shall be substituted—
- (a) in a case falling within subsection (2) below, the words " two-fifths " ; and
  - (b) in any other case, the words " three-tenths ".
- (2) The higher rate of initial allowance specified in subsection (1)(a) above applies if the building or structure concerned is situated in an area which is a development area or an intermediate area—
- (a) on the date on which the capital expenditure is incurred ; or
  - (b) if the contract under which the capital expenditure is incurred was entered into on or after 6th April 1970, on the date on which that contract was entered into; or if the building or structure concerned is situated in Northern Ireland.
- (3) For the purposes of subsection (2) above—
- " development area " has the same meaning as in Part I of the Local Employment Act 1960; and
  - " intermediate area " has the same meaning as in the Local Employment Act 1970.

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- (4) Expenditure shall not be treated for the purposes of this section as having been incurred after the date on which it was in fact incurred by reason only of section 1(6) of the Capital Allowances Act 1968 (expenditure incurred before trade began) or section 5(1) of that Act (purchase of unused buildings and structures).

## **16 Public transport undertakings**

- (1) In computing for any accounting period (whether beginning before or after the commencement of this Act) the profits chargeable to corporation tax of a Passenger Transport Executive or of the London Transport Executive, there shall be left out of account—
- (a) any amounts paid to Passenger Transport Executives in pursuance of precepts issued under section 13 of the Transport Act 1968 ;
  - (b) any grants made to the London Transport Executive by the Greater London Council under section 3(1)(a) of the Transport (London) Act 1969.
- (2) In computing the profit or loss of a Passenger Transport Executive in its trade in the first accounting period ending after 5th April 1970, the Executive shall be treated as having incurred a loss equal to the aggregate of the income tax losses and allowances (as defined in subsection (3) below) of each local authority whose interests in a transport undertaking (in this section referred to in relation to the local authority as "the transferred undertaking ") were transferred to the Executive by virtue of an order under section 17 of the Transport Act 1968; and section 177(1) of the Taxes Act (set-off of losses against trading income in succeeding accounting periods) shall apply accordingly.
- (3) For the purposes of subsection (2) above the income tax losses and allowances of a local authority means the following losses and allowances attributable to the transferred undertaking namely—
- (a) those losses (if any) which were incurred in or before the year 1965-66 in carrying on the undertaking and which, apart from any provision of the Finance Act 1965 (and in particular section 66, which exempted a local authority from income tax and corporation tax) would have been available to the local authority for set-off for tax purposes in the following year of assessment against income arising from the undertaking; and
  - (b) so much of the allowances which by virtue of section 323 of the Income Tax Act 1952 were in the year 1965-66 available as a deduction in charging the profits or gains of the transferred undertaking for that year as, apart from any such provision as is referred to in paragraph (a) above, would have been available as such a deduction in the following year of assessment.
- (4) The provisions of Schedule 3 to this Act shall have effect in consequence of the transfer, under Part III of the Transport (London) Act 1969 of the property, rights, liabilities and functions of the London Transport Board to the London Transport Executive and London Country Bus Services Limited (being the subsidiary of the National Bus Company which is "the designated company " for the purposes of that Act).

**17 Interest relief: loans for purchase or improvement of land**

In section 57 of the Taxes Act (loans for purchase or improvement of land) after subsection (3) (restriction of relief on overdraft interest on money applied in improving land) insert—

“(3A) Subsection (3) above shall not apply where the loan is applied in improving land which is—

- (a) farm land or market garden land, or
- (b) woodlands which are managed on a commercial basis and with a view to the realisation of profits,

and in this subsection the definitions of " farm land " and " market garden land " in section 526(5) of this Act shall apply as if references to the United Kingdom included references to the Republic of Ireland”,

and paragraph 9(8) and (9) of Schedule 4 to this Act shall have effect for the purpose of making a corresponding amendment in section 19 of the Finance Act 1969.

**18 Miscellaneous amendments of income tax and corporation tax law**

Schedule 4 to this Act (which contains amendments of the Taxes Act and of the Capital Allowances Act 1968) shall have effect.