



# Finance Act 1953

## 1953 CHAPTER 34

### PART III

#### INCOME TAX, PROFITS TAX AND EXCESS PROFITS LEVY

##### *Miscellaneous*

#### **28 Iron and steel companies (profits tax and excess profits levy)**

- (1) Where a distribution made by an iron and steel company for the time being owned by the Realisation Agency, being a distribution within the meaning of section thirty-six of the Finance Act, 1947, by way of dividend or cash 'bonus or of assets in kind, is certified under this section by the Treasury, then subject to the provisions of this section—
- (a) for the purposes of the profits tax no part of the distribution shall be treated either—
    - (i) in computing, in the case of that company, its gross relevant distributions to proprietors, as a distribution made by it; or
    - (ii) in computing, in the case of any other such company, its net relevant distributions to proprietors, as income received by it; and
  - (b) for the purposes of the excess profits levy the distribution shall be treated, as regards the company making it, as if the net amount or value distributed were a sum paid by it in cash by way of repayment of its share capital, and, as regards any such company to which the distribution is made, as if any part received by it of that net amount or value were a sum received by it in cash in respect of an issue of its share capital.
- (2) Where any such company capitalises a distributable sum within the meaning of section thirty-one of the Finance Act, 1951, by means of an issue of fully paid redeemable preference shares, and the issue is certified under this section by the Treasury, then for the purposes of the said section thirty-one (under which a capitalisation of distributable sums and a reduction of share capital are in certain cases to be treated for profits tax

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purposes as together amounting to a distribution of profits) the capitalisation of that sum and any redemption of those shares shall be disregarded.

- (3) The Treasury may certify under this section a distribution or an issue of redeemable preference shares, if they are satisfied that it is made for the purpose of facilitating the performance by the Realisation Agency of its functions in returning any undertaking or property to private ownership.
- (4) Paragraph (a) of subsection (1) of this section shall not apply to so much of any distribution as is made to any such company, unless that company elects that the paragraph shall so apply and, if franked investment income of that company falls to be treated as franked investment income of any other body corporate by virtue of a notice under section twenty-two of the Finance Act, 1937, given before, and in force at the time of, the election, that body corporate makes the like election.

Any election under this subsection shall be made by notice in writing given to the Commissioners of Inland Revenue within three months after the date when the distribution is certified under this section by the Treasury, or such longer period as those Commissioners may allow.

- (5) For the purposes of this section, an iron and steel company shall be deemed to be owned by the Realisation Agency if, but only if, the Realisation Agency owns all the ordinary share capital of that company or the company is one of a set of companies such that the Realisation Agency owns ordinary share capital of one or more of those companies and no person other than the Realisation Agency and those companies owns any of the ordinary share capital of those companies; and for this purpose "ordinary share capital", in relation to any company, means any 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 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.
- (6) In this section "the Realisation Agency" means the Iron and Steel Holding and Realisation Agency set up by the Iron and Steel Act, 1953, and "iron and steel company" means a company becoming a subsidiary of the Realisation Agency under that Act.

## **29 Assessments, etc., in Isles of Scilly**

- (1) Subject to the power of the Commissioners of Inland Revenue (under the proviso to subsection (1) of section six of the Income Tax Act, 1952) to transfer lands from one division to another, the Isles of Scilly shall be, and be deemed always to have been, part of the income tax division of West Penwith for purposes of income tax and the profits tax:

Provided that no assessment or charge to tax, or relief from tax by repayment or otherwise, which would not have been made or given if this section had not been passed shall be made or given for a year of assessment earlier than the year 1954-55, or (in the case of the profits tax) a chargeable accounting period falling before the end of March, nineteen hundred and fifty-four.

- (2) For the purposes of the proviso to the foregoing subsection, the parts falling before and after the end of March, nineteen hundred and fifty-four, of an accounting period ending after it but beginning before it shall be treated as separate chargeable accounting periods, and the enactments relating to the profits tax shall apply accordingly.

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- (3) The allowances and reliefs to be given to any person for the purposes' of income tax for any year of assessment after the year 1953-54, and (so far as it depends on income tax allowances and charges by virtue of paragraphs 1 and 2 of Part I of the Eighth Schedule to the Finance Act, 1947) the profits tax payable by any person for any chargeable accounting period, shall be the same as if for the year 1953-54 and all earlier years of assessment any person who would have been assessable and chargeable for any purpose in the Isles of Scilly but for their omission from any division had been properly assessed and charged in the Isles of Scilly with all such income tax as he would have been assessable and chargeable with there if they had been included in a division, and as he was not assessable and chargeable with elsewhere, and had been given all such allowances in assessing and charging the tax and all such reliefs from tax so assessed and charged as he could have been given in respect of any trade, profession, employment or vocation not carried on by him elsewhere in the United Kingdom:

Provided that for the purposes of this subsection the provisions of the Income Tax Acts relating to initial allowances shall be deemed not to have had effect for the year 1953-54 or any earlier year of assessment.