



Finance Act 1953

1953 CHAPTER 34

PART III

INCOME TAX, PROFITS TAX AND EXCESS PROFITS LEVY

Income tax (charge, rates and reliefs)

12 Charge and rates of income tax for 1953-54

- (1) Income tax for the year 1953-54 shall be charged at the standard rate of nine shillings in the pound, and, in the case of an individual whose total income exceeds two thousand pounds, shall be charged in respect of the excess at rates in the pound which respectively exceed the standard rate by the amounts by which the higher rates for the year 1951-52 exceeded the standard rate for that year (that is to say, the amounts specified in the second column of the Table in subsection (1) of section sixteen of the Finance Act, 1951).
- (2) Section two hundred and twenty of the Income Tax Act, 1952, as amended, shall be further amended by substituting for the references to thirteen, eight and four nineteenthths references to thirteen, eight and four eighteenthths.
- (3) Any change in the rates of income tax for the year 1953-54 as compared with the previous year shall not be deemed to have affected the amounts of tax deductible or repayable under section one hundred and fifty-seven (pay-as-you-earn) of the Income Tax Act, 1952, before the eighth day of June, nineteen hundred and fifty-three, but this shall not prevent the resulting over-deductions and under-repayments from being adjusted subsequently by means of diminished deductions or increased repayments under that section, or, if need be, by an assessment.

13 Surtax rates for 1952-53

Income tax for the year 1952-53 shall be charged, in the case of an individual whose total income exceeded two thousand pounds, at the same higher rates in respect of the excess as were charged for the year 1951-52.

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14 Changes in old age and other personal reliefs

- (1) In subsections (2) and (3) of section two hundred and eleven (old age relief) of the Income Tax Act, 1952, for the references to five hundred pounds (which refer to the income limit for the full relief under subsection (2)) there shall be substituted references to six hundred pounds.
- (2) In section two hundred and twelve (children) of the said Act for the reference in paragraph (b) of subsection (3), as amended, to twenty-six pounds (which refers to the limit on the emoluments of a child undergoing training) there shall be substituted a reference to fifty-two pounds.
- (3) In sections two hundred and fourteen, two hundred and fifteen, two hundred and sixteen and two hundred and eighteen of the said Act (reliefs for housekeepers, dependent relatives and others) for the references to fifty pounds, except the reference in subsection (4) of section two hundred and sixteen (where it does not relate to the amount of the relief) there shall be substituted references to sixty pounds ; and for the reference in subsection (1) of section two hundred and sixteen, as amended, to one hundred and thirty-five pounds (which refers to the income limit of the dependent relative) there shall be substituted a reference to one hundred and forty-five pounds.
- (4) In section two hundred and seventeen of the said Act (services of a daughter) for the reference to twenty-five pounds there shall be substituted a reference to forty pounds.
- (5) The changes effected by this section shall not be deemed to have affected the amounts of tax deductible or repayable under section one hundred and fifty-seven (pay-as-you-earn) of the said Act before the eighth day of June, nineteen hundred and fifty-three, but this shall not prevent the resulting over-deductions and under-repayments from being adjusted subsequently by means of diminished deductions or increased repayments under that section, or, if need be, by an assessment.

15 Adjustment of general tax liability by reference to business losses, etc.

- (1) Any adjustment under section three hundred and forty-one of the Income Tax Act, 1952, of a person's liability to tax for the year 1953-54 or a subsequent year of assessment in respect of a loss sustained by him in any trade, profession, employment or vocation shall be made by treating the loss as reducing first his income of the corresponding class, then his other income, then (if the adjustment is to extend to income of a wife or husband of the person in question) the wife or husband's income of the corresponding class and then the wife or husband's other income.

For the purposes of this subsection "income of the corresponding class " means earned or unearned income according as income arising during the same period as the loss to the person sustaining it from profits or gains of the same trade, profession, employment or vocation would have been that person's earned or unearned income.

- (2) If the claim for an adjustment under the said section three hundred and forty-one for any such year of assessment so requires, the adjustment shall be made by reference only to the income of the person sustaining the loss, without extending to the income of that person's wife or husband.
- (3) For the year 1953-54 or any subsequent year of assessment relief may be given under the said section three hundred and forty-one in respect of a person's loss sustained in the last preceding year in any trade, profession, employment or vocation still carried on by him in the year for which the claim is made, in so far as relief in respect of that

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loss has not already been given under that section or otherwise; and, where relief is claimed by virtue of this subsection, it shall be given in priority to any relief under the said section three hundred and forty-one in respect of a loss sustained in the year for which the relief is claimed.

- (4) Where the surveyor objects to any claim under the said section three hundred and forty-one for the year 1953-54 or any subsequent year of assessment, it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of the Income Tax Act, 1952, relating to the statement of a case for the opinion of the High Court on a point of law shall apply.
- (5) The foregoing provisions of this section shall apply in relation to losses sustained in the occupation of woodlands in respect of which a person has elected to be charged to tax under Schedule D as they apply in relation to losses sustained in a trade.

Capital allowances, etc.

16 Restoration and amount of initial allowances

- (1) The provisions in Part X of the Income Tax Act, 1952, precluding the giving of initial allowances in respect of expenditure incurred on or after the sixth day of April, nineteen hundred and fifty-two, shall not have effect in relation to expenditure to which this section applies.
- (2) An initial allowance under Chapter II (machinery and plant) of the said Part X in respect of expenditure to which this section applies shall be equal to one-fifth of the expenditure, and accordingly, in relation to such an allowance—
 - (a) subsection (1) of section two hundred and seventy-nine of the said Act shall have effect with the substitution of the words " one-fifth " for the words " two-fifths " ; and
 - (b) sub-paragraph (2) of paragraph 3 of the Fourteenth Schedule to the said Act shall have effect with the substitution in paragraph (d) and in paragraph (i) of the words " four-fifths " for the words " three-fifths ".
- (3) An initial allowance under Chapter III (mines, oil wells, etc.) of the said Part X in respect of expenditure to which this section applies shall be equal to two-fifths of the expenditure, and accordingly in relation to such an allowance section three hundred and six of the said Act shall have effect with the substitution of the words " two-fifths " for the words " one-tenth ".
- (4) Subject to the next following subsection, this section applies to expenditure incurred on or after the fifteenth day of April, nineteen hundred and fifty-three, except that expenditure to which this section does not otherwise apply shall not be treated for the purposes of this subsection as incurred on or after that date either—
 - (a) by virtue of subsection (6) of section two hundred and sixty-five, subsection (2) of section two hundred and seventy-nine or subsection (1) of section three hundred and nine of the Income Tax Act, 1952 (under which, for the purposes of initial allowances, expenditure incurred for the purposes of a trade by a person about to carry it on is treated as incurred on the first day on which he does carry it on); or
 - (b) by virtue of subsection (4) of section two hundred and sixty-five and subsection (2) of section two hundred and seventy-seven of that Act (under

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which certain expenditure is treated as incurred on the coming to an end of pre-1945 allowances for mills, factories, etc.).

- (5) This section shall not apply to any expenditure on the provision of a ship in respect of which an initial allowance may be given by virtue of the proviso to subsection (5) of the said section two hundred and seventy-nine (which relates to ships under construction or contracted for on or before the tenth day of April, nineteen hundred and fifty-one); but, subject to that, where there is a contract for the sale of a ship and either—
- (a) the price becomes payable before the fifteenth day of April, nineteen hundred and fifty-three, but the ship is delivered in performance of the contract on or after that date; or
 - (b) the price is payable in instalments, some of which are payable before that date and some of which are payable on or after that date ;
- so much of the price as becomes payable before that date but after the fifth day of April, nineteen hundred and fifty-two, shall for the purposes of the provisions of the Income Tax Acts relating to initial allowances be deemed to have become payable on that date, and this section shall apply to the expenditure accordingly.
- (6) This section shall not affect the law relating to the excess profits levy, and accordingly shall be included among the enactments referred to in paragraph (a) of subparagraph (1) of paragraph 3 of the Ninth Schedule to the Finance Act, 1952 (under which certain enactments relating to initial allowances are to be treated for certain purposes of the excess profits levy as if they had not been passed).

17 Capital allowances (new classes of industrial building)

- (1) Subsection (1) of section two hundred and seventy-one of the Income Tax Act, 1952 (which defines " industrial building or structure " for the purposes of Chapter I of Part X of that Act to mean a building or structure in use for the purposes listed in paragraphs (a) to (f) of the subsection) shall be amended by inserting the word " or " at the end of paragraph (f) and adding a new paragraph—
- “(g) for the purposes of a trade which consists in the catching or taking of fish or shellfish”.
- (2) The references in paragraph (e) of the said subsection (1) and in subsection (3) of the said section to a foreign plantation shall (without prejudice to the generality of the definition in subsection (5)) be extended so as to include any land outside the United Kingdom used for husbandry or forestry, and the reference in the said subsection (3) to the growing and harvesting of crops shall be correspondingly extended.
- (3) No allowance or charge shall be made by virtue of this section for any year of assessment earlier than the year 1953-54, and in any case in which, on the day immediately preceding any such year of assessment, a building or structure is to be treated as an industrial building or structure by virtue only of this section, subsection (5) of section two hundred and sixty-eight of the Income Tax Act, 1952 (which provides for treating part of the expenditure on a building or structure as written off in years in which no annual allowance or scientific research allowance is made in respect of it), shall apply with the omission of proviso (a) (which excludes the operation of the subsection in the case of industrial buildings and structures).
- (4) This section shall not apply for the purposes of the excess profits levy.

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18 Allowances for expenditure on repair of buildings

- (1) Subject to the next following subsection, Chapter I of Part X of the Income Tax Act, 1952 (which relates to capital allowances for industrial buildings and structures), shall have effect in relation to capital expenditure incurred by a person on repairs to any part of a building or structure as if it were capital expenditure incurred by him in the construction for the first time of that part of the building or structure, and for the purposes of this subsection any expenditure incurred for the purposes of a trade on repairs to a building or structure shall be deemed to be capital expenditure if it is not expenditure which would be allowed to be deducted in computing, for the purposes of income tax, the profits or gains of the trade.
- (2) Where under section one hundred and one of the Income Tax Act, 1952 (which relates to the repairs allowance under Schedule A), a repayment of tax for any year of assessment is made to a person wholly or partly in respect of capital expenditure incurred by him on repairs to any building or structure, then for the purposes of subsection (1) of this section the amount on which tax is so repaid, and would not have been but for that expenditure, shall be deemed not to have been capital expenditure, and any allowance or charge for an earlier year of assessment shall be adjusted accordingly, if need, be by an additional assessment.
- (3) Part X of the Income Tax Act, 1952, shall have effect, and this section shall be construed, as if this section were contained in 'Chapter I of the said Part X.
- (4) This section shall be deemed always to have had effect, with the necessary adaptations in relation to years of assessment earlier than the year 1952-53 of references to provisions of the Income Tax Act, 1952:

Provided that subsection (2) shall not affect any assessment which has become final and conclusive before the fifteenth day of April, nineteen hundred and fifty-three.

Computation of profits, etc.

19 Changes in ownership of trade, etc.

- (1) Where in any year of assessment there is a change in the persons engaged in carrying on any trade, profession or vocation, then (subject to the provisions of this section) the amount of the profits or gains thereof on which tax is chargeable for any year of assessment, and the persons on whom it is chargeable, shall be determined as if the trade, profession or vocation had been permanently discontinued at the date of the change and a new trade, profession or vocation had been then set up and commenced.
- (2) Where there is in any year of assessment a change on which a trade, profession or vocation is treated under the foregoing provisions as permanently discontinued, and a person engaged in carrying on the trade, profession or vocation immediately before the change continues to be so engaged immediately after it, then—
 - (a) the trade, profession or vocation carried on by him immediately before and immediately after the change shall, notwithstanding the discontinuance, be treated as the same trade, profession or vocation for the purposes of subsection (3) of section fifteen of this Act and of sections three hundred and forty-two and three hundred and forty-three of the Income Tax Act, 1952 (which relate to the carry forward of losses), except as respects the computation of profits or gains and losses;

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- (b) in respect of a loss sustained by him in the trade, profession or vocation in the part of the said year before the change, relief shall be given under the said section three hundred and forty-two from the assessment relating to the part of the year after the change as if it were an assessment for a subsequent year;
- (c) for the purposes of the said section three hundred and forty-two (but not of the said section three hundred and forty-three) there shall be treated as a loss so sustained in the part of the year before the change his share of the non-effective amount (if any) of any allowances falling by virtue of Part X or XI of the Income Tax Act, 1952, to be made in charging the profits or gains of the trade, profession or vocation for that part of the year.

For the purposes of paragraph (c) of this subsection, the persons engaged in carrying on the trade, profession or vocation immediately before the change shall be treated as entitled to any such allowances in the shares in which they are then entitled to the profits of the trade, profession or vocation, and "the non-effective amount" means, in relation to any allowances, the amount to which, because of an insufficiency of profits or gains, effect cannot be given in charging the profits or gains of the trade, profession or vocation.

- (3) Where there is such a change as is mentioned in subsection (1) of this section, and a person engaged in carrying on the trade, profession or vocation immediately before the change continues to be so engaged immediately after it, the persons so engaged immediately before and the persons so engaged immediately after the change may, by notice signed by them and sent to the surveyor at any time within twelve months after the date of the change, elect that the subsection shall not apply to treat the trade, profession or vocation as discontinued or a new trade, profession or vocation as set up and commenced.
- (4) Where there is in any year of assessment a change in the persons engaged in carrying on a trade, profession or vocation, and subsection (1) of this section does not apply by reason of a notice under the last foregoing subsection, then—
 - (a) tax in respect of the trade, profession or vocation for that year shall be assessed and charged separately on those so engaged before the change and on those so engaged after it, but the amount on which tax is chargeable shall be computed as if there had been no such change in that year and shall be apportioned as may be just, and subsection (1) of section three hundred and twenty-nine of the Income Tax Act, 1952 (which relates to procedure on apportionments under Part X of that Act), shall apply to an apportionment under this paragraph as it applies to an apportionment under the said Part X; and
 - (b) if, after the change but before the end of the following year of assessment, there is a permanent discontinuance of the trade, profession or vocation (including a change treated as such), then on that discontinuance section one hundred and thirty of the Income Tax Act, 1952, shall apply, as respects any period before the first-mentioned change, to the persons charged or chargeable for that period as it would apply if no such change had taken place and they had been charged to tax accordingly for the subsequent period up to the discontinuance.
- (5) There shall be made such additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to this section.
- (6) In the case of the death of a person who, if he had not died, would, under the provisions of this section, have become chargeable to income tax for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or

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administrators and shall be a debt due from and payable out of his estate; and where, under those provisions, an election may be made by any person, it may in the case of his death be made by his executors or administrators instead of him.

- (7) For the purposes of this section, a change in the personal representatives of any person or in the trustees of any trust shall not be treated as a change in the persons engaged in carrying on any trade, profession or vocation carried on by those personal representatives or trustees as such.
- (8) In this section, " trade, profession or vocation " means a trade, profession or vocation chargeable under Case I or II of Schedule D.
- (9) As respects changes occurring in the year 1953-54 or any subsequent year of assessment the foregoing subsections shall have effect in substitution for sections one hundred and forty-five and one hundred and forty-six of the Income Tax Act, 1952, and references to section one hundred and forty-five shall be construed as referring to this section.

20 Payments between associated companies in respect of losses

- (1) Subject to the provisions of this section, where a company has a deficit for tax purposes during any accounting period of the company, and receives a subvention payment in respect of that period from an associated company having a surplus for tax purposes in the corresponding period, then in computing for the purposes of income tax the profits or gains or losses of those companies the payment shall be treated as a trading receipt receivable by the one company on the last day of the accounting period during which it has the deficit, and shall be allowed as a deduction to the other company as if it were a trading expense incurred on that day.
- (2) Subject to the next following subsection, a payment made by one company to another shall be treated as a subvention payment within the meaning of this section if, but only if, it is made under an agreement providing for the paying company to bear or share in losses or a particular loss of the payee company, and is not a payment which (apart from this section) would be taken into account in computing profits or gains or losses of either company or on which (apart from this section and from any relief from tax) the payee company would be liable to bear tax by deduction or otherwise:

Provided that a payment in respect of any accounting period of the payee company shall not be treated as a subvention payment unless made in or before the year of assessment following that in which the period ends.

- (3) If a company receives subvention payments from one or more associated companies in respect of the same accounting period to an aggregate amount exceeding its deficit for tax purposes during that period, or if a company makes subvention payments to one or more associated companies to an aggregate amount exceeding its surplus for tax purposes in the period which is the corresponding period in relation to those payments, the excess shall be disregarded for the purposes of this section ; and, where payments to or from more than one company are in question, the payments shall be treated as abating in such manner as may be agreed between all the companies concerned or, in default of agreement, determined by the Commissioners of Inland, Revenue:

Provided that where the period which is the corresponding period in relation to any subvention payment made by a company includes the whole or part of the period which is the corresponding period in relation to another subvention payment made by it, this

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subsection shall apply to those payments as if the whole period comprised in the said periods were the corresponding period in relation to those payments.

- (4) Where a subvention payment is made to a company in respect of more than one accounting period of the company, or is made to or by a company carrying on more than one trade, the payment shall be apportioned in such manner as appears to the Commissioners concerned to be just in order to determine the part to be attributed for the purposes of this section to any period or trade.
- (5) For the purposes of this section the question, as respects any period, whether a company has a deficit or surplus for tax purposes, or what is the amount of that deficit or surplus, shall be determined by deducting from—
- (a) the aggregate amount—
 - (i) of any profits or gains arising in that period from a trade carried on by it wholly or partly in the United Kingdom (computed in accordance with the provisions, other than this, section, applicable to Case I of Schedule D); and
 - (ii) of any income for the year of assessment in which that period ends (computed in accordance with the provisions of the Income Tax Acts) other than profits or gains arising from any such trade ;
 - (b) the aggregate amount—
 - (i) of any loss sustained by it in the period in any such trade (computed in the same manner as profits or gains under the provisions, other than this section, applicable to Case I of Schedule D); and
 - (ii) of any allowances in respect of any such trade under Part X or XI of the Income Tax Act, 1952, for the said year of assessment, other than those given by way of deduction in computing profits or gains or losses; and
 - (iii) of any payments made by it in the said year of assessment to which section one hundred and sixty-nine or one hundred and seventy of the said Act applies, other than payments to which the said section one hundred and seventy applies by virtue of section three hundred and eighteen of (he said Act or which are deductible in computing the profits or gains or losses of a trade carried on by it:

Provided that, where the period is longer or shorter than a year, the amounts referred to in sub-paragraph (ii) of paragraph (a) and sub-paragraphs (ii) and (iii) of paragraph (b) of this subsection shall be proportionately increased or reduced.

- (6) In relation to a subvention payment made to a company in respect of any of its accounting periods, the corresponding period of the paying company shall be—
- (a) if any of its accounting periods coincides with that accounting period of the payee company, that period ; and
 - (b) in any other case, such period as the Commissioners of Inland Revenue may determine, being a period of the same length as that accounting period of the payee company.
- (7) Where a company makes a subvention payment to another, and the whole or part of its profits or gains arising in the period in which the expense is treated as incurred under subsection (1) of this section are, in computing tax, either—
- (a) treated as profits or gains of each of two or more years of assessment; or
 - (b) not treated as profits or gains of any year of assessment;

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then such adjustment (if any) shall be made, in a case to which paragraph (a) of this subsection applies, of the assessment for any year mentioned in that paragraph other than the first or, in a case to which paragraph (b) applies, of the assessment for the year next following the end of the said period, as may be necessary to secure that (so far as may be) the aggregate amount of the assessments made on the company is reduced by an amount neither more nor less than the subvention payment.

- (8) There shall be made such additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to this section; and where the operation of this section in relation to any subvention payment affects a loss in respect of which a company has received a repayment of tax under section three hundred and forty-one of the Income Tax Act, 1952, so much of the repayment as would not have been made if account had been taken of the operation of this section in relation to the subvention payment may, if not otherwise made good, be assessed under Case VI of Schedule D and recovered from the company accordingly.
- (9) For the purposes of this section, "company " includes any body corporate, but references to a company shall be taken to apply only to a company resident in the United Kingdom and carrying on a trade wholly or partly in the United Kingdom:

Provided that this section shall apply in relation to a company whose business consists mainly in the making of investments and the principal part of whose income is derived therefrom, as if that business were the carrying on of a trade, and in the case of such a company, any payment which is directed by this section to be treated as a trading receipt or a trading expense shall be treated as a payment chargeable under Case VI of Schedule D or as an expense of management, as the case may be.

- (10) For the purposes of this section, a company making a subvention payment to another shall be treated as the other's associated company if, but only if, at all times between the beginning of the payee company's accounting period in respect of which the payment is made and the making of the payment one of them is the subsidiary of the other, or both are subsidiaries of a third company, and for this purpose " subsidiary " has the meaning assigned to it for certain purposes of the profits tax by section forty-two of the Finance Act, 1938.
- (11) Sub-paragraph (ii) of paragraph (b) of subsection (5) of this section shall not be taken to apply to any part of the allowances for a year of assessment earlier than the year referred to in the sub-paragraph, notwithstanding that it is carried forward to the year so referred to under subsection (2) of section three hundred and twenty-three or subsection (1) of section three hundred and twenty-four of the Income Tax Act, 1952.
- (12) In relation to subvention payments falling to be included in computing the profits or gains or losses of the payee company for the year 1953-54 or any subsequent year of assessment this section shall apply, in the case of the paying company, to a past year of assessment and, in the case of either company, for the purposes of the profits tax to a past chargeable accounting period.
- (13) This section shall not apply for the purposes of the excess profits levy.

21 Unremittable overseas profits

- (1) Where a person is chargeable to income tax, the profits tax or the excess profits levy by reference to the amount of any profits or income arising in a territory outside the United Kingdom (hereafter in this section referred to as " overseas income "), then for the purposes of those taxes this section shall apply to the overseas income in so far as—

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- (a) he is prevented from transferring the amount of the overseas income to the United Kingdom, either by the laws of that territory or any executive action of its Government or by the impossibility of obtaining foreign currency in that territory ; and
- (b) he has not realised the overseas income outside that territory for a consideration in sterling or a consideration in some other currency which he is not prevented from transferring to the United Kingdom.

Overseas income to which this section applies is hereafter in this section referred to as unremittable.

- (2) Where a person chargeable as aforesaid gives written notice of his desire to be assessed in accordance with this subsection, then, in the first instance, account shall not be taken of the overseas income to the extent to which he shows to the satisfaction of the Commissioners of Inland Revenue that the following conditions are satisfied with respect to it, that is to say—
 - (a) that it is unremittable; and
 - (b) that paragraph (a) of the foregoing subsection would continue to apply notwithstanding any reasonable endeavours on his part,
 and tax shall be assessed and charged on all persons concerned and for all periods accordingly; but, on the Commissioners of Inland Revenue ceasing, as respects any part of the income, to be satisfied that the said conditions are satisfied, such additional assessments, reductions of assessments and repayments of tax shall be made as may be necessary to take account of it, and of any tax payable in respect of it under the law of the territory where it arises, according to their value at the date when, in the opinion of those Commissioners, the said conditions cease to be satisfied with respect to it, and may be so made at any time not later than six years after that date.
- (3) Any notice under the last foregoing subsection shall relate to all tax (whether income tax, profits tax or excess profits levy) with which the person giving the notice is or may become chargeable by reference to the overseas income to which the notice relates, and shall be delivered to the surveyor before an assessment made by reference to that income otherwise than in accordance with that subsection (or, in the case of a person chargeable to more than one tax by reference to it, an assessment to each of those taxes) has become final and conclusive ; and there shall be made all such additional assessments, reductions of assessments or repayments of tax as may be required by reason of any such notice.
- (4) In the case of the death of a person who, if he had not died, would, under subsection (2) of this section, have become chargeable to any income tax, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators, and shall be a debt due from and payable out of his estate.
- (5) Subject to subsection (2) of this section, the amount of any unremittable overseas income shall be determined by reference to the generally recognised market value in the United Kingdom (if any) or, in the absence of any such value, according to the official rate of exchange of the territory where the income arises.
- (6) Any appeal against an assessment which involves a question as to the operation of this section shall be made to the Special Commissioners, and not to the General Commissioners.
- (7) In relation to any profits tax or excess profits levy chargeable by reference to the profits of a body corporate, that body corporate shall be deemed to be the person chargeable

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for the purposes of this section, notwithstanding that the tax is chargeable on another body corporate under the provisions relating to subsidiary companies.

- (8) This section shall, in the case of any person, apply to overseas income by reference to which he is chargeable to income tax for any year of assessment not earlier than the year 1952-53 (but not so as to affect tax chargeable by reference thereto for any earlier year) and, for the purposes of the profits tax and excess profits levy, also to profits arising in any chargeable accounting period in or before which any such income arises; and, where the time mentioned in subsection (3) of this section for delivering a notice under subsection (2) in relation to any overseas income has come to an end or comes to an end within three months of the commencement of this Act, the notice may be delivered at any time within those three months and, if the person entitled to give the notice has died, may be given by his executors or administrators.

22 Relief for copyright royalties, etc.

- (1) Subject to the provisions of this section, section four hundred and seventy-one of the Income Tax Act, 1952 (which enables a person in certain circumstances to treat for tax purposes a lump sum payable to him in respect of the copyright in a work of his in such a way as to spread the charge to tax over more than one year), shall apply to any payment of or on account of royalties or sums payable periodically as it applies to a lump sum payment, except that it shall not by virtue of this section apply to payments in respect of the copyright in any work which only become receivable more than two years after its first publication.
- (2) A claim under the said section four hundred and seventy-one with respect to any payment to which it applies by virtue only of this section shall have effect as a claim with respect to all such payments in respect of the copyright in the same work which are receivable by the claimant, whether before or after the claim; and, notwithstanding anything in subsection (4) of that section, such a claim may be made at any time not later than the fifth day of April next following the expiration of three years after the work's first publication.
- (3) Any reference in this section to a work's first publication is a reference to the first occasion on which the work or a reproduction of it is published, performed or exhibited.
- (4) This section shall apply to payments falling to be included in computing profits or gains for the year 1953-54 or any subsequent year of assessment, and in relation to such payments shall authorise the making of additional assessments for years of assessment earlier than the year 1953-54.

23 Compulsory slaughter of farm animals (election for " the herd basis ")

- (1) Where the whole or a substantial part of a production herd kept by a farmer for the purposes of his farming is slaughtered by the order of any Ministry, Government department or local or public authority under the law relating to diseases of animals in such circumstances that compensation is payable in respect of it, then subject to the provisions of this section an election for the herd basis thereupon made by the farmer in relation to that herd and any other production herds of the same class so kept by him shall be valid, notwithstanding that it is not made within the time required by subparagraph (3) of paragraph 2 of the Twentieth Schedule to the Income Tax Act, 1952.

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- (2) Subject to subsection (6) of this section, an election for the herd basis made by virtue of this section shall only be valid if made not later than twelve months after the end of the first year of assessment for which the tax chargeable on the farmer in respect of the profits or gains of his farming finally falls to be computed by reference to the facts of a period in which the compensation is relevant:

Provided that where that year is the second year of assessment within the meaning of section one hundred and twenty-nine of the Income Tax Act, 1952 (which relates to the assessment of new businesses), and notice is given under subsection (2) of that section, the election shall be valid if made not later than the giving of that notice.

- (3) An election for the herd basis made by virtue of this section shall, notwithstanding anything in sub-paragraph (4) of paragraph 2 of the said Twentieth Schedule, have effect for the purposes of income tax only for the year of assessment mentioned in the last foregoing subsection and subsequent years of assessment, and for the purposes of the profits tax and excess profits levy only for chargeable accounting periods not falling wholly before the period by reference to the facts of which the profits or gains are computed for the purposes of income tax for the year of assessment so mentioned:

Provided that for the purposes of income tax the election shall have effect also for earlier years of assessment for the purposes of any claim under section three hundred and forty-one of the Income Tax Act, 1952 (which enables trading losses to be set off against general income), which is made by the farmer for relief in respect of his farming, if the relief falls to be computed wholly or partly by reference to the facts of a period in which the compensation is relevant.

- (4) For the purposes of this section compensation shall be deemed to be relevant in any period if, but only if, it falls (or would but for an election under this section fall) to be taken into account as a trading receipt in computing the profits or gains or losses of that or an earlier period.
- (5) The Twentieth Schedule to the Income Tax Act, 1952, shall have effect, and the foregoing provisions of this section shall be construed, as if those provisions were contained in that Schedule, and paragraph 8 of that Schedule shall apply in relation to those provisions as it applies in relation to paragraphs 1 to 7 of that Schedule.
- (6) This section shall have effect (with the necessary adaptations of references to provisions of the Income Tax Act, 1952) as respects past years of assessment and past chargeable accounting periods in any case where an election for the herd basis made by virtue thereof will not have effect for purposes of income tax (otherwise than under the proviso to subsection (3) of this section) for a year of assessment earlier than the year 1951-52; and an election for the herd basis or claim for relief under section three hundred and forty-one of the Income Tax Act, 1952, if made by virtue of this subsection may, notwithstanding anything in the Income Tax Acts, be made at any time not later than the end of the year 1953-54.

24 Charge of tax on sums applied outside U.K. in repaying certain loans

- (1) For the purposes of subsection (3) of section one hundred and thirty-two of the Income Tax Act, 1952 (which provides that in certain cases tax chargeable under Case IV or V of Schedule D on the income arising from securities or possessions out of the United Kingdom shall be computed by reference to the sums received in the United Kingdom), any such income which is applied outside the United Kingdom by a person ordinarily resident in the United Kingdom in or towards satisfaction—

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- (a) of a debt for money lent to him in the United Kingdom or for interest on money so lent; or
 - (b) of a debt for money lent to him outside the United Kingdom and received in or brought to the United Kingdom; or
 - (c) of a debt incurred for satisfying in whole or in part a debt falling within paragraph (a) or (b) of this subsection ;
- shall be treated as received by him in the United Kingdom (and for the purposes of paragraph (b) of the said subsection (3) as so received from remittances payable in the United Kingdom).
- (2) Where a person ordinarily resident in the United Kingdom receives in or brings to the United Kingdom money lent to him outside the United Kingdom, but the debt for that money is wholly or partly satisfied before he does so, the foregoing subsection shall apply as if the money had been received in or brought to the United Kingdom before the debt was so satisfied, except that any sums treated by virtue of that subsection as received in the United Kingdom shall be treated as so received at the time when the money so lent is actually received in or brought to the United Kingdom.
 - (3) Where a person is indebted for money lent to him, income applied by him in such a way that the money or property representing it is held by the lender on behalf of or to the account of the said person in such circumstances as to be available to the lender for the purpose of satisfying or reducing the debt by set-off or otherwise shall be treated as applied by the said person in or towards its satisfaction, if under any arrangement between the said person and the lender the amount for the time being of the said person's indebtedness to the lender or the time at which it is to be repaid in whole or in part depends in any respect directly or indirectly on the amount or value held by the lender as aforesaid.
 - (4) For the purposes of this section—
 - (a) a debt for money lent shall, to the extent to which that money is applied in or towards satisfying another debt, be deemed to be a debt incurred for satisfying that other debt, and a debt incurred for satisfying in whole or in part a debt falling within paragraph (c) of subsection (1) of this section shall itself be treated as falling within that paragraph ; and
 - (b) " lender " includes, in relation to any money lent, any person for the time being entitled to repayment.
 - (5) This section shall not have effect in relation to income applied in or towards satisfaction of a debt for money lent before the fifteenth day of April, nineteen hundred and fifty-three, or of a debt incurred for satisfying in whole or in part any such debt, unless it is so applied after the end of the year 1953-54.

Double taxation relief

25 Postponement of capital allowances to secure double taxation relief

- (1) Where a person chargeable to income tax in respect of a trade under Case I of Schedule D is liable to foreign tax in respect of any income arising from the trade, being foreign tax for which relief may be given by way of credit, repayment or set-off under Part XIII of the Income Tax Act, 1952, and the conditions of the next following subsection are satisfied, he may in claiming the relief under the said Part XIII in respect of that

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income claim a postponement under this section of the relevant capital allowances operating to reduce that income for purposes of income tax for any year of assessment.

- (2) The conditions referred to in the foregoing subsection are—
- (a) that the law under which the foreign tax is chargeable provides for deductions or allowances to be given corresponding to capital allowances, but on a different basis such that they operate to reduce the income in question (if at all) to a less extent than the capital allowances to which the claim relates, but are calculated to operate to a greater extent than the corresponding capital allowances to reduce income arising subsequently; and
 - (b) that the relief falling to be given as aforesaid in respect of the income in question is less than it would be if the capital allowances to which the claim relates operated to reduce the income to the same extent only as the deductions or allowances so provided for.
- (3) Where a person claims a postponement under this section of capital allowances for any year of assessment, then for the purpose of making the assessment for that year the amount of those allowances shall be reduced by such amount as may be necessary to secure that they operate to reduce the income only to the extent mentioned in paragraph (b) of the last foregoing subsection (or such less amount as the claimant may require), and for the purpose of making the assessment for the following year that amount shall be added to the amount of the allowances for that year, and be deemed to be part of those allowances, or, if there are no such allowances for that year, be deemed to be the allowances for that year.
- (4) Where a person claiming relief under Part XIII of the Income Tax Act, 1952, in respect of any income is not chargeable to income tax for any year of assessment by reference to the facts of the period in which that income arises, this section shall apply in relation to the relevant capital allowances operating to reduce that income for the purposes of the profits tax as it would apply in relation to them if they operated to reduce the income for purposes of income tax.
- (5) For the purposes of any claim under this section there shall be taken into account such only of the relevant capital allowances and the deductions or allowances operating to reduce the income in question for purposes of the foreign tax as are calculated to give relief in respect of the same expenditure or the same assets.
- (6) In this section—
- (a) " capital allowances " means allowances under Parts X and XI of the Income Tax Act, 1952, and " relevant capital allowances ", in relation to any trade, means capital allowances falling to be given by way of deduction in charging the profits or gains of the trade to income tax;
 - (b) " foreign tax " means tax chargeable under the laws of any territory outside the United Kingdom.
- (7) This section applies, with any necessary adaptations, in relation to a profession, employment, vocation or office, and in relation to the occupation of woodlands where the profits or gains thereof are assessable under Schedule D, as it applies in relation to a trade.
- (8) This section shall not authorise the postponement of any part of the capital allowances for a year of assessment earlier than the year 1953-54, notwithstanding that it is carried forward to that or a subsequent year of assessment under subsection (2) of section three hundred and twenty-three of the Income Tax Act, 1952.

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26 Removal of special limit on unilateral relief for double taxation of profits or income

- (1) Proviso (a) to subsection (2) of section three hundred and forty-eight of the Income Tax Act, 1952 (which limits the credit to be allowed by way of unilateral relief from double taxation), shall not have effect in the case of income to which this section applies, that is to say—
 - (a) for the purposes of income tax for the year 1953-54 or any subsequent year of assessment, any income by reference to which that tax is chargeable; and
 - (b) for the purposes of the profits tax and the excess profits levy—
 - (i) any income included in the foregoing paragraph for the purposes of the income tax there mentioned ; and
 - (ii) any income by reference to which income tax is not chargeable, but which either arises in a chargeable accounting period beginning at or after the end of March, nineteen hundred and fifty-three, or arises in a chargeable accounting period beginning before and ending after the end of that month, and falls to be apportioned to the part of the period after the end of that month on an apportionment made by reference to the number of months or fractions of a month in the two parts of the period.
- (2) Paragraph 2 of Part II of the Seventeenth Schedule to the Income Tax Act, 1952 (which, in the case of unilateral relief, postpones any deduction for profits tax purposes of unrelieved foreign tax), shall not apply to the foreign tax in respect of any income in the case of which this section applies.
- (3) There shall be made all such additional assessments, reductions of assessments and repayments of tax as may be necessary in consequence of the coming into force of this section.

Termination, etc., of excess profits levy

27 Termination and amendment of excess profits levy

- (1) The period of charge to the excess profits levy shall end with the year nineteen hundred and fifty-three ; and
 - (a) subsection (5) of section forty-five of the Finance Act, 1952 (under which a company can require the profits or loss for an accounting period of which part but not all falls after the beginning of the period of charge to be apportioned in accordance with its accounts, if sufficient accounts are available), shall have effect as if for the words " after the beginning of the period of charge " there were substituted the words " within the period of charge "; and
 - (b) paragraph 10 of the Ninth Schedule to that Act (which enables deductions to be spread over more than one accounting period) shall not apply, to a deduction for expenditure incurred more than twelve months after the end of the period of charge.
- (2) Where the functions of a body corporate consist wholly or mainly in the holding of investments, the body corporate, by notice in writing given to the Commissioners of Inland Revenue at any time within twelve months after the end of the period of charge to the excess profits levy, or such longer time as the Commissioners in their discretion may allow.—

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- (a) may, if it is not a member of a group within the meaning of the Twelfth Schedule to the Finance Act, 1952, elect that section fifty-two of that Act (which makes special provision for calculating excesses and deficiencies of profits in the case of investment companies) shall not apply or be deemed ever to have applied to it;
- (b) may, if it is the principal member of a group within the meaning of that Schedule, being a group in which the functions of each of the members consist wholly or mainly in the holding of investments, elect that the said section fifty-two shall not apply or be deemed ever to have applied, either to it or to any other member of the group;
- (c) may, if it is the principal member of a group within the meaning of that Schedule, not being such a group as aforesaid but being a group such that substantially the whole of the functions of a single body corporate which combined all the functions of the members of the group would consist in the holding of investments, elect that subsection (2) of the said section fifty-two shall not prevent or be deemed ever to have prevented the section from applying either to it or to any other member of the group;

and such additional assessments, reductions of assessments and repayments of tax shall be made as are necessary to give effect to the election:

Provided that, where an election is made by a body corporate under paragraph (b) or (c) of this subsection, there shall not by virtue of the election be recoverable from any other body corporate any greater amount of tax or any greater sum under paragraph 20 of the said Twelfth Schedule (which enables the principal member of a group to recover from another member sums paid by the principal member on account of the tax in respect of the profits of the other member), than would have been recoverable if the election had not been made.

- (3) The Finance Act, 1952, shall have effect, and be deemed always to have had effect, as if section fifty-six (which relates to the allowance for additional output of certain minerals) applied to any mineral and to the winning of it from a natural deposit of a wasting nature as it applies in the case of metals, oil and asbestos, and provided for notice under subsection (1) to be given at any time within twelve months after the end of the period of charge or such longer time as the Commissioners of Inland Revenue in their discretion may allow; and such additional assessments, reductions of assessments and repayments of tax shall be made as are necessary to give effect to this subsection.

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

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- (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 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,

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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.
- (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.