



Finance Act 1927

1927 CHAPTER 10

PART II

INCOME TAX

Charge of Tax and Miscellaneous

20 Income tax and super-tax for 1927-28

- (1) Income tax for the year 1927-28 shall be charged at the rate of four shillings, and the rates of super-tax for that year shall, for the purposes of section four of the Income Tax Act, 1918, as amended by the Finance Act, 1920, be the same as those for the year 1926-27.
- (2) All such enactments relating to income tax and super-tax respectively as were in force with respect to the duties of income tax and super-tax granted for the year 1926-27 shall, subject to the provisions of Part IV of the Finance Act, 1926, have full force and effect with respect to the duties of income tax and super-tax respectively granted by this Act.
- (3) The annual value of any property which has been adopted for the purpose of income tax under Schedules A and B for the year 1926-27 shall be taken as the annual value of that property for the same purpose for the year 1927-28 :

Provided that this subsection shall not apply to lands, tenements and hereditaments in the Administrative County of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is by that Act made conclusive for the purposes of income tax.

21 Amendment as to date of payment of tax under Schedule A

Subsection (2) of section one hundred and fifty-seven of the Income Tax Act, 1918 (which provides that in the cases to which that subsection applies income tax shall be payable in two equal instalments), shall cease to have effect so far as it relates to tax

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chargeable under Schedule A, other than any tax so chargeable in respect of income which is, or is to be treated as, earned income.

22 Amendment as to relief from tax in respect of losses

Where a person has under the provisions of subsection (3) of section twenty-nine of the Finance Act, 1926, elected to be charged to income tax in respect of profits or gains or income arising from any source on the amount on which he would have been charged if the said section had not passed, that person shall not be entitled to relief under section thirty-three of the said Act in respect of a loss sustained in any year earlier than the year 1928-29 or than the year which is, under the provisions of section thirty-four of the said Act, to be taken to be the year preceding the year 1929-30.

23 Application of s.29 of Finance Act, 1926, to certain cases

Where a trade, profession or vocation has been set up or commenced or income has first become chargeable under Case V of Schedule D within the period of two years immediately preceding the year next before the year of assessment, the provisions of subsection (1) of section twenty-nine of the Finance Act, 1926, shall apply for the purpose of computing income tax in respect of the profits or gains of that trade, profession or vocation or in respect of that income as they apply for the purpose of computing income tax in respect of the profits or gains or income mentioned in that subsection.

24 Amendment as to exemption from income tax in respect of profits of trades carried on by charities

The following shall be substituted for paragraph (c) of subsection (1) of section thirty of the Finance Act, 1921 :—

- “(c) from income tax under Schedule D in respect of the profits of a trade carried on by any charity, if the profits are applied solely to the purposes of the charity and either—
- (i) the trade is exercised in the course of the actual carrying out of a primary purpose of the charity; or
 - (ii) the work in connection with the trade is mainly carried on by beneficiaries of the charity.”

25 Payment of income tax on certain copyright royalties by deduction

- (1) Where the usual place of abode of the owner of a copyright is not within the United Kingdom, Rule 21 of the General Rules shall apply to any payment of or on account of any royalties or sums paid periodically for or in respect of that copyright as it applies to annual payments not payable out of profits or gains brought into charge.
- (2) In this section the expression "copyright" does not include a copyright in any dramatic work being a cinematograph production, or in any artistic work being a photograph intended to be used, for the purpose of the exhibition of pictures or other optical effects by means of a cinematograph or other similar apparatus.
- (3) This section shall apply to all payments of or on account of any royalties or sums made on or after the first day of July, nineteen hundred and twenty-seven, for or in respect of any such copyright as aforesaid, and to any payments made between the eleventh day

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of April, nineteen hundred and twenty-seven, and the said first day of July on account of any such royalties or sums payable in respect of any matter arising on or after the said first day of July.

- (4) In this section the expression " owner of a copyright " includes a person who, notwithstanding that he has assigned a copyright to some other person, is entitled to receive periodical payments in respect of that copyright, and the reference to royalties or sums paid periodically for or in respect of a copyright shall not include royalties or sums paid in respect of copies of works which are shown to the satisfaction of the Special Commissioners to have been exported from the United Kingdom for distribution outside the United Kingdom.
- (5) Rule 23 of the General Rules shall be extended so as to apply to all payments to which this section applies.

26 Amendment of Rule 21 of General Rules

- (1) Rule 21 of the General Rules shall be amended by the substitution of the following paragraphs for paragraph (2) thereof :—

“(2) Where any such payment as aforesaid is made by or through any person, that person shall forthwith deliver to the Commissioners of Inland Revenue, for the use of the Special Commissioners, an account of the payment, or of so much thereof as is not made out of profits or gains brought into charge, and of the tax deducted out of the payment or out of that part thereof, and the Special Commissioners shall assess and charge the payment of which an account is so delivered on that person.

(2A) The Special Commissioners may, where any person has made default in delivering an account required by this Rule, or where they are not satisfied with the account so delivered, make an assessment according to the best of their judgment, and if any person neglects or refuses to deliver an account so required, he shall forfeit the sum of one hundred pounds over and above the tax chargeable.

(2B) All the provisions of the Income Tax Acts relating—

- (a) to persons who are to be chargeable with income tax and to income tax assessments ;
- (b) to appeals against such assessments ;
- (c) to the collection and recovery of income tax;
- (d) to cases to be stated for the opinion of the High Court,

shall, so far as they are applicable, apply to the charge, assessment, collection and recovery of income tax under this Rule, and the Special Commissioners shall, for the purpose of an assessment under this Rule, have any powers of a surveyor, and, for the purpose of the representation of the Crown before the Special Commissioners on any appeal under this Rule, any person nominated in that behalf by the Commissioners of Inland Revenue shall have all such powers as a surveyor has at and upon the determination of an appeal.”

- (2) The provisions of the said Rule 21 as amended by subsection (1) of this section shall, subject to any necessary modifications, apply in the case of a payment which has been made before the passing of this Act unless at that date the tax to be deducted from the payment has been paid to the Crown.

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27 Relief in respect of losses in transactions, profits of which would be chargeable under Case VI of Schedule D

- (1) Where in any year of assessment a person sustains a loss in any transaction, whether he was engaged therein solely or in partnership, being a transaction of such a nature that, if any profits had arisen therefrom, he would have been liable to be assessed in respect thereof under Case VI of Schedule D, he may claim that the amount of the loss sustained by him shall, as far as may be, be deducted from or set off against the amount of any profits or gains arising from any transaction in respect of which he is assessed for that year under the said Case VI, and that any portion of the loss for which relief is not so given shall, as far as may be, be carried forward and deducted from or set off against the amount of any profits or gains arising from any transaction in respect of which he is assessed under the said Case VI for any of the six following years of assessment.
- (2) In the application of this section to a loss sustained by a partner in a partnership the expression " the amount of any profits or gains arising from any " transaction in respect of which he is assessed " shall be taken to mean in respect of any year such portion of the amount on which the partnership is assessed under Case VI in respect of any transaction as he would be required under the Income Tax Acts to include in a return of his total income for that year.
- (3) Any relief under this section by way of the carrying forward of the loss shall be given as far as possible from the first subsequent assessment in respect of any such profits or gains as aforesaid for any year within the said six following years, and, so far as it cannot be so given, then from the next such assessment and so on.
- (4) The provisions of this section shall extend so as to apply to a loss sustained in the year ending on the fifth day of April, nineteen hundred and twenty-seven.

28 Relief in respect of losses in business set up after 6th April 1923

- (1) If a person who is assessable to income tax for the year 1927-28 or the year 1928-29 in respect of the profits or gains of a trade, profession or vocation (whether carried on by him solely or in partnership) which, was set up and commenced after the sixth day of April, nineteen hundred and twenty-three, proves—
 - (a) that in any year earlier than the year 1926-27, or than the year which would under the provisions of section thirty-four of the Finance Act, 1926, be taken to be the year preceding the year 1927-28, he sustained a loss (to be computed in like manner as profits or gains under the Rules applicable to Cases I and II of Schedule D) in the trade, profession or vocation; and
 - (b) that that loss would, if Part IV of the Finance Act, 1926, had not passed, have been taken into account in the period upon the average of which the profits or gains of the trade, profession or vocation would have been calculated for the purposes of the assessment either for the year 1927-28 or for both the said years 1927-28 and 1928-29,
 he may claim that an amount equal to one-third of that loss shall, as far as may be and subject to the provisions of this section, be deducted
 - (i) from the amount on which he is assessed in respect of the profits or gains of the trade, profession or vocation for the year 1927-28, or
 - (ii) both from that amount and from the amount on which he is so assessed for the year 1928-29, if the loss would have been taken into account in the period upon the average of which the profits or gains of the trade, profession or

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vocation would have been calculated for the purpose of the assessment for that last-mentioned year:

Provided that the amount of the deduction to be allowed to any person under this section in respect of the assessment for either of the said years shall not be in excess of the amount by which the aggregate amount of the assessments made on him in respect of the trade, profession or vocation for the period from the first setting up thereof until the end of that year (as reduced by any deduction under this section or by any deduction allowed under Rule 13 of the Rules applicable to Cases I and II of Schedule D on account of losses arising in the trade) is greater than the amount by which his aggregate profits and gains from the trade, profession or vocation for the said period exceeds the aggregate amount of his losses therefrom during that period, after deducting from those losses any loss or portion of a loss which has been or can be carried forward under section thirty-three of the Finance Act, 1926, and the amount of any loss or losses in respect of which relief is given under section thirty-four of the Income Tax Act, 1918.

- (2) In so far as relief in respect of any loss is given to any person under this section, he shall not be entitled to claim relief in respect of that loss under any other provision of the Income Tax Acts.
- (3) For the purpose of the application of this section to any person, the expressions " the amount " on which he is assessed in respect of the profits " or gains " and " the aggregate amount of the assessments made on him " shall in respect of any year or period be taken to mean the amount or the aggregate of the amounts respectively which that person would be required under the Income Tax Acts to include in respect of the profits of the trade, profession, or vocation in his return or returns of total income for that year or period if the return or returns were made before taking into account any adjustment under section thirty-four of the Income Tax Act, 1918, or any deduction or set off under section thirty-three of the Finance Act, 1926, in respect of a loss.

29 Relief in respect of losses where business is transferred to a company

- (1) If, where a business carried on by any individual or by any individuals in partnership has, whether before or after the passing of this Act, been transferred to a company in consideration solely or mainly of the allotment of shares of the company to that individual or those individuals, the total income as computed for the purposes of income tax of any individual to whom or to whose nominee or nominees shares have been so allotted for any year of assessment throughout which he is the beneficial owner of the shares and throughout which the company carries on the business, includes any income derived by him from the company, whether by way of dividends on those shares or otherwise, the provisions of section thirty-three of the Finance Act, 1926, shall apply as if the income so derived were profits and gains on which that individual was assessed under Schedule D in respect of that business for that year:

Provided that—

- (i) where under the said section thirty-three, as applied by this section, a loss falls to be deducted from or set off against any such income for any year of assessment, the deduction or set off shall be made in the first place against that part, if any, of the income in respect of which the individual has been or is liable to be assessed to tax for that year; and
- (ii) where any loss, or any part of a loss, falls to be deducted from or set off against any part of the income from which tax was deductible by the company, the individual shall on giving notice in writing to the surveyor not later than

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twelve months after the end of the year of assessment to which the claim relates, be entitled to claim an appropriate repayment of tax, and the provisions of the Income Tax Acts relating to claims for repayment of tax in respect of any allowance or deduction shall, subject to any necessary modification, apply to claims for repayment under this section.

- (2) This section in its application to the year of assessment in which a business is transferred as aforesaid shall have effect as if for the reference to the year of assessment throughout which the individual is the beneficial owner of the shares and throughout which the company carries on business there were substituted a reference to the period from the date of transfer to the fifth day of April next following.

30 Amendment of s. 84 of Income Tax Act, 1918

- (1) Where by virtue of section eighty-four of the Income Tax Act, 1918 (which empowers the Commissioners of Inland Revenue to appoint collectors in certain cases), the power to appoint a collector for any area has become vested in the Commissioners of Inland Revenue, those Commissioners shall appoint a collector for that area to hold office during their will and pleasure and assign to him such remuneration as the Treasury may direct, and, notwithstanding any alteration of any parish for the purposes of poor law administration, may continue to appoint a collector for that area, and, so long as they so continue, the parish or parishes forming that area shall remain a parish or parishes for which tax is to be separately assessed.
- (2) Where by virtue of section eighty of the Income Tax Act, 1918, the General Commissioners have power to appoint a collector for any area those Commissioners shall appoint a collector for that area to hold office during their will and pleasure, and subsection (1) of that section shall have effect as if for the words "in the " month of April in every year " there were substituted the words " within a month from the occurrence of a " vacancy for a collector," and subsection (1) of section eighty-four of the Income Tax Act, 1918, shall have effect as if—
- (a) the words " for any year of assessment" were omitted;
 - (b) for the words " on or before the thirty-first day of May " there were substituted the words " within two months after the date at which a vacancy has occurred " ;
 - (c) the words " for that year and for every subsequent year " were omitted.