

# Finance Act, 1962

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## CHAPTER 44

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [1st August, 1962]

Most Gracious Sovereign,

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

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#### CUSTOMS, EXCISE AND PURCHASE TAX

- 1.—(1) As from the tenth day of April, nineteen hundred and sixty-two,—
- (a) the adjustment of ten per cent. which had effect immediately before that day under subsection (2) of section nine of the Finance Act, 1961, shall not have effect in the case of any duty or tax to which the section applies or of any drawback, rebate, allowance or other payment in connection with such a duty or tax; but
- (b) subsection (2) below shall have effect in the case of the articles and duties there mentioned with a view to making an equivalent increase (that is to say, an increase of ten per cent. or as near thereto as is convenient) in the rates of those duties or, as the case
- Surcharge  
under Finance  
Act, 1961,  
s. 9, and  
related changes  
in rates of  
revenue  
duties.

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may be, making an equivalent increase in one or more of the duties or rates applying to the articles and such related increases in others of them as will take account of existing preferences and other matters or will tend to simplify the duty.

(2) The customs and excise duties to be so increased and the amounts of the increases, together with the increase in the rates of any drawback where those rates are not under the enactments relating to the duty fixed by the rates of duty, shall be as appears from the following paragraphs, that is to say:—

- (a) in the case of spirits other than imported perfumed spirits, beer (but not black beer), wine and British wine, the equivalent increase shall be made—
- (i) in the rate of the excise duty on spirits not chargeable with additional duty as immature spirits ; and
  - (ii) in the rate of the excise duty on beer ; and
  - (iii) in the Commonwealth rates of the customs duty on still wines and in the excise duty on still British wine ;

and the full and Commonwealth rates of duty, the rates of excise duty, and in the case of beer the corresponding rates of drawback, shall be as respectively shown in the relevant columns in the First, Second and Third Schedules to this Act (where the First Schedule also sets out in Table II the existing rates of customs duty on imported perfumed spirits) ;

- (b) in the case of tobacco the equivalent increase shall be made in the rates of duty on unmanufactured tobacco, and the full and Commonwealth rates of customs duty, the rates of excise duty and the corresponding rates of drawback, shall be as respectively shown in the relevant columns in the Fourth Schedule to this Act ;
- (c) in the case of hydrocarbon oils, power methylated spirits and petrol substitutes, the equivalent increase shall be made in the rate of the customs duty on hydrocarbon oils (that rate accordingly becoming two shillings and ninepence a gallon), and the enactments fixing by reference to the rate of that duty the rates of excise duty on those articles and the rates of rebate on heavy oils shall have effect accordingly ;
- (d) in the case of the pool betting duty, the equivalent increase shall be made in the rate of the duty applicable to bets other than bets made by means of a totalisator set up on a licensed dog racecourse, with effect for bets made at any time by reference to an

event taking place on or after the said tenth day of April, and that rate shall accordingly become thirty-three per cent. ;

- (e) in the case of the television advertisement duty, the equivalent increase shall be made in the rate of the duty, with effect for programmes broadcast on or after the said tenth day of April, and that rate shall accordingly become eleven per cent.

The supplementary provisions contained in the First, Second, Third and Fourth Schedules to this Act shall have effect for adapting, with regard to the rates of duty and drawback there provided, the existing enactments concerning the duties in question.

(3) Orders of the Treasury under section nine of the Finance Act, 1961, may, notwithstanding the proviso to subsection (1) of that section, be made or continue in force after the thirty-first day of August, nineteen hundred and sixty-two, but not after the thirty-first day of August, nineteen hundred and sixty-three, or such later date as Parliament may hereafter determine.

(4) For the purposes of this section—

- (a) “black beer” means black beer of an original gravity of 1200 degrees or more ; and  
 (b) “British wine” means any liquor heretofore comprised in the expression “sweets” ; and  
 (c) “Commonwealth rate” means the rate applying to articles which qualify for Commonwealth preference ; and  
 (d) “licensed dog racecourse” means a dog racecourse which is a track in respect of which a licence granted under Part I of the Betting and Lotteries Act, 1934, is for the time being in force, and “totalisator” has the same meaning as in the said Part I ;

and in the excise Acts for the expression “sweets”, wherever occurring, there shall be substituted the expression “British wine”.

2.—(1) In the case of goods of Convention area origin within the meaning of the European Free Trade Association Act, 1960,—

- (a) the duties of customs and drawbacks of those duties mentioned in Table I in the First Schedule and in the Second and Fourth Schedules to this Act, instead of being charged or allowed at the full rates there shown shall be charged or allowed at the Convention rates shown in the relevant columns of those Schedules ; and  
 (b) the duties of customs charged on matches by section four of the Finance Act, 1951, shall be charged at the

Lower rates of customs duties on E.F.T.A. goods.

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rate of 19s. 7d. (instead of 19s. 11d.) per 10,000 matches in containers in which there are not more than 30 matches, and at the rate of 14s. 1d. (instead of 14s. 5d.) per 7,200 matches in containers in which there are more than 30 matches ; and

- (c) the duty of customs charged on mechanical lighters by section six of the Finance Act, 1928, shall be charged at the rate of 6s. 6d. (instead of 7s. 0d.) or, in the case of a gas lighter, at the rate of 4s. 6d. (instead of 5s. 0d.).

(2) In the application to any of the said duties of any provision contained in the customs Acts and passed before this Act, any reference to a preferential rate shall be taken as referring only to a rate for goods qualifying for Commonwealth preference, and any reference to the full rate (where distinguished from a preferential rate) shall be taken as including any Convention rate of duty.

(3) This section shall have effect as from the tenth day of April, nineteen hundred and sixty-two.

3.—(1) In respect of the following goods, that is to say,—

- (a) sugar, molasses, glucose and saccharin ; and  
 (b) tea ; and  
 (c) coffee, chicory and mixtures thereof, and preparations consisting wholly or partly of extracts, essences or other concentrations of coffee or chicory ; and  
 (d) cocoa, cocoa butter and cocoa husks and shells ;

there shall be charged under the Import Duties Act, 1958, such duties of customs (if any) as may be provided for in accordance with that Act by any order of the Treasury, and on the coming into force of such an order for goods within any paragraph of this subsection any duties of customs then chargeable under any other Act in respect of goods within that paragraph shall cease to be chargeable.

(2) The following duties of customs shall, until they cease under subsection (1) above to be chargeable, be charged in respect of sugar, invert sugar, glucose and saccharin imported into the United Kingdom, that is to say, in the case of sugar, invert sugar, glucose and saccharin not qualifying for Commonwealth preference, duties at the rates shown in Part I of the Fifth Schedule to this Act, and in the case of sugar qualifying for Commonwealth preference, being sugar of a polarisation exceeding 99°, a duty at the rate of 12·8d. per cwt., and as regards drawback of those duties the following provisions shall apply:—

- (a) drawback allowable in respect of sugar produced in the United Kingdom from dutiable materials shall be as follows:—

(i) where the duty on the materials was paid in accordance with Part I of the Fifth Schedule to this Act at a rate less than 6s. 10·8d. per cwt., and the sugar is of a polarisation exceeding 98°, the rate of drawback shall be 4s. 3½d. ;

(ii) in any other case the drawback shall be of an amount equal to the duty chargeable on sugar of the like polarisation (and qualifying or not qualifying for Commonwealth preference as the materials did or did not so qualify on payment of the duty) ;

(b) drawback shall not be allowable (except in the case of invert sugar) in respect of molasses produced in the United Kingdom from dutiable materials, and any drawback allowable in respect of invert sugar so produced shall be of an amount equal to the duty paid on the materials ;

and there shall not be charged any duty of customs or excise previously chargeable on sugar, molasses, glucose or saccharin (except any duty of customs under the Import Duties Act, 1958), nor shall any excise licence be required to manufacture in Great Britain sugar, glucose, saccharin or invert sugar.

There shall also not be allowed any drawback or other relief, whether of the duties previously chargeable or of the duties under this subsection, by virtue of section two hundred and sixteen or two hundred and seventeen, or of paragraph (e) or (f) of subsection (1) of section two hundred and eighteen, of the Customs and Excise Act, 1952 (which relate to goods for use in certain manufactures or for the feeding of stock).

(3) Until they cease under subsection (1) above to be chargeable, the duties of customs chargeable on coffee under section three of the Finance Act, 1924, and on preparations consisting wholly or partly of extracts, essences or other concentrations of coffee or chicory under section two of the Finance Act, 1946, shall be charged at the rates shown in Table I in the Sixth Schedule to this Act ; and for roasted coffee and mixtures of roasted coffee and roasted chicory the rates of drawback of the duties chargeable under the said section three shall be the rates shown for these drawbacks in Table II in that Schedule.

(4) A duty of customs shall, until it ceases to be chargeable under subsection (1) above, be charged at the rate of 2s. 4d. per cwt. on cocoa or cocoa butter imported into the United Kingdom and not qualifying for Commonwealth preference, and there shall not be charged the duties of customs previously chargeable on cocoa, cocoa butter and cocoa husks and shells under section two of the Finance Act, 1924.

Drawback of the duty under this subsection shall not be allowed under section two hundred and thirty-one of the Customs



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and Excise Act, 1952, on goods delivered or appropriated for use in the manufacture of theobromine.

(5) Subsections (2) to (4) above shall have effect as from the tenth day of April, nineteen hundred and sixty-two.

(6) The changes made by subsections (1) and (2) above in the duties on sugar or invert sugar, or in the drawbacks and other reliefs of those duties, shall not affect or be deemed to have affected surcharge and surcharge repayments or distribution payments and repayments under the Sugar Act, 1956, except to the extent provided for by Part II of the Fifth Schedule to this Act; and the Sugar Act, 1956, shall have effect subject to and in accordance with the provisions of Part II of the Fifth Schedule to this Act (being provisions designed to adapt its operation in the United Kingdom to the provision made by this section as to sugar and molasses, and to secure that it has the like operation in the Isle of Man).

Hydrocarbon  
oils (minor  
amendments).

4.—(1) For the purposes of the customs and excise Acts the expression “fuel oils” shall include any heavy oils which contain in solution an amount of hard asphalt of not less than one tenth of one per cent. and of which the closed flash point is one hundred and fifty degrees centigrade or below (so that in respect of any such oils the rate of the rebate of customs duty shall, in accordance with section two of the Finance Act, 1961, be twopence, instead of threepence, less than the rate of the duty); and this shall have effect from the tenth day of April, nineteen hundred and sixty-two.

(2) In the Customs and Excise Act, 1952—

- (a) section two hundred and one (which provides for the licensing of persons selling unrebated heavy oils) shall cease to have effect, and accordingly in subsection (1) of section two hundred and two for the words “the two last foregoing sections” there shall be substituted the words “section two hundred of this Act”; and
- (b) in the said section two hundred, for subsections (2) to (5) there shall be substituted the subsections set out in the Seventh Schedule to this Act (which substantially reproduce the effect of the said subsections (2) to (5) as amended by section seven of the Finance Act, 1959, section nine of the Finance Act, 1960, and the Seventh Schedule to the Vehicles (Excise) Act, 1962).

(3) In subsections (2) and (3) of section two hundred and three of the Customs and Excise Act, 1952 (which relate to the allowance, on the exportation etc. of any articles, of drawback of duty on hydrocarbon oil, or goods containing it, used as a material, solvent, preservative or finish in the manufacture or preparation of those articles), after the word “solvent”, there shall, in both places, be inserted the word “extractant”.

5.—(1) For the purpose of the application, in relation to an offence committed after the commencement of this Act, of paragraph (b) of section seven of the Vehicles (Excise) Act, 1962, or paragraph (b) of subsection (9) of section twelve thereof (which provide for excise penalties calculated by reference to the duty chargeable in respect of a vehicle), the amount of the duty chargeable in respect of any vehicle shall be taken to be an amount equal to the annual rate of duty applicable to the vehicle at the date on which the offence was committed or, where in the case of a vehicle kept on a public road that rate differs from the annual rate by reference to which the vehicle was at that date chargeable under section four of that Act, equal to the last-mentioned rate.

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Amendments  
of Vehicles  
(Excise)  
Act, 1962.

In the case of a conviction for a continuing offence, the offence shall be taken for the purposes of this subsection to have been committed on the date or latest date to which the conviction relates.

(2) In section seventeen of the Vehicles (Excise) Act, 1962, in subsection (2) (which renders punishable a false declaration made in connection with an application for a licence for a vehicle) there shall be inserted in paragraph (a) after the word "vehicle" the words "(including an application for a trade licence)".

6.—(1) Part I of the Second Schedule to the Finance Act, 1958, shall be amended as follows (but subject to any new order of the Treasury under section twenty-one of the Finance Act, 1948), that is to say:—

Purchase  
tax.

(a) as from the tenth day of April, nineteen hundred and sixty-two, the rates of tax shall be amended by substituting for any reference to a rate of fifty per cent. a reference to a rate of forty-five per cent., and for any reference to a rate of twelve and a half per cent. or of five per cent. a reference to a rate of ten per cent., and accordingly as from the passing of this Act the Groups mentioned in Part I of the Eighth Schedule to this Act shall be amended as there specified; and

(b) as from the eighth day of May, nineteen hundred and sixty-two, the Groups set out in Part II of the Eighth Schedule to this Act shall be added after Group 33.

(2) In relation to chargeable goods, being beverages or products for the preparation of beverages, section twenty-five of the Finance (No. 2) Act, 1940 (which provides that certain appropriations or applications of chargeable goods for purposes there mentioned shall be treated as chargeable purchases), shall apply as if the production of beverages which are not purchase tax goods (other than spirits, beer or British wine produced

**PART I** under the authority of the appropriate excise licence) were among the purposes specified in paragraphs (a) to (c) of subsection (1) of that section, and shall so apply with effect from the eighth day of May, nineteen hundred and sixty-two; and references to that section in any other enactment shall have effect accordingly.

In this subsection "purchase tax goods" means goods of any description from time to time comprised in Part I of the Second Schedule to the Finance Act, 1958.

(3) For the purposes of the enactments relating to purchase tax any person who in the United Kingdom makes, or applies any process in the course of the making of, goods for use in or in connection with a business carried on by him shall be treated as carrying on a business of making those goods, and shall accordingly be deemed to be a manufacturer; and in the case of any such person his appropriation or application of the goods to that use shall, for the purposes of section twenty-three of the Finance (No. 2) Act, 1940, and of any other enactment relating to registration for purchase tax purposes, be considered as a sale in the course of his business at a price equal to the wholesale value of the goods.

(4) Any drug or medicine comprised in Group 33 in Part I of the Second Schedule to the Finance Act, 1958 (or any Group substituted therefor by order of the Treasury under section twenty-one of the Finance Act, 1948) shall be exempt from all charge to purchase tax, if so directed by the Commissioners of Customs and Excise:

Provided that—

(a) any direction under this subsection shall cease to have effect, if not previously revoked, on the expiration of fifteen months from the giving of the direction or on the coming into force of an order of the Treasury with respect to the exemption from tax of drugs and medicines so comprised, not being an order made before or within six weeks after the giving of the direction; and

(b) the Commissioners shall not give such a direction except on the recommendation of the Minister of Health or of the Minister of Agriculture, Fisheries and Food.

(5) Where an amount is due from any person on account of purchase tax, but by reason of his failure to keep or to produce or furnish to the proper officer the accounts, records or other documents required by or under the enactments relating to the tax, or to take or permit to be taken any other step which he is so required to take or permit to be taken, or by reason of the accounts, records or other documents kept, produced or furnished being materially incomplete or inaccurate, the Commissioners of Customs and Excise are unable to ascertain the

amount of tax properly due from him, the Commissioners may estimate the amount of tax due, and (without prejudice to the recovery of the full amount due or to the making of a further estimate in that behalf) the amount estimated shall be recoverable as tax properly due unless in any action relating thereto the person liable proves the amount properly due, and that amount is less than the amount estimated.

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(6) An estimated sum for tax due from a person in respect of a period before the coming into force of subsection (5) above may be recovered under that subsection notwithstanding any proceedings taken before that subsection comes into force for the recovery of that tax on an estimate made by the Commissioners of the amount due, or any order made, judgment given or other thing done after the ninth day of April, nineteen hundred and sixty-two, in or in relation to any such proceedings; but save as aforesaid that subsection shall not affect any order or judgment made or given before that subsection comes into force.

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## INCOME TAX AND PROFITS TAX

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RENEWAL OF INCOME TAX, AND CHANGES IN  
PERSONAL RELIEFS

7. Income tax for the year 1962-63 shall be charged at the standard rate of seven shillings and ninepence in the pound, and in the case of an individual whose total income exceeds two thousand pounds, at such higher rates in respect of the excess as Parliament may hereafter determine.

Charge of  
income tax  
for 1962-63.

8.—(1) In section fifteen of the Finance Act, 1952 (relief for persons under sixty-five with small incomes), as originally enacted, for the references to two hundred and fifty pounds (the income limit for the full relief) there shall be substituted in all places references to four hundred pounds; and (as regards the marginal relief) for the references to three hundred and fifty pounds and to two-fifths there shall be substituted references to five hundred and fifty pounds and to one-half.

Increase of  
reliefs for  
small  
incomes.

(2) In section thirteen of the Finance Act, 1957 (relief for persons over sixty-five with small incomes), as originally enacted, for the references to two hundred and fifty pounds and to four hundred pounds (the income limits for exemption) there shall be substituted references to three hundred pounds and to four hundred and eighty pounds; and (as regards the marginal relief) for the reference to fifty pounds (the addition to the income limit) there shall be substituted a reference to seventy-five pounds.

(3) This section shall not be deemed to have required any change in the amounts deducted or repaid under section one

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hundred and fifty-seven (pay as you earn) of the Income Tax Act, 1952, before the twenty-second day of June, nineteen hundred and sixty-two.

Relief for  
blind persons.

9.—(1) Subject to subsection (3) below, if a claimant proves—

- (a) that he is a married man who for the year of assessment has his wife living with him, and that one of them was, and the other was not, throughout the year a registered blind person ; or
- (b) that, not being such a married man, he was throughout the year a registered blind person ;

and also proves that the amounts of any tax-free disability payments receivable in the year by him or, as the case may be, by his wife living with him are such that seven-ninths of the aggregate thereof is less than one hundred pounds, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on an amount equal to one hundred pounds reduced by seven-ninths of the aggregate of any such payments so receivable.

(2) Subject to subsection (3) below, if a claimant proves—

- (a) that he is a married man who for the year of assessment has his wife living with him ; and
- (b) that throughout the year both he and his wife were registered blind persons ; and
- (c) that the amounts of any tax-free disability payments receivable in the year (whether by him or his wife) are such that seven-ninths of the aggregate thereof is less than two hundred pounds ;

he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on an amount equal to two hundred pounds reduced by seven-ninths of the aggregate of any such payments so receivable.

(3) Unless a claimant who is entitled to relief for the year of assessment under section two hundred and seventeen of the Income Tax Act, 1952, in respect of the services of a daughter relinquishes his claim to that relief, he shall not be allowed relief under subsection (1) or (2) above for that year.

(4) In this section—

“ registered blind person ” means a person registered as a blind person in a register compiled under section twenty-nine of the National Assistance Act, 1948, or under any corresponding enactment for the time being in force in Northern Ireland ;

“ tax-free disability payment ” means a periodical payment receivable by a person on account of his blindness and not falling to be treated as income for the purposes of income tax.

(5) In subsection (1) of section fourteen of the Finance Act, 1957 (under which, as amended by the Finance Act, 1960, certain reliefs specified in paragraphs (a) to (d) thereof by reference to the enactments conferring them are allowable for purposes of surtax), at the end of paragraph (d) there shall be inserted the following—

“ and

(e) subsection (1) or (2) of section nine of the Finance Act, 1962 (relief for blind persons) ; ”.

(6) The Income Tax Acts, and in particular Part VIII of the Income Tax Act, 1952, shall have effect as if subsections (1) to (4) of this section were contained in the said Part VIII between sections two hundred and eighteen and two hundred and nineteen.

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### CHARGE ON GAINS FROM ACQUISITION AND DISPOSAL OF ASSETS

**10.**—(1) Without prejudice to any other provision of the Income Tax Acts directing income tax to be charged under Schedule D, tax under that Schedule for the year 1962–63 or any subsequent year of assessment shall be charged, subject to and in accordance with the rules contained in this Chapter, in respect of all gains accruing to any person resident and ordinarily resident for the year in the United Kingdom from his acquisition and disposal of any chargeable assets, not being gains which accrue as profits of a trade, profession, vocation, office or employment: Charge to income tax and profits tax.

Provided that tax shall not be chargeable by virtue of this section where the acquisition or the disposal occurred before the tenth day of April, nineteen hundred and sixty-two, except in so far as provision to the contrary is made by section fourteen of this Act.

(2) Except for purposes of section fourteen of this Act, there shall be no acquisition and disposal within the meaning of this Chapter where the disposal occurs more than three years after the acquisition in the case of a disposal of land, or where the disposal occurs more than six months after the acquisition in any other case.

(3) Tax charged under Schedule D by virtue of this section shall be charged under a new Case VII of that Schedule (in this Chapter referred to as “ Case VII ”), and—

(a) the tax with which a person is chargeable under Case VII for any year of assessment shall be computed

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on the gains accruing to him in that year, after deducting any losses allowable under Case VII against those gains; and

- (b) subject to subsection (6) below, a gain on the acquisition and disposal of an asset shall for purposes of Case VII be treated as accruing at the time of the disposal or, if that precedes the acquisition, the time of the acquisition; and
- (c) the amount or net amount on which tax is charged by this subsection shall be deemed for income tax purposes to be income for the year of assessment of the person chargeable.

(4) Subject to the provisions of this Chapter the losses allowable under Case VII against gains accruing to a person in any year of assessment shall consist of any losses accruing to him in that or any previous year from any chargeable acquisition and disposal, that is to say, from his acquisition and disposal of assets in such circumstances that a gain accruing from it would have been chargeable under Case VII; and a loss shall be treated as accruing at the same time, and be computed in the same manner, as a gain would be.

(5) The foregoing provisions of this section with respect to losses allowable under Case VII shall not prejudice any right to relief in respect of other losses from tax chargeable under that Case, or otherwise affect any other provision of the Income Tax Acts with respect to losses; but no deduction shall be made under Case VII of a loss or part of a loss in respect of which relief from tax has already been allowed by such a deduction or otherwise, and where such a deduction is made no relief from tax in respect of the loss or that part of it shall be allowed under any other provision of the Income Tax Acts.

(6) In the case of individuals resident and ordinarily resident but not domiciled in the United Kingdom, tax under Case VII shall not be charged in respect of gains arising to them out of the United Kingdom except that tax shall be charged on the amounts (if any) received in the United Kingdom in respect of those gains, any such amounts being treated as gains accruing when they are received in the United Kingdom; and accordingly losses arising out of the United Kingdom to any such individual shall not be allowable under Case VII.

(7) In computing for the purposes of the profits tax the profits or losses arising from a trade or business, any such gains and losses as are to be included and allowed in computing a person's income for purposes of Case VII shall by virtue of this Chapter (but subject to the enactments adapting income tax principles to the computation) be respectively included as receipts and allowed by way of deduction from gains so included, in so far

as they would not otherwise be brought into the computation ;  
and for this purpose—

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- (a) subject to paragraph (c) below, the gains to be included and the losses to be allowed shall be those accruing from the acquisition and disposal of assets where income arising from the assets to the person making the disposal would be brought into account as a receipt in computing the profits including franked investment income of the trade or business, or would be so brought into account apart from subsection (5) of section forty-two of the Finance Act, 1938 (which relates to payments between associated companies) ;
- (b) in the case of any chargeable accounting period, whether or not it is a period for which the accounts of the trade or business are made up, the gains to be included shall be those accruing during the period, and the losses to be allowed shall be determined accordingly, and subsection (3) of section twenty of the Finance Act, 1937, shall not apply in relation to those gains or losses ;
- (c) where under section twenty-two of the Finance Act, 1937, the profits or losses of a subsidiary are to be treated as profits or losses of the principal company, the gains or losses to be brought into account by virtue of paragraph (a) above in the case of any company shall be the same as if no notice were in force under that section, but—

- (i) where gains accrue in a chargeable accounting period of the subsidiary in excess of the losses allowable to the subsidiary under this Chapter against those gains, then in computing the profits arising in the corresponding chargeable accounting period of the principal company from its trade or business the excess shall, for the purpose of deducting losses allowable to the principal company under this Chapter and accruing in that period and for the purposes of sub-paragraph (ii) below, be regarded as if it were a gain to be included by virtue of this Chapter in the computation of those profits ; and

- (ii) where losses accrue in a chargeable accounting period of the subsidiary so as to be allowable to the subsidiary under this Chapter against gains so accruing, but exceed the amount (if any) of those gains, the excess may be allowed as a deduction in computing the profits or losses generally of that period :

Provided that this sub-paragraph shall not apply unless in computing the profits arising in the corre-



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sponding chargeable accounting period of the principal company from its trade or business gains are to be included by virtue of this Chapter in excess of the losses allowable against those gains, nor shall a greater amount be allowed to any subsidiary or subsidiaries by reference to the period than the amount of that excess.

## Chargeable assets.

**11.**—(1) Subject to the provisions of this section, all forms of property, whether situated in the United Kingdom or not, (including options, debts and incorporeal property generally) shall be chargeable assets for the purposes of Case VII, with the exception of tangible movable property; and subsection (2) of section ten of this Act shall apply to an option or other right to acquire or dispose of land as it applies to land.

(2) Tangible movable property shall be chargeable assets in any of the following cases:—

- (a) commodities of any description shall be chargeable assets in relation to any acquisition and disposal by a person dealing on a futures market or dealing with or through a person ordinarily engaged in dealing on a futures market;
- (b) currency of any description shall be chargeable assets, except in relation to an acquisition and disposal by an individual for the personal expenditure outside the United Kingdom of himself or his family or dependants (including expenditure on the provision or maintenance of any residence outside the United Kingdom);
- (c) tangible movable property of any description shall be chargeable assets in relation to any acquisition and disposal by a person acquiring it with a view to its employment in a trade or business carried on or to be carried on by him, but disposing of it without its being employed in that trade or business.

(3) Subject to subsection (7) below, the dwelling-house or part of a dwelling-house which is an individual's only or main residence shall not be chargeable assets in relation to any acquisition and disposal of it by him, nor shall land which he has for his own occupation and enjoyment with that residence as its garden or grounds up to an area (inclusive of the site of the dwelling-house) of one acre, or such larger area as the Commissioners concerned may in any particular case determine, on being satisfied that, regard being had to the size and character of the dwelling-house, the larger area is required for the reasonable enjoyment of it (or of the part in question) as a residence.

In the case where part of the land occupied with a residence is and part is not to be treated under this subsection as charge-

able assets, then (up to the permitted area) that part shall be taken not to be chargeable assets which, if the remainder were separately occupied, would be the most suitable for occupation and enjoyment with the residence.

(4) Subject to subsection (7) below, any building or part of a building which a person occupies and uses for the purposes only of a trade, profession or vocation carried on by him (other than a trade of dealing in or developing land, or of providing services for the occupier of land in which that person has an estate or interest) shall not be chargeable assets in relation to any acquisition and disposal of it by him, nor shall any land which he occupies for purposes ancillary to his occupation and use of the building or part of a building; and this subsection—

- (a) shall apply in relation to any permanent or semi-permanent structure in the nature of a building, as it applies in relation to a building; and
- (b) shall apply in relation to the discharge of the functions of a public or local authority, and to the occupation of woodlands where the woodlands are managed by the occupier on a commercial basis and with a view to the realisation of profits, as it applies in relation to a trade, profession or vocation.

(5) Subject to subsection (7) below, fixed plant or machinery which does not form part of a building or of a permanent or semi-permanent structure in the nature of a building, and which a person uses for the purposes only of a trade carried on by him, shall not be chargeable assets in relation to any acquisition or disposal of it by him; and this subsection shall apply in relation to the discharge of the functions of a public or local authority, and to the occupation of woodlands where the woodlands are managed by the occupier on a commercial basis and with a view to the realisation of profits, as it applies in relation to a trade.

(6) Patent rights (that is to say, the right to do or authorise the doing of anything which would, but for that right, be an infringement of a patent) shall not be chargeable assets, nor shall rights to acquire in the future patent rights as respects any invention in respect of which the patent has not yet been granted.

(7) Subsection (3), (4) or (5) above shall not apply by reason of a person's use of an asset for a purpose within the subsection, unless his acquisition of it was made for that purpose and not wholly or partly for the purpose of realising a gain from the disposal of it; but where a person acquires land as a site for a building or structure, and disposes of it after the erection of the building or structure, subsection (3) or (4) above shall not be prevented from applying by reason of his not having acquired the land with the building or structure on it.

## PART II

General  
operation of  
charge.

12.—(1) Subject to the provisions of this section, any acquisition of an interest or right in or over assets (whether it continues after or ceases on the acquisition), or any disposal of such an interest or right (whether it subsists before or is created by the disposal), shall be deemed for purposes of Case VII to be an acquisition or a disposal of the assets, and (except in so far as the context otherwise requires) the expression “acquire” and the expression “dispose of” shall be construed accordingly.

(2) For purposes of Case VII, where a contract is made to acquire or dispose of an asset (including an asset not in existence or not ascertained at the time of the contract), the contract shall be deemed to be the acquisition or disposal of the asset (for the consideration provided for by the contract), and the conveyance or transfer of an asset or of an interest or right in or over an asset in pursuance of a contract previously made shall not be deemed to be an acquisition or disposal of the asset.

(3) Subject to subsection (4) below and to the Ninth Schedule to this Act, a person's acquisition of any asset, and the disposal of it to him, shall for purposes of Case VII be deemed to be for a consideration equal to the market value of the asset or of the interest or right in or over it received by him—

- (a) where he acquires the asset otherwise than by way of a bargain made at arm's length, and in particular where he acquires it by way of gift, or by way of distribution from a company in respect of shares in the company ;  
or
- (b) where he acquires the asset wholly or partly for a consideration that cannot be valued, or in connection with his own or another's loss of office or employment or diminution of emoluments, or otherwise in consideration for or recognition of his or another's services or past services in any office or employment or of any other services rendered or to be rendered by him or another ; or
- (c) where he acquires the asset as trustee for creditors of the person making the disposal.

(4) Where, on a person's acquisition of an asset, the asset or the interest or right in or over it received by him falls to be taken into account for purposes of tax as a receipt of an income nature (whether as his receipt or another's), or would fall to be so taken into account if he (or, as the case may be, that other) were chargeable to tax in respect of the whole of his income, his acquisition shall for purposes of Case VII be deemed to be for a consideration equal to the amount or value attributed to the asset for that purpose.

(5) In relation to assets held by a person as nominee for another person, or as trustee for another person absolutely entitled as against the trustee (or for two or more persons jointly so entitled), this Chapter shall apply as if the property were vested in, and the acts of the nominee or trustee in relation to the assets were the acts of, the person or persons for whom he is nominee or trustee (acquisitions from or disposals to him by that person or persons being disregarded accordingly).

(6) In relation to settled property, the trustees of the settlement shall for purposes of Case VII be treated as being a single and continuing body of persons (distinct from the persons who may from time to time be the trustees), and that body shall be treated as being resident and ordinarily resident in the United Kingdom unless the general administration of the trusts is ordinarily carried on outside the United Kingdom and the trustees or a majority of them for the time being are not resident or not ordinarily resident in the United Kingdom :

Provided that a body corporate carrying on a business which consists of or includes the management of trusts, and acting as trustee of a trust in the course of that business, shall be treated in relation to that trust as not resident in the United Kingdom if the whole of the settled property consists of or derives from property provided by a person not at the time (or, in the case of a trust arising under a testamentary disposition or on an intestacy or partial intestacy, at his death) domiciled, resident or ordinarily resident in the United Kingdom.

For the purposes of this subsection, where part of the property comprised in a settlement is vested in one trustee or set of trustees and part in another (and in particular where settled land within the meaning of the Settled Land Act, 1925, is vested in the tenant for life and investments representing capital money are vested in the trustees of the settlement), they shall be treated as together constituting and, in so far as they act separately, as acting on behalf of a single body of trustees.

(7) Subsection (6) above shall apply in relation to property forming part of the estate of a deceased person and to his personal representatives as it applies in relation to settled property and to trustees of a settlement, but personal representatives shall not be chargeable to tax in respect of an acquisition and disposal by reference to the vesting of the property of the deceased in them.

(8) A person acquiring assets as legatee shall not be chargeable under Case VII in respect of any acquisition and disposal by reference to that acquisition, except as provided by section fourteen of this Act ; nor, in the case of settled property, shall a person be chargeable under Case VII in respect of any acquisition and disposal of a beneficial interest under the settlement.

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(9) The conveyance or transfer by way of security of an asset or of an interest or right in or over it, or transfer of a subsisting interest or right by way of security in or over an asset (including a retransfer on redemption of the security), shall not be treated for purposes of Case VII as involving any acquisition or disposal of the asset; and, without prejudice to the generality of the foregoing, this Chapter shall have effect in relation to any right to money secured on land (including periodical payments issuing out of land, where the right to the payments is not incident to an estate or interest in the land), as it has effect in relation to assets other than land, and not as it has effect in relation to land.

(10) Where a person entitled to an asset by way of security or to the benefit of a charge or incumbrance on an asset deals with the asset for the purpose of enforcing or giving effect to the security, charge or incumbrance, his dealings with it shall be treated for purposes of Case VII as if they were done through him as nominee by the person entitled to it subject to the security, charge or incumbrance; and this subsection shall apply to the dealings of any person appointed to enforce or give effect to the security, charge or incumbrance as receiver, receiver and manager or judicial factor as it applies to the dealings of the person entitled as aforesaid.

(11) Except as provided by section thirteen of this Act, a person disposing of land by letting it for a term of less than twenty-one years shall not be chargeable under Case VII in respect of any acquisition and disposal by reference to that disposal, unless the letting is accompanied by another letting or agreement for another letting such that the combined terms amount to twenty-one years or over, or by an agreement to dispose of the land otherwise than by letting it.

Computation  
of gains.

**13.**—(1) Subject to the provisions of this Chapter the gain accruing to a person from his acquisition and disposal of any asset shall be computed for purposes of Case VII in the like manner as it would fall to be computed for purposes of Case I of Schedule D if the acquisition and disposal (together with anything done by him to or in relation to the asset in connection with the acquisition and disposal or with a view to the disposal) had been an adventure in the nature of trade (but so that no dividend or interest in respect of which tax has been borne by deduction or otherwise shall be brought into the computation as a receipt).

(2) Subsection (1) above shall not be treated as applying for purposes of Case VII any provision as to the period of computation of profits for purposes of Case I, but the gain accruing on any disposal of an asset shall be computed in one sum as from the relevant acquisition (or first relevant acquisition).

(3) Subject to the following subsections, the adventure by reference to which the gain on an acquisition and disposal is to be computed—

- (a) shall not be treated as relating to any assets not included in the disposal or to any interest not so included in assets which are so included, whether or not the assets or interest not so included were or was included in a relevant acquisition of the assets disposed of;
- (b) shall not be treated as relating to assets included in the disposal which either are not chargeable assets or were not included in a relevant acquisition;
- (c) subject to paragraph (b) above, shall be treated as relating—
  - (i) to all assets included in the same disposal, whether or not included in the same acquisition; and
  - (ii) to all relevant acquisitions of those assets; and
  - (iii) to the whole interest included in the disposal in any assets to which the adventure relates, whether or not the whole interest was included in any relevant acquisition;

and all necessary apportionments shall be made accordingly of the consideration for any acquisition or disposal or of any receipts or expenditure (including in particular, in the case of land, apportionments between the interest disposed of and an interest retained of receipts and expenditure in connection with the land).

(4) If in the case of any asset the interest to which the adventure relates does not derive wholly from one or more relevant acquisitions, then the gain shall be computed as if such part of that interest as derives from any other acquisition had been first appropriated to the adventure immediately before the disposal.

(5) If, in the case of land, there is included in the disposal besides the land to which the adventure relates any adjoining or neighbouring land, being chargeable assets and not being land acquired as legatee, so much (if any) of the consideration for the disposal as represents an enhancement due to a relevant acquisition of the first-mentioned land in the value of the adjoining or neighbouring land shall on the apportionment of the consideration be apportioned to the first-mentioned land.

(6) If, in the case of land, the disposal is subject to an interest created by any such letting of the land as is excepted from Case VII by subsection (11) of section twelve of this Act, and the letting was made by the person disposing of the land and made by him since a relevant acquisition, the adventure shall be

PART II treated as extending to that letting to the same extent as if the interest thereby created had been included in the disposal.

(7) An asset shall be treated as having been acquired free of any interest or right by way of security subsisting at the time of any relevant acquisition of it, and as being disposed of free of any such interest or right subsisting at the time of the disposal.

(8) For the purposes of this section—

- (a) “relevant acquisition” means, in relation to any disposal of an asset, an acquisition which with that disposal amounts to an acquisition and disposal within the meaning of this Chapter, except that it does not include an acquisition by reference to which tax is not chargeable, nor an acquisition from which no interest included in the disposal derives;
- (b) an interest included in a disposal shall be treated as deriving from an acquisition if without that acquisition the whole interest could not have been so included, but so that the part of that interest which does and the part which does not derive from relevant acquisitions shall be determined as if any interest of temporary duration subsisting at the time of the first relevant acquisition (other than an interest of such a duration as to expire before the time of the disposal) had been of the same duration at the time of the disposal.

Disposals of land effected indirectly.

14.—(1) Subject to the provisions of this section, where a person disposes of shares in a company, and immediately before the disposal either—

- (a) the company is or has control of a land-owning company, and is one which is under the control of not more than five persons and in which he has a substantial interest; or
- (b) the company, or a company of which it has control, has a substantial interest in a land-owning company under the control of not more than five persons, and the company is one of which he has control, or of which he and persons connected with him have control;

then he shall be chargeable to tax under Case VII by reference to his disposal of the shares, whenever he acquired them, and notwithstanding that he acquired them as legatee.

(2) Where, but for this section, a person would not be chargeable to tax under Case VII by reference to a disposal of shares in a company, then—

- (a) he shall not be chargeable unless chargeable gains would have accrued to the company, being a land-owning

company, or to a land-owning company referred to in paragraph (a) or (b), as the case may be, of subsection (1) above, on the company disposing of its land at market value at the time of his disposal and any such land-owning company disposing likewise of the land of that company; and

- (b) he shall not, if a gain accrues to him on that disposal, be chargeable by reference to it to tax on an amount greater than the amount of the chargeable gains which would have so accrued, or such part of that amount as is attributable to the shares disposed of by him, but if a loss accrues to him on the disposal, it shall not be allowable under Case VII.

(3) For the purposes of this section, "chargeable gains" means gains chargeable to tax under Case VII, but in calculating the chargeable gains that would have accrued to a company on the disposal of its land there shall be made the like deductions as would have been made in charging that tax for the losses that would have so accrued and, so far as they could not be deducted from chargeable gains previously accruing to the company, for losses previously accruing to it:

Provided that in the application of this section to a disposal of shares acquired as legatee on a death a company shall be treated as not chargeable to tax under Case VII by reference to any acquisition of land made before the death.

(4) Where in the case of a company any amount deductible under subsection (3) above in respect of losses cannot be deducted under that subsection because no gains or insufficient gains would have accrued to the company, the amount of the chargeable gains attributable to shares in the principal company shall be reduced by the amount that cannot be deducted or, if the company is not the principal company, by such part of that amount as is attributable to any shares held by the principal company.

In this subsection "principal company", in relation to any disposal of shares in a company, means that company.

(5) The part attributable to any shares in a company of the amount of any chargeable gains, or of any amount deductible in respect of losses, shall be the sum which that amount would add to or take from the distributions made in respect of those shares in a winding-up of the company if the amount represented assets of the company or, in the case of an amount deductible in respect of losses, a liability of the company, and if apart from that amount the assets of the company were enough, and no more than enough, to ensure the satisfaction of its liabilities (including the return of share capital); and the part of any such amount



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which is directly or indirectly attributable under this subsection to shares held by a company shall (so far as is necessary for the determination of any question as to the tax chargeable) be apportioned by the like method between the shares in that company to arrive at the part attributable to any of those shares.

(6) In this section "land-owning company" means a company not carrying on a trade of dealing in or developing land, but entitled to land, being chargeable assets, to a value equal to or exceeding one-fifth of the net value of all its assets (that is to say, their value less the value of the debts and liabilities of the company); and for this purpose the value of the said land shall be taken to be the value of the company's interest free of any liability charged thereon, and to include the value of interests which the company has unconditionally contracted to acquire, but not that of interests which the company has unconditionally contracted to dispose of.

For the purposes of this subsection "value" in relation to a company's land means market value, and the net value of a company's assets is the net value they would have on a sale in the open market of the company's business as a going concern.

(7) For the purposes of this section a person shall be deemed to have a substantial interest in a company if one-tenth or more in market value of the issued shares in the company is held by him or is held partly by him and partly by persons connected with him; and the persons to be treated as connected with one another are those specified in paragraph 20 of the Ninth Schedule to this Act.

(8) In this section "share", in relation to a company not limited by shares (whether or not it has a share capital), shall include the interest of a member of the company as such, whatever the form of that interest, and this section shall apply in relation to any disposal of rights attached to or forming part of a share as if the rights included in the disposal and those not included were separate shares.

Charities,  
superannua-  
tion funds,  
and other  
special cases.

**15.—**(1) There shall be exempt from tax chargeable under Case VII any gain accruing to a charity, or to any such Association as is mentioned in section four hundred and forty-nine of the Income Tax Act, 1952, from its acquisition and disposal of any assets.

In this subsection "charity" means any body of persons or trust established for charitable purposes only.

(2) There shall be exempt from tax chargeable under Case VII any gain accruing to a person from his acquisition and disposal of investments or deposits held by him as part of a fund approved under section three hundred and seventy-nine of the Income Tax

Act, 1952, but so that where part only of a fund is approved under that section the gain shall be exempt to the same extent only as income derived from the assets would be exempt under that section.

(3) There shall be exempt from tax chargeable under Case VII any gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund of which income is exempt from tax under any of the following enactments (which relate to superannuation and similar funds), that is to say,—

- (a) in the Income Tax Act, 1952, sections three hundred and eighty-one, three hundred and eighty-two and three hundred and eighty-five ;
- (b) in the Finance Act, 1956, subsection (5) of section twenty-two and subsection (3) of section forty ;
- (c) in the Finance Act, 1961, section twenty-one.

(4) There shall be exempt from tax chargeable under Case VII any gain accruing to the United Kingdom Atomic Energy Authority from its acquisition and disposal of any assets, or accruing to any other person from his acquisition and disposal of investments or deposits held by him for the purposes of any pension scheme provided and maintained by that Authority.

(5) There shall be exempt from tax chargeable under Case VII any gains which accrue to an assurance company (within the meaning of Part XX of the Income Tax Act, 1952) from its acquisition and disposal of investments of its life assurance fund, but which by reason of the mutual nature of the company's business or part of it do not accrue as profits of a trade.

(6) Any gain accruing to a person from his acquisition and disposal of any assets as trustee or assignee in bankruptcy shall be exempt from tax chargeable under Case VII.

(7) Where assets of the British Transport Commission are, by virtue of or in accordance with any Act of the present Session providing for the dissolution of that Commission, transferred to any body corporate established by that Act, then—

- (a) the Commission shall not be chargeable to tax under Case VII by reference to the transfer in respect of its acquisition and disposal of any asset included in the transfer ; and
- (b) the body corporate shall be treated as if the Commission's acquisition of the asset had been its acquisition of it (paragraph 18 of the Ninth Schedule to this Act applying for the purposes of this paragraph as it applies for the purposes of that Schedule).

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Supple-  
mentary.

## 16.—(1) For the purposes of this Chapter—

“ company ” includes any body corporate ;

“ control ” has the meaning assigned to it by section three hundred and thirty-three of the Income Tax Act, 1952, but any reference to a company being under the control of not more than five persons shall be construed in accordance with subsections (2) and (3) of section two hundred and fifty-six of that Act ;

“ legatee ” includes any person taking under a testamentary disposition or on an intestacy or partial intestacy, whether he takes beneficially or as trustee, and a donatio mortis causa shall be treated as a testamentary disposition and shall not be treated as a gift ;

“ market value ” in relation to any property means the price which that property might reasonably be expected to fetch on a sale in the open market ;

“ personal representatives ” has the meaning assigned to it by subsection (4) of section four hundred and twenty-three of the Income Tax Act, 1952 ;

“ settled property ” means, subject to subsection (4) below, any property held in trust other than property to which subsection (5) of section twelve of this Act applies ;

“ shares ” includes stock, and shares or debentures comprised in any letter of allotment or similar instrument shall be treated as issued unless the right to the shares or debentures thereby conferred remains provisional until accepted and there has been no acceptance.

(2) For the purposes of subsection (6) of section ten of this Act, there shall be treated as received in the United Kingdom in respect of any gain all amounts paid, used or enjoyed in or in any manner or form transmitted or brought to the United Kingdom, and section twenty-four of the Finance Act, 1953 (under which income applied outside the United Kingdom in payment of debts is, in certain cases, treated as received in the United Kingdom), shall apply as it would apply for purposes of subsection (3) of section one hundred and thirty-two of the Income Tax Act, 1952, if the gain were income arising from possessions out of the United Kingdom.

(3) Where two or more persons carry on a business in partnership, gains accruing to them on the disposal of any partnership assets shall, in Scotland as well as elsewhere in the United Kingdom, be assessed and charged on them under Case VII separately, and any partnership dealings shall be treated as dealings by the partners and not by the firm as such ; but any statement of the profits or gains of a partnership delivered under section one hundred and forty-four of the Income Tax Act, 1952,

shall include, with respect to any disposal of partnership property during the year of assessment to which the statement relates, the like particulars as if the partnership were chargeable under Case VII in respect of any gain accruing on the disposal.

(4) This Chapter shall apply in relation to any unit trust scheme (as defined in subsection (1) of section twenty-six of the Prevention of Fraud (Investments) Act, 1958), as if the trustees were a company whose business consists mainly in the making of investments, and as if the rights of the unit holders were shares in the company, and in the case of an authorised unit trust scheme within the meaning of section sixty-nine of the Finance Act, 1960, as if the company were resident and ordinarily resident in the United Kingdom; but the said section sixty-nine shall not apply so as to treat income chargeable to tax under Case VII as income of unit holders (unless included in the distribution for any distribution period).

(5) An underwriting member of Lloyd's or of an approved association of underwriters shall be treated for the purposes of this Chapter (and in particular of subsection (5) of section twelve) as absolutely entitled as against the trustees to the investments of his premiums trust fund, his special reserve fund (if any) and any other trust fund required or authorised by the rules of Lloyd's or the association in question, or required by the underwriting agent through whom his business or any part of it is carried on, to be kept in connection with the business; but—

- (a) the trustees of any such fund shall (subject to subsection (6) below) be assessed and charged to income tax at the standard rate as if this subsection had not been passed, and may, notwithstanding anything in any enactment or in the trusts of the fund, out of any gain accruing from the acquisition and disposal of an investment of the fund make good to the underwriting member any increase in the surtax or profits tax borne by him which is attributable to that gain; and
- (b) in paragraph (a) of sub-paragraph (3) of paragraph 6 of the Twenty-first Schedule to the Income Tax Act, 1952 (which relates to the computation of the profits of an underwriter's business for the purpose of regulating payments into and out of his special reserve fund), the reference to income arising from the investments forming part of those funds shall include the amount of the gains chargeable to tax under Case VII which accrue in the underwriting year in question from the acquisition and disposal of any such investments, after deducting from those gains losses accruing before the end of that year from any chargeable acquisition and disposal of any such investments so far as those

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losses are not under this paragraph deductible from gains accruing in a previous underwriting year.

In this subsection expressions used in section four hundred and eighty of the Income Tax Act, 1952, or in the Twenty-first Schedule to that Act have the same meanings as they have for purposes of that section or Schedule.

(6) The assessment to be made on the trustees of a fund by virtue of paragraph (a) of subsection (5) above for any year of assessment shall not take account of losses accruing in any previous year of assessment, and if for that or any other reason the tax paid on behalf of an underwriting member for any year of assessment by virtue of assessments so made exceeds the tax for which he is liable, the excess shall, on a claim being made by him to the surveyor, be repaid by the Commissioners of Inland Revenue :

Provided that if the surveyor objects to a claim for a deduction on account of losses allowable under Case VII, the claim shall be heard and determined by the Commissioners concerned in like manner as if it were an appeal against an assessment under Case VII, 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.

(7) Where it appears to the Commissioners of Inland Revenue that a person is or may be chargeable to tax under Case VII in respect of his acquisition and disposal of assets, they may by notice in writing served on any person require him, within such time not less than twenty-eight days as may be specified in the notice,—

- (a) to state whether he has acted on behalf of the first-mentioned person in connection with any acquisition or disposal of assets by that person ;
- (b) if so, to furnish information in his possession with respect to the acquisition or disposal, being information as to—
  - (i) the assets comprised in the acquisition or disposal and the consideration for the acquisition or disposal ; and
  - (ii) the date and manner of the acquisition or disposal, including any condition to which it was subject and the satisfaction or otherwise of any such condition ;

and Part III of the Finance Act, 1960 (which relates to penalties), shall have effect as if this subsection were among the provisions specified in the second column of the Sixth Schedule to that Act.

(8) The rules contained in the Ninth Schedule to this Act shall have effect with respect to the operation of Case VII in relation

to the matters there dealt with, and with respect to matters arising out of the charge to tax under this Chapter, and the foregoing sections of this Chapter shall have effect subject to the rules so contained; and the enactments mentioned in the first column in the Tenth Schedule to this Act shall, for the purpose of adapting or applying them in relation to the provisions of this Chapter, have effect subject to and in accordance with the provision made in respect thereto in the second column in that Schedule.

### CHAPTER III

#### MISCELLANEOUS AMENDMENTS

17. Any sum which, in pursuance of the scheme introduced on the nineteenth day of July, nineteen hundred and sixty-one, becomes or has become payable out of moneys provided by Parliament by way of bounty to a man serving in Her Majesty's military forces on his voluntarily undertaking to serve for a further period shall not be regarded as being or having been income for any income tax purposes.

Bounties payable on voluntary extension of army service.

18.—(1) Section twenty of the Finance Act, 1954 (which enables capital allowances to be taken into account on a claim to set a trading loss against income generally), shall in relation to any claim for a loss sustained in the year 1962-63 or a later year of assessment, have effect with the following modifications:—

Modification of right to set capital allowances against general income.

- (a) the claim shall not be made by reference to the capital allowances for that year ("the relevant year of assessment"), but by reference to those for the year for which that year is the basis year ; and
- (b) the amount of the capital allowances to be taken into account in computing the loss shall not be limited by reference to the amount to which effect cannot be given in charging profits or gains of the trade, but the capital allowances for any year shall be so taken into account only if and in so far as they are not required to offset balancing charges for the year ; and
- (c) where the allowances taken into account are the allowances for the year for which the claim is made or for the preceding year (the relevant year of assessment being the basis year for that year itself or the claim being made by way of carry-forward of the loss under subsection (3) of section fifteen of the Finance Act, 1953), relief shall not be given by reference to those allowances in respect of an amount greater than the amount non-effective in the year for which the claim

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is made or, in the case of allowances for the preceding year, the amount non-effective in both years.

(2) For the purposes of the said section twenty, where the end of the basis period for a year of assessment (as defined in section three hundred and twenty-five of the Income Tax Act, 1952) falls in, or coincides with the end of, any year of assessment, that year is the basis year for the first-mentioned year of assessment, but so that if a year of assessment would under the foregoing provision be the basis year both for that year itself and for another year of assessment, it shall be the basis year for the year itself and not for the other year; and—

(a) any reference to the capital allowances or balancing charges for a year of assessment shall be construed as a reference to those falling to be made in charging the profits or gains of the trade for that year (but not including in the case of allowances any part of the allowances for an earlier year carried forward under subsection (2) of section three hundred and twenty-three of the Income Tax Act, 1952); and

(b) any reference to an amount of capital allowances non-effective in a year shall be construed as referring to the amount to which by reason of an insufficiency of profits or gains effect cannot be given in charging the profits or gains of the trade for the year.

(3) For the purposes of paragraph (b) of subsection (1) above the capital allowances for a year of assessment shall be treated as required to offset balancing charges for the year up to the amount on which the balancing charges fall to be made after deducting from that amount the amount (if any) of capital allowances for earlier years which is carried forward to that year and would, without the balancing charges, be non-effective in that year.

(4) Accordingly (subject to paragraphs (b) and (c) of subsection (1) above) the said section twenty shall have effect with the following amendments:—

(a) in subsection (1) for the words from “as if” to “deducted” there shall be substituted the words “as if an amount equal to the capital allowances for the year of assessment for which the relevant year of assessment is the basis year were to be deducted”, and for the words “that year” in both places there shall be substituted the words “the relevant year of assessment”; and

(b) there shall be omitted the proviso to subsection (1), and in subsection (3) the words from “the capital allowances” to “but”; and

(c) in subsection (4) after the words “that year” there shall be inserted the words “or, in the case of allowances

for the following year, in charging the profits or gains of the trade for that following year”.

(5) Relief from tax may be given by virtue of subsection (1) of the said section twenty by reference to capital allowances for a year of assessment before the passing of any Act granting income tax for that year, as if income tax had been granted for the year without alteration; but if relief given to a person by virtue of that subsection for any year of assessment is affected by a subsequent alteration of the law, or by any discontinuance of the trade or other event occurring after the end of the year, any necessary adjustment may be made, and so much of any repayment of tax as exceeded the amount repayable in the events that happened may, if not otherwise made good, be assessed under Case VI of Schedule D and recovered from that person accordingly.

(6) This section shall apply in relation to a claim for the year 1961-62 as it applies in relation to claims for subsequent years of assessment, if the claim is expressed to be made on the basis that this section shall apply, and shall not apply to a claim for the year 1962-63 or for the year 1963-64, if the claim is expressed to be made on the basis that this section shall not apply; but

(a) subject to paragraph (b) below, a claim made by a person for any of those years on either basis (including a claim for the year 1961-62 made before the passing of this Act) may be superseded by a further claim made by him on the other basis within the time allowed for claims for the year 1963-64; and

(b) a claim may not be made for the year 1961-62 or for the year 1962-63 on the basis that this section shall apply, if a claim (not since superseded) has been made in respect of the same trade for a later year on the basis that this section shall not apply, nor may a claim be made for the year 1962-63 or for the year 1963-64 on the basis that this section shall not apply, if a claim (not since superseded) has been made in respect of the same trade for a previous year on the basis that this section shall apply.

(7) Where under paragraph (a) of subsection (6) above a claim made on one basis is, after effect has been given to it, superseded by a further claim made on the other basis, then (without prejudice to any other provision for adjusting tax) there may be made all such repayments of tax and assessments or alterations of assessments as may be necessary to give effect to the further claim in place of the claim superseded.

(8) This section shall be construed as one with subsections (1) to (6) of the said section twenty.



## PART II

Double  
taxation  
relief under  
Finance Act,  
1961 (effect on  
dividends).

19.—(1) Notwithstanding the provision in subsection (1) of section three hundred and fifty of the Income Tax Act, 1952, that the tax deductible under section one hundred and eighty-four from dividends shall be determined without regard to double taxation relief, where—

- (a) a body of persons pays a dividend out of profits or gains in respect of which development relief is given ; and
- (b) credit cannot be given against profits tax for that relief or can be so given for part only of it (on the basis that credit is to be so given for development relief in priority to any other double taxation relief) ;

the rate at which tax is authorised by section one hundred and eighty-four to be deducted from the dividend shall be the reduced rate provided for by this section, and any provision of the Income Tax Acts referring to deduction of tax under section one hundred and eighty-four (and in particular the provisions of sections one hundred and eighty-five, one hundred and eighty-six and four hundred and ninety-one to four hundred and ninety-three of the Income Tax Act, 1952, for determining the gross amount of the dividend) shall have effect accordingly.

(2) In this section “development relief” means double taxation relief given by virtue of section seventeen of the Finance Act, 1961 (which provides for relief by reference to exemptions from foreign taxation given to promote development), but includes any indirect relief by the reduction under this section of the tax deducted or treated as deducted from any dividend.

(3) The reduced rate referred to in subsection (1) above shall be, in relation to any dividend, the standard rate reduced by the amount of any reduction in the net United Kingdom rate for the dividend (within the meaning of subsection (1) of the said section three hundred and fifty) which is due to so much of the development relief as cannot be given by way of credit against profits tax as mentioned in paragraph (b) of subsection (1) above ; and for the purposes of this section there shall be treated as paid out of profits or gains in respect of which development relief has been given any dividend for which the net United Kingdom rate is reduced by development relief.

(4) The power of the Commissioners of Inland Revenue under section three hundred and fifty-one of the Income Tax Act, 1952, to make regulations for carrying out the provisions of sections three hundred and forty-seven and three hundred and fifty of that Act shall include power to make regulations for carrying out this section.

(5) Where a dividend is payable wholly or partly at a fixed gross rate per cent., and the rate at which tax is deductible is affected by this section, the net amount to be paid shall be determined according to the reduced rate provided for by this

section, and not according to the standard rate; and tax payable in respect of a dividend shall be treated as satisfied by a deduction made in accordance with this section to the same extent as if the deduction had been of tax at the standard rate.

(6) Where a company is or has been an overseas trade corporation and is or has been entitled to development relief, the rate at which tax is authorised to be deducted from a dividend shall be determined, if there is a different net United Kingdom rate for different parts of the dividend, by treating each such part as a separate dividend, and Part IV of the Finance Act, 1957, shall have effect subject to the following modifications:—

(a) so much of any relevant distribution or part of a relevant distribution (within the meaning of the Fifth Schedule to that Act) as is to be regarded under that Schedule as made out of the exempt trading income of the period to which the distribution or part is finally related shall, for any of the following purposes, be grossed up at the reduced rate applying to a dividend regarded as paid out of that income (instead of at the standard rate for the year of assessment in which the date of distribution falls), that is to say,—

(i) for the purpose of determining under paragraph 9 of that Schedule the amount of that income which is to be regarded as applied in making the distribution or that part of it; and

(ii) for the purpose of determining, in the case of a dividend, the amount on which the company is chargeable to tax by reference to it under section twenty-six of that Act; and

(iii) for the purpose of determining, in the case of a grant or loan to which paragraph 1 or 2 of the Sixth Schedule to that Act applies, the amount of income which is under that paragraph to be deemed to have been received by the person to whom the grant or loan is made; and

(b) in determining under the Fifth Schedule to that Act—

(i) how far a relevant distribution is to be finally related to any period; or

(ii) in what proportions a relevant distribution or part of a relevant distribution is to be regarded as made out of the exempt trading income and the other income respectively of the period to which it is finally related;

any part of the income of the period in respect of which development relief is given (or, in the case of exempt trading income, would fall to be given if

## PART II

it were chargeable to tax) shall be treated as being of an amount which, after deduction of tax thereon at the standard rate for the year of assessment in which the date of distribution falls, is equal to the actual amount of the income after deduction of an amount equal to tax thereon at that rate as that tax is or would be reduced by reason of the development relief given or falling to be given in respect of the income.

Extension of double taxation relief in respect of certain dividends.

**20.**—(1) Paragraph 10 of the Sixteenth Schedule to the Income Tax Act, 1952, and paragraph 3 of the Seventeenth Schedule to that Act (which relate to the allowance of double taxation relief on certain dividends paid to a company resident in the United Kingdom and controlling, directly or indirectly, not less than one half of the voting power in the company paying the dividend, and provide for taking account of the foreign tax paid by the last-mentioned company in respect of its profits) shall each be amended as follows:—

- (a) after the words “in the company paying the dividend” there shall be inserted the words “or which controls, directly or indirectly, a proportion of that voting power greater than one quarter and is subject to a local limitation preventing it from controlling a larger proportion”; and
- (b) at the end of the paragraph there shall be added the words—

“In this paragraph ‘local limitation’ means a limitation imposed by the law in force in the territory where the company paying the dividend is resident, or by executive action of the Government of that territory.”

- (2) Where a company resident in the United Kingdom either—
  - (a) controls, directly or indirectly, not less than one half of the voting power in a company resident in a territory outside the United Kingdom; or
  - (b) controls, directly or indirectly, a proportion of that voting power greater than one quarter and is subject to a local limitation preventing it from controlling a larger proportion;

then, for the purposes of any credit to be allowed to the first-mentioned company in accordance with the Sixteenth or Seventeenth Schedule to the Income Tax Act, 1952, in respect of a dividend paid to it by the other company, tax payable by the other company in respect of its profits under the law of any territory outside the United Kingdom shall be taken into account as if it were payable under the law of the first-mentioned territory, and paragraphs 7 and 8 of the said Sixteenth Schedule (which relate to the computation of the amount of income

in certain cases where double taxation relief is allowed) shall apply accordingly.

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In this subsection "local limitation" has the same meaning as it has (by virtue of subsection (1) above) in paragraph 10 of the said Sixteenth Schedule and paragraph 3 of the said Seventeenth Schedule.

(3) This section shall have effect only in relation to dividends by reference to which income tax is chargeable for the year 1962-63 or a subsequent year of assessment and (for the purposes of the profits tax) in relation to any other dividends which are received after the end of March, nineteen hundred and sixty-two, and by reference to which income tax is not chargeable for any year of assessment.

**21.**—(1) The Treasury on the application of the Ministry of Finance for Northern Ireland may, as respects any securities to which this section applies, direct that the securities specified in the direction shall be issued, or shall be deemed to have been issued, subject to the condition that the interest thereon shall be paid without deduction of income tax; and in relation to any securities so specified and the interest thereon section one hundred and ninety-six of the Income Tax Act, 1952 (which made provision for paying interest on certain government securities without deduction of tax), shall have effect as if—

Power to direct interest on Northern Ireland securities to be payable without deduction of tax.

- (a) the securities were securities in respect of which a direction had been given by the Treasury under subsection (1) of that section; and
- (b) references in that section to "the Bank" were (notwithstanding subsection (6) thereof) references to the bank in the books of which the securities are registered or inscribed; and
- (c) the references in subsections (3) and (4) of that section to the Treasury were references to the said Ministry of Finance.

(2) The securities to which this section applies are securities issued under paragraph (c) of subsection (1) of section eleven of the Exchequer and Financial Provisions Act (Northern Ireland), 1950, for money borrowed by the said Ministry of Finance for the purposes of making issues from the Consolidated Fund of Northern Ireland.

**22.**—(1) Subject to the provisions of this section, for the purposes of income tax and for the purposes of the profits tax the Gas Council shall be treated as carrying on a trade or business from the beginning of April, nineteen hundred and sixty-two, and from the beginning of that month—

Taxation of Gas Council and Area Boards.

- (a) any trade or business carried on by an Area Board within the meaning of the Gas Act, 1948, shall be

## PART II

treated as part of the trade or business carried on by the Gas Council ;

(b) subject to paragraph (c) below, any property, rights or liabilities of any such Board shall be treated as property, rights or liabilities of the Gas Council, and any thing done by or to any such Board shall be deemed to have been done by or to the Gas Council ;

(c) any rights, liabilities or things done—

(i) of, by or to the Gas Council against, to or by any such Board ; or

(ii) of, by or to any such Board against, to or by the Gas Council or any other such Board, shall be left out of account ;

and income tax and the profits tax shall be charged accordingly.

(2) Subsection (1) above shall not affect income tax for any year of assessment earlier than the year 1962-63 or the profits tax for any chargeable accounting period ending with or before the end of March, nineteen hundred and sixty-two, or the computation of the profits and gains or losses of the trade or business of an Area Board for any such year of assessment or chargeable accounting period ; and any such losses may be carried forward and set off against the profits or gains of the trade or business of the Gas Council as if incurred by the Gas Council in carrying on that trade or business.

(3) The trade or business of the Gas Council shall not be treated as a new trade or business set up and commenced at the beginning of April, nineteen hundred and sixty-two ; but, subject to subsection (2) above, the Income Tax Acts and the enactments relating to the profits tax shall apply in relation to that trade or business as if before the beginning of that month it had consisted of the trades or businesses of the Area Boards, and (without prejudice to the generality of the foregoing) allowances and balancing charges shall be made to or on the Gas Council accordingly by reference to the capital expenditure of Area Boards and to the allowances made to Area Boards in respect of that expenditure.

(4) The expenses of the Gas Council to which Area Boards may be required to contribute under subsection (1) of section forty-eight of the Gas Act, 1948, shall be taken to include the satisfaction of any obligations of the Gas Council in respect of income tax or the profits tax.

Sales of building land by persons associated with builder.

**23.**—(1) Where a person contracts with a builder for the erection of a building on land acquired or to be acquired in connection with the contract from a third person associated with the builder, then, unless that third person is carrying on a trade of dealing in or developing land and disposes of the land

in the course of that trade, he shall be treated as receiving as income on his disposing of the land a sum equal to the amount (if any) by which the consideration receivable by him for the land together with the market value of any interest retained by him in the land exceeds the cost to him of the land, and shall be chargeable to tax in respect thereof under Case VI of Schedule D accordingly:

Provided that where the third person acquired the land at a time when he was neither a builder nor associated with a builder, the cost to him of the land shall be determined as if he had acquired it at market value on his thereafter becoming (or first becoming) a builder or associated with a builder.

(2) For the purposes of this section land shall be deemed to be acquired in connection with a contract for the erection of a building if that contract is entered into before or on the same day as the contract for the acquisition of the land, or if the contract for the acquisition of the land is subject to any condition or stipulation, or is made in pursuance of any arrangement, for the building to be erected on terms provided for by the condition, stipulation or arrangement; and this subsection shall apply notwithstanding that the person contracting with the builder and the person acquiring the land are not the same, if the land is acquired with a view to or in connection with the erection of the building.

(3) Where a person contracts to dispose of land to another person acquiring it in connection with a contract for the erection of a building, the reference in subsection (1) above to any interest retained by the first-mentioned person shall include the whole of the interest which he then has in the land in so far as he does not dispose of it to that other person.

(4) For the purposes of this section "builder" means a person carrying on a trade which consists of or includes the erection or securing the erection of buildings, and (subject to subsection (5) below) the following persons shall be deemed to be associated with one another, that is to say,—

- (a) any individual and that individual's husband or wife and any relative, or husband or wife of a relative, of that individual or of that individual's husband or wife ("relative" meaning for this purpose brother, sister, ancestor or lineal descendant);
- (b) any person in his capacity as trustee of a settlement and any individual who in relation to that settlement is a settlor, and any person associated with that individual ("settlement" and "settlor" having for this purpose the meanings assigned to them by section four hundred and three of the Income Tax Act, 1952);

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- (c) any person and a body of persons of which that person, or persons associated with him, or that person and persons associated with him, has or have control ;
- (d) any two or more bodies of persons associated with the same person by virtue of paragraph (c) above ;
- (e) in relation to a disposal by joint owners, the joint owners and any person associated with any of them.

In this subsection "body of persons" includes a partnership, and "control" has the meaning assigned to it by section three hundred and thirty-three of the Income Tax Act, 1952.

(5) For the purposes of this section a person from whom land is acquired in connection with a contract with a builder shall be deemed in relation to that contract to be associated with the builder, if the contract is entered into by the builder in pursuance of any reciprocal arrangement between that person and a person with whom the builder is associated or between them and other persons.

(6) This section shall not apply in relation to land acquired in connection with a contract for the erection of a building if that contract or the contract for the acquisition of the land was entered into before the tenth day of April, nineteen hundred and sixty-two.

(7) Where this section applies to a disposal of land by a person carrying on a trade or business in respect of which the profits tax is chargeable, it shall have effect for the computation of the profits or losses arising from the trade or business for the purposes of the profits tax in like manner as it has effect for the computation of that person's income for purposes of income tax.

Sales of land  
by land-  
owning  
companies.

**24.**—(1) Any profit arising to a land-owning company on the disposal of any of its land shall be deemed to be income of the company, and shall be chargeable to tax under Case VI of Schedule D accordingly, if—

- (a) a person who carried on the activities of that company together with any related activities would be regarded as carrying on a trade of dealing in or developing land ; and
- (b) the consideration for his disposal of the land in question would be regarded as a trading receipt of that trade.

(2) Subject to the provisions of this section, the activities to be taken into account under subsection (1) above as related activities in relation to a company's disposal of land are—

- (a) the activities with respect to land of any person with whom the company is connected at the time of the disposal ; and

(b) the activities with respect to land of any company not within paragraph (a) above, being activities of that company at a time when it was under such control as would have brought it within paragraph (a) above if it had not ceased to be under that control, or ceased to exist, or both.

(3) The activities to be taken into account under paragraph (a) of subsection (1) above in relation to a company's disposal of land—

(a) shall not include the activities of any person while carrying on a trade of dealing in or developing land; and

(b) shall not by virtue of paragraph (a) of subsection (2) above include the activities of any person while not connected with the company making the disposal or with a company within paragraph (a) or (b) of that subsection ;

but subject to subsection (4) below shall include transactions between persons whose activities are so taken into account (any such transaction being as regards either of them treated as if the activities of the other were not to be taken into account).

(4) There shall not be taken into account under paragraph (a) of subsection (1) above any transaction whereby one company disposes of land to another at a time when—

(a) either company is a subsidiary of the other or both are subsidiaries of a third company ("subsidiary" having for this purpose the meaning assigned to it for certain purposes of the profits tax by section forty-two of the Finance Act, 1938) ; or

(b) the members of both companies are the same, and hold equivalent interests in each.

(5) Anything done with respect to a company's land in the course of the winding up of the company shall be treated for the purposes of this section as if the company were not being wound up and were carrying on the same trade or business as before the commencement of the winding up ; and where land of a land-owning company is disposed of by way of distribution to its members (whether or not in a winding up) or is in any other case disposed of otherwise than by way of bargain at arm's length, the land shall be treated as disposed of for a consideration equal to its market value.

(6) Subject to the provisions of this section, section thirteen of this Act and paragraph 17 of the Ninth Schedule thereto shall apply to the computation for purposes of this section of the profit arising from a disposal of land as they apply to the computation of gains for purposes of Case VII of Schedule D, but without



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regard to subsection (2) of section ten of this Act or to any other provision limiting the acquisitions or disposals to be taken into account in computing gains for purposes of Case VII.

(7) A company shall not be chargeable to tax by virtue of this section by reference to any acquisition of land made before the tenth day of April, nineteen hundred and sixty-two, nor by reference to any such letting of land as is excepted from Case VII of Schedule D by subsection (11) of section twelve of this Act except in so far as account is to be taken of such a letting on a subsequent disposal by virtue of subsection (6) of section thirteen of this Act.

(8) All assessments to income tax chargeable by virtue of this section shall be made by the Special Commissioners, and the provisions of the Income Tax Acts shall apply as if the company had required the assessment to be so made.

(9) No obligation as to secrecy imposed by statute or otherwise on the Special Commissioners or on persons employed in relation to Inland Revenue shall prevent the disclosure, in connection with any question as to the liability of a company to tax by virtue of this section, of information as to the affairs of any such person or company as is referred to in paragraph (a) or (b) of subsection (2) above; and the first-mentioned company may by notice in writing to the surveyor require any such information relevant for the determination of the question to be disclosed to it.

(10) Where it appears to the Commissioners of Inland Revenue that a company is or may be chargeable to tax by virtue of this section in respect of a disposal of land, they may, by notice in writing served on that company, or any person or company whose activities the Commissioners have reason to suppose may be taken into account as related activities in connection with that disposal, or any past or present member or officer of any company above-mentioned or person for whom such a member is or was nominee, require the person on whom the notice is served to furnish, within such time not less than twenty-eight days as may be specified in the notice, information in his possession with respect to any matters specified in the notice, being matters which are relevant to the question whether the first-mentioned company is chargeable to tax as aforesaid in respect of the disposal, or are relevant to the computation of the profit arising to it from the disposal; and Part III of the Finance Act, 1960 (which relates to penalties), shall have effect as if this subsection were among the provisions specified in the second column of the Sixth Schedule to that Act.

(11) Any profit on which a land-owning company is chargeable to tax by virtue of this section shall, if the company is one to which section two hundred and forty-five (surtax on

undistributed income of certain companies) of the Income Tax Act, 1952, applies, be deemed to be investment income; and where this section applies to a disposal of land by a company, it shall have effect for the computation of the profits or losses arising from the company's trade or business for the purposes of the profits tax in like manner as it has effect for the computation of the company's income for purposes of income tax.

(12) Where—

- (a) a land-owning company commences a trade of dealing in or developing land, and then or afterwards appropriates as trading stock of the trade land held by it at its commencement of the trade; and
- (b) if the company had disposed of the land at market value immediately before its commencement of the trade, it would have been chargeable to tax by virtue of this section in respect of a profit arising on the disposal;

then in computing the profits of the trade for purposes of tax the cost of the land to the company shall be substituted for its market value at the time of the appropriation.

(13) For the purposes of this section any person who, or group of persons which,—

- (a) can determine the manner in which one half of the votes which could be cast at a general meeting of a company are to be cast on matters not of such a description as to bring into play any special voting rights or restrictions on voting rights; or
- (b) is entitled to one half of any profits of a company distributed by way of dividend, or would be entitled in the winding up of a company to one half of the net assets;

shall be treated as having control of the company and of any other company of which it has (or is to be treated as having) control.

(14) In this section—

- (a) "company" includes any body corporate;
- (b) subject to subsection (13) above, "control" has the meaning assigned to it by section three hundred and thirty-three of the Income Tax Act, 1952;
- (c) "land-owning company" has the meaning assigned to it by subsection (6) of section fourteen of this Act, except that the words "being chargeable assets" in that subsection shall not apply;

and the persons to be treated for purposes of this section as connected with one another are those specified in paragraph 20 of the Ninth Schedule to this Act, but so that for purposes of this section "control" in that paragraph shall have the same

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meaning as in this section and, where two companies are connected with one another, they shall each be treated as connected with any person whose control (alone or with others) of that or the other company is relevant to establish their connection.

Amendments  
of Finance  
Act, 1960,  
ss. 21 to 28.

25.—(1) For the purposes of sections twenty-one to twenty-three of the Finance Act, 1960—

- (a) the expression “share” shall be construed in relation to a company not limited by shares (whether or not it has a share capital) as including references to the interest of a member of the company as such, whatever the form of that interest; and
- (b) any sale of rights attached to or forming part of a share shall be treated as a sale of a share, as if the rights included in the sale and those not included had been separate shares;

and the expression “securities” in Part II of that Act shall for the purposes of section twenty-eight include any share in a company within the meaning of paragraph (a) above.

(2) Where by virtue of section twenty-one of the Finance Act, 1960 (which provides for charging tax in respect of certain sales of shares in a company by reference to a supposed sale of the company’s trading stock), the consideration for a sale of shares in a company is deemed to be income of the seller, and any securities of the company other than shares in the company are included in the sale or in an associated sale at a price in excess of the company’s liability on the securities, the excess shall for purposes of that section be treated as part of the consideration for the sale of the shares, in so far as it has not by virtue of this provision been treated as part of the consideration for any other sale of shares; and in this subsection—

- (a) any reference to section twenty-one of the Finance Act, 1960, shall include a reference to that section as extended by section twenty-two or twenty-three of that Act; and
- (b) “associated sale” means, in relation to any sale of shares, a sale of securities made to the same person as the sale of the shares (or which would be treated under subsection (4) or (5) of section twenty-four of that Act as made to that person), being a sale such that if both sales were of shares they would be sales of associated parcels of shares within the meaning of section twenty-four of that Act.

(3) In section twenty-eight of the Finance Act, 1960 (which provides for the cancellation of tax advantages from certain transactions in securities where the tax advantage is obtained or

obtainable in the circumstances set out in subsection (2) of the section),—

- (a) the reference in paragraph (a) of subsection (2) to a person being entitled by reason of any exemption from tax to recover tax in respect of dividends received by him shall include a reference to his being by reason of section twenty (subvention payments) of the Finance Act, 1953, so entitled ; and
- (b) the reference in paragraph (b) of subsection (2) to a person becoming entitled in respect of securities held or sold by him to a deduction in computing profits or gains by reason of a fall in the value of securities shall include a reference to his becoming in respect of any securities formerly held by him (whether sold by him or not) so entitled ;

and where a company in the circumstances mentioned in the said paragraph (b) becomes entitled to a deduction as there mentioned, the section shall apply in relation to any tax advantage obtained or obtainable in consequence of that deduction by another company by virtue of section twenty of the Finance Act, 1953, in respect of a subvention payment to the first-mentioned company, as if obtained or obtainable by the other company in circumstances falling within that paragraph.

(4) In the case of a man and his wife living with him (whether or not she is separately assessed to tax), the said section twenty-eight shall be treated as applying to him in respect of any transaction or transactions as it would apply if any property, rights or liabilities of the wife were his property, rights or liabilities in relation to which she had acted only as nominee for him, and shall be treated as applying to the wife in respect of any transaction or transactions as it would apply if any property, rights or liabilities of the man were her property, rights or liabilities in relation to which he had acted only as nominee for her :

Provided that no adjustment made under subsection (3) of that section by reference to any transaction or transactions to counteract any tax advantage shall by virtue of this subsection be so made that a person bears more tax than if the transaction or transactions had not had as a consequence that any relief or increased relief from, or repayment or increased repayment of, income tax, or any deduction in computing profits or gains, was obtained or obtainable, or that the way in which receipts accrued was such that the recipient did not pay or bear tax on them.

(5) For the purposes of the said section twenty-eight a tax advantage obtained or obtainable by a person shall be deemed to be obtained or obtainable by him in consequence of a transaction in securities or of the combined effect of two or more

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such transactions, if it is obtained or obtainable in consequence of the combined effect of the transaction or transactions and of the liquidation of a company.

(6) This section shall be construed as one with Part II of the Finance Act, 1960.

(7) This section—

(a) in so far as it affects sections twenty-one to twenty-three of the Finance Act, 1960, shall not apply in relation to any sale of shares made (or treated for purposes of those sections as made) before the tenth day of April, nineteen hundred and sixty-two ; and

(b) in so far as it affects section twenty-eight of that Act, shall not apply to a person in respect of any transaction or transactions in securities if they were carried out before that day, and if any change in the nature of any activities carried on by any person, being a change necessary in order that the tax advantage should be obtainable in consequence of the transaction or transactions, was also effected before that day ;

but nothing in this section shall be taken to prejudice the operation of any of those enactments in any such case.

**Penalties and assessments.**

26.—(1) Part III of the Finance Act, 1960 (which relates to income tax and profits tax penalties and assessments), shall be construed as having, from the commencement of that Act, the like effect in relation to happenings before that commencement as it has in relation to happenings after that commencement, except as specifically provided by any enactment contained in the said Part III (including the Seventh Schedule to the Act) ; and where any enactment so contained makes use of words in the present tense or in a past tense, that use shall not be taken to have any reference to the commencement of the Act or to import any distinction between happenings before and happenings after that commencement.

In this subsection “happening” includes any act or omission.

(2) In subsection (2) of section forty-four of the Finance Act, 1960 (which contains savings by reference to proceedings commenced before the commencement of that Act), “proceedings” shall be construed as referring only to proceedings for the recovery of a penalty under the Income Tax Acts or the enactments relating to the profits tax.

(3) This section shall be deemed to have had effect as from the commencement of the Finance Act, 1960, but not so as to make interest payable under section fifty-eight of that Act on any tax as respects which a certificate under subsection (5) of that section was refused before the passing of this Act.

**PART III**  
**ESTATE DUTY**

27.—(1) The scale of rates of estate duty set out in the Seventh Schedule to the Finance Act, 1949, shall have effect, as respects Small estates. deaths occurring on or after the tenth day of April, nineteen hundred and sixty-two, with the substitution for the entries relating to estates of a principal value not exceeding seven thousand five hundred pounds (being in part entries substituted by section thirty-two of the Finance Act, 1954) of the following entries:—

<i>Principal value of estate</i>	<i>Rate per cent. of duty</i>
Not exceeding £4,000 ... ..	Nil
Exceeding £4,000 and not exceeding £5,000 ... ..	1
Exceeding £5,000 and not exceeding £6,000 ... ..	2
Exceeding £6,000 and not exceeding £7,500 ... ..	3”.

(2) As respects deaths so occurring, in subsection (1) of section thirty-eight of the Finance Act, 1949 (which, among other things, exonerates from land tax land comprised on a death in an estate of a principal value less than two thousand pounds), for the reference to two thousand pounds there shall be substituted a reference to the amount below which the rate of estate duty under the scale in force for the death is nil.

28.—(1) In the case of persons dying after the commencement of this Act, subsection (2) of section twenty-eight of the Finance Act, 1949 (which specifies the cases in which property situate out of Great Britain is excluded from the property treated for purposes of estate duty as passing on the death of a person), shall have effect with the omission of paragraph (c) thereof (which provides for the exclusion of immovable property); and in the case of persons so dying the enactments relating to estate duty shall have effect subject to the further modifications specified in subsections (2) to (5) below:

Provided that—

(a) the property passing on the death of a person so dying shall not by virtue of a disposition or event occurring before the tenth day of April, nineteen hundred and sixty-two, being a relevant disposition or event within the meaning of section sixty-four of the Finance Act, 1960 (which relates to gifts inter vivos, etc.), be deemed to include any property—

(i) which would not be deemed by virtue of that disposition or event to pass on the death if subsection (2) of the said section twenty-eight then had effect as originally enacted; and

## PART III

- (ii) which is, or directly or indirectly represents, property that would not have been so deemed to pass if the death had occurred on the said tenth day of April ;
- (b) where an interest in expectancy in any property was before the said tenth day of April bona fide sold or mortgaged for full consideration in money or money's worth, then—
- (i) no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would be payable if subsection (2) of the said section twenty-eight then had effect as originally enacted ; and
- (ii) in the case of a mortgage any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee.

Subsection (1) of section fifty-six of the Finance Act, 1940 (which relates to transactions with companies under the control of not more than five persons), shall apply for the purposes of paragraph (b) above as it applies for the purposes of section three of the Finance Act, 1894.

(2) Subsection (3) of section eight of the Finance Act, 1894 (which renders the executor accountable for the estate duty in respect of all personal property of which the deceased was competent to dispose at his death), shall have effect as if the reference therein to all personal property wheresoever situate included a reference to all property (of whatever kind) situate out of Great Britain ; and subsection (4) of the said section eight (which, where the executor is not accountable for the estate duty, renders beneficiaries and others accountable therefor) shall apply in relation to estate duty on property situate out of Great Britain as if the words referring to the executor not being accountable were omitted.

(3) Where under subsection (1) of section nine of the Finance Act, 1894, a charge in respect of a rateable part of the estate duty on an estate is imposed on any property situate out of Great Britain, the charge shall extend to assets which form the proceeds of any disposition of the property or otherwise for the time being directly or indirectly represent it ; and the proviso to that subsection (which protects a bona fide purchaser for value without notice), and any other enactment relating to the charge imposed under that subsection, shall have effect accordingly.

(4) In relation to property situate out of Great Britain—

- (a) subject to the provisions of this section, references in the enactments relating to estate duty to personal property shall be construed as references to property which is, by the law of the territory in which it is situate, movable property or which consists of an

interest or right by way of mortgage or other security, and references in those enactments to real property shall be construed as references to any other property ;

- (b) subsection (3) of section sixty of the Finance (1909-10) Act, 1910 (which provides that an appeal shall not lie under section ten of the Finance Act, 1894, on a question of the value of any real (including leasehold) property, but makes other provision as to appeals on such questions), shall not apply ;
- (c) the proviso to subsection (5) of section seven of the Finance Act, 1894 (which provides for the valuation of certain agricultural property by reference to annual value as assessed for purposes of income tax under Schedule A), and so much of sub-paragraph (7) of paragraph 1 of the Seventh Schedule to the Finance Act, 1940, as requires any value to be calculated by reference to the annual value of land as ascertained for purposes of income tax under Schedule A, shall not apply.

(5) In subsection (2) of section seven of the Finance Act, 1894 (which, in the valuation of an estate for purposes of estate duty, restricts allowances for foreign debts by reference to the value of personal property abroad), the word "personal" shall be omitted in each place where it occurs.

(6) So much of subsection (1) of section four of the Government of Ireland Act, 1920, as precludes the Parliament of Northern Ireland from making laws in respect of matters not exclusively relating to Northern Ireland shall not be taken to preclude that Parliament, in relation to estate duty payable under the laws of Northern Ireland, from making provision with respect to property situate out of Northern Ireland.

29.—(1) Where the Commissioners of Inland Revenue are satisfied that in any territory outside the United Kingdom duty is payable by reason of a death occurring on or after the tenth day of April, nineteen hundred and sixty-two, in respect of any property situate in that territory and passing on that death, they shall allow a sum equal to the amount of that duty as a credit against the estate duty payable in respect of that property on the same death unless, under arrangements having effect by virtue of section fifty-four of the Finance (No. 2) Act, 1945, or section five of the Irish Free State (Consequential Provisions) Act, 1922 (Session 2), a credit is allowable in relation to the property against either the estate duty or the duty payable in that territory ; and accordingly subsection (4) of section seven of the Finance Act, 1894 (which provides that, in valuing foreign property for purposes of estate duty, an allowance is to be made for the foreign duty), shall not apply as respects deaths so occurring. Double taxation relief.



## PART III

(2) As respects arrangements made on or after the tenth day of April, nineteen hundred and sixty-two, section fifty-four of the Finance (No. 2) Act, 1945, shall have effect in relation to duty imposed under the laws of any territory outside the United Kingdom which is leviable on, or by reference to, death as it has effect in relation to duties of a similar character to estate duty; and anything done before the passing of this Act under or by virtue of section seventy-seven of the Finance Act, 1948, shall thereafter have effect as if done under or by virtue of the said section fifty-four.

## PART IV

## STAMP DUTIES

## Settlements.

**30.**—(1) In relation to instruments made or executed on or after the first day of August, nineteen hundred and sixty-two, the Stamp Act, 1891, shall have effect as if it had been enacted without the heading "Settlement" in the First Schedule, and with the addition, after the heading "Transfer" in that Schedule, of the following heading—

"UNIT TRUST INSTRUMENT. Any trust instrument of a unit trust scheme (within the meaning of Part VII of the Finance Act, 1946):

	£	s.	d.
For every 100l., and also for any fractional part of 100l., of the amount or value of the property subject to the trusts created or recorded by the instrument ... ..	0	5	0"

and, in relation to instruments so made or executed, in section fifteen of the Stamp Act, 1891, for the words "Settlement . . . The settlor" in the table set out at the end of subsection (2) there shall be substituted the words "Unit trust instrument . . . The trustees" and in the said First Schedule for the word "settlement" in the heading beginning "Declaration" there shall be substituted the words "unit trust instrument".

(2) Duty under subsection (2) of section fifty-three of the Finance Act, 1946, in respect of property which on or after the said first day of August becomes trust property represented by units under a unit trust scheme shall be chargeable by reference to the heading "Unit trust instrument" in the First Schedule to the Stamp Act, 1891, but so that—

(a) if on or after that day units under the scheme are extinguished, the amount or value of property thereupon transferred by the trustees to the managers under the scheme, or to the person entitled to any extinguished unit, shall be treated as a credit to be deducted (in so far as it has not previously been deducted under this

paragraph in relation to any property) from the amount or value of property which subsequently becomes trust property represented by units under the scheme ; and

- (b) the requirements of the said subsection (2) shall not apply in relation to property the amount or value of which is treated as reduced to nil by one or more such deductions, and duty under that subsection shall be chargeable in respect of any other property which is subject to such deductions by reference to the amount or value as reduced.

(3) Where the amount or value of any property is treated as reduced to nil by one or more deductions under subsection (2) above, the trustees shall, before the end of the period within which a statement is next required to be furnished to the Commissioners of Inland Revenue under subsection (2) of the said section fifty-three in relation to the scheme, or before such later date as the Commissioners may allow, furnish to the Commissioners a statement of the property and of the transfers giving rise to the deductions ; and where the amount or value of any property is otherwise treated as reduced by one or more such deductions, the trustees shall, before the end of the period within which a statement of that property is required to be furnished to the Commissioners under subsection (2) of the said section fifty-three, or before such later date as the Commissioners may allow, furnish to the Commissioners a statement of the transfers giving rise to the deductions.

(4) If the trustees under a unit trust scheme fail to comply with the requirements of subsection (3) above in relation to any property, subsection (3) of the said section fifty-three (which enables unpaid duty with interest to be recovered from the trustees) shall apply as if the trustees had failed to comply with the requirements of subsection (2) of that section and as if no deduction had fallen to be made from the amount or value of the property.

(5) Subsection (1) of section fifty-seven of the Finance Act, 1946, shall apply for the interpretation of expressions used in subsections (2) to (4) above as it applies for the interpretation of expressions used in Part VII of that Act, but so that references in subsection (2) above to trust property represented by units shall not be taken to include property within the proviso to subsection (2) of section fifty-three of that Act (which excludes property derived from other trust property from the operation of subsection (2) of the said section fifty-three).

**31.**—(1) The Commissioners of Inland Revenue shall have the like power to enter into an agreement (with a view to the compounding of stamp duties) with any person or body of persons carrying on the business of issuing policies of insurance other than policies of life insurance as is conferred upon them Insurance policies.

## PART IV

with respect to any body of persons carrying on the business of issuing policies of life insurance by subsection (2) of section thirty-eight of the Finance Act, 1956, and, subject to the necessary modifications, that subsection and subsections (3) to (5) of the said section thirty-eight shall have effect accordingly.

(2) In the case of a policy of insurance other than a policy of life insurance (being a policy first received in the United Kingdom on or after the first day of August, nineteen hundred and sixty-two), duty paid in accordance with paragraph (a) of subsection (3) of section fifteen of the Stamp Act, 1891 (which permits an instrument first executed out of the United Kingdom to be stamped within thirty days after it is first received in the United Kingdom on payment of the unpaid duty only), may be denoted by an adhesive stamp, which is to be cancelled by the person by whom it is affixed.

## PART V

## MISCELLANEOUS

Compulsory redemption of tithe annuities.

32.—(1) Where, under the Tithe Acts, 1936 and 1951, one or more annuities is or are charged in respect of any land and, after the first day of October, nineteen hundred and sixty-two, an estate or interest in the whole or a part of the land is, for a consideration in money or money's worth, disposed of or created in such a manner as to bring about a change in the person who is the owner of the land or that part thereof, any annuity which is or thereafter becomes charged under those Acts wholly in respect of land to which the change of ownership extends shall be redeemable compulsorily.

(2) Subsection (1) above shall be construed as one with the Tithe Acts, 1936 and 1951, and shall be without prejudice to any other power of compulsory redemption under those Acts.

Termination of powers under Government Annuities Act, 1929.

33.—(1) Subject to subsection (2) below, no new annuities or insurances shall be granted under the Government Annuities Act, 1929, other than immediate life annuities of which the purchase is completed (within the meaning of the First Schedule to that Act) on or before the last day of August, nineteen hundred and sixty-two.

(2) Subsection (1) above shall not prevent the grant of an annuity under section forty-five of the Government Annuities Act, 1929, by way of commutation of a savings bank insurance, or the grant of an insurance or annuity under section forty-six of that Act on the surrender of a savings bank insurance or on default in the payment of premiums in respect of a savings bank insurance.

(3) For the purposes of sections forty-five and forty-six of the Government Annuities Act, 1929, and of any other enactment or instrument passed or made before this Act under which the amount of any payment is to be determined directly or indirectly by reference to the terms on which a savings bank annuity might for the time being be purchased under that Act, the tables in force under section fifty-three of that Act at the commencement of this Act shall, subject to subsection (4) below, apply as if this Act had not been passed.

(4) The Treasury may from time to time, if it appears to them that the tables in force for the purposes mentioned in subsection (3) above have ceased in any respect to be appropriate or sufficient, by order vary those tables or add or substitute new tables, and any such order shall state the rules observed in making the variation or in framing new tables, and shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

**34.**—(1) This Act may be cited as the Finance Act, 1962.

(2) Part I of this Act shall be construed as one with the Customs and Excise Act, 1952, or, so far as it relates to purchase tax, with Part V of the Finance (No. 2) Act, 1940; Part II shall be construed as one with the Income Tax Acts or, so far as it relates to the profits tax, with Part III of the Finance Act, 1937, and the other enactments relating to the profits tax; Part III shall be construed as one with the Finance Act, 1894; and Part IV shall be construed as one with the Stamp Act, 1891.

Short title,  
construction,  
extent and  
repeal.

(3) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment, including this Act.

(4) With the exception of subsection (2) of section twenty-nine, such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.

(5) This Act, in so far as it affects the operation of the Sugar Act, 1956, shall extend to the Isle of Man.

(6) This Act, in so far as it relates to the Government Annuities Act, 1929, shall extend to the Channel Islands and the Isle of Man, and the Royal Courts of the Channel Islands shall register it accordingly.

(7) The enactments mentioned in the Eleventh Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, but subject as regards the repeals contained in any Part of that Schedule to any provision made in that Part as to the date of operation or effect of those repeals.

## SCHEDULES

## FIRST SCHEDULE

## SPIRITS (RATES OF CUSTOMS AND EXCISE DUTIES)

TABLE I: Spirits other than imported perfumed spirits

Description of spirits	Excise duty	Customs duties		
		Full rate	Common-wealth rate	Con-vention rate
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1. British spirits (per proof gallon) ... ..	11 11 11	—	—	—
2. Imported spirits other than perfumed spirits— (a) not comprised below in this paragraph (per proof gallon) ...	—	11 14 9	11 12 3	11 13 6
(b) liqueurs, cordials, mixtures and other preparations in bottle, entered in such manner as to indicate that the strength is not to be tested (per gallon) ... ..	—	15 17 0	15 13 8	15 15 4

each of the above rates of duty being, in the case of spirits not warehoused or warehoused for less than 3 years, increased by 1s. 6d. per proof gallon or, for spirits within paragraph 2 (b) of this table, by 2s. 0d. per gallon.

TABLE II: Imported perfumed spirits

Description of spirits	Rates of customs duties (per gallon)	
	In cask	In bottle
	£ s. d.	£ s. d.
Perfumed spirits— warehoused for 3 years or more ... ..	9 12 0	9 13 0
warehoused for 2 years or more, but less than 3 years ... ..	9 13 7	9 14 7
not warehoused for 2 years or more ... ..	9 14 5	9 15 5

1. The above rates shall take the place of those provided for by section three of the Finance Act, 1920 (as amended by the Finance Act, 1948), and accordingly that section shall have effect as if in subsection (1) for the words following the word "paid" there were substituted the words "duties at the rates shown in

the First Schedule to the Finance Act, 1962”, and as if in subsection (2) for the words following the words “an excise duty” there were substituted the words “at the rate shown in the First Schedule to the Finance Act, 1962”.

1ST SCH.

2. In relation to spirits on which duty is chargeable in accordance with Table I above, subsection (1) of section four of the Finance Act, 1918, and section one hundred and twelve of the Customs and Excise Act, 1952 (which provide for the reduction or allowance of duty in respect of spirits used in medical preparations or for scientific purposes), shall apply as follows:—

- (a) the said subsection (1) shall apply so that the reduced duties are charged at the rate of 15s. 1d. per proof gallon or, in the case of spirits within paragraph 2 (b) of Table I above, at the rate of 20s. 4d. per gallon; and
- (b) the said section one hundred and twelve shall apply with the omission of the proviso to subsection (1) (which provides for allowing an additional 1d. per proof gallon on brandy and rum).

SECOND SCHEDULE

Sections 1 & 2.

BEER OTHER THAN BLACK BEER (RATES OF CUSTOMS AND EXCISE DUTIES AND DRAWBACKS)

	Excise rates (per 36 gallons)	Customs rates (per 36 gallons)		
		Full	Common-wealth	Con-vention
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1. Duty ... ..	6 3 0	7 3 5	6 3 5	6 13 5
2. Drawback ... ..	6 3 2	7 3 2	6 3 2	6 13 2

each of the above rates of duty and drawback being, in the case of beer of an original gravity exceeding 1030 degrees, increased by 7s. 3½d. for each additional degree.

The above rates shall take the place of those provided for by Part I of the First Schedule to the Finance Act, 1959, and as regards drawback shall have effect subject to the supplementary provisions there contained; and in section one of that Act for any reference to rates set out in a column of the said Part I there shall be substituted a reference to the appropriate rates under this Schedule.

## Section 1.

## THIRD SCHEDULE

WINE AND BRITISH WINE (RATES OF CUSTOMS AND  
EXCISE DUTIES)

TABLE I: Rates of customs duty on wine

<i>Description of wine</i>	<i>Rates of duty (per gallon)</i>	
	<i>Full</i>	<i>Commonwealth</i>
	£ s. d.	£ s. d.
Light wines:—		
Still—		
not in bottle ... ..	14 0	12 0
in bottle ... ..	16 6	13 6
Sparkling ... ..	1 6 6	1 4 6
Other wines:—		
Still—		
not in bottle ... ..	1 7 6	17 6
in bottle ... ..	1 10 0	19 0
Sparkling ... ..	2 0 0	1 10 0
together, in the case of wine exceeding 42 degrees proof spirit, with an addition for each additional degree or fraction of a degree of ... ..	2 2	1 4

For the purposes of this table, "light wine" means wine not exceeding 25 degrees or, in the case of wine qualifying for Commonwealth preference, 27 degrees of proof spirit.

The above rates shall take the place of those provided for by the Third Schedule to the Finance Act, 1958 (as amended by section one of the Finance Act, 1960); and for any reference to that Schedule in section four of the Finance Act, 1958, or in any order having effect under that section, there shall be substituted a reference to the above table.

TABLE II: Rates of excise duty on British wine

<i>Description of British wine</i>	<i>Rate of duty (per gallon)</i>
	£ s. d.
Still ... ..	11 6
Sparkling ... ..	17 6

The above rates shall take the place of those provided for by section two of the Finance Act, 1960.

## FOURTH SCHEDULE

Sections 1 &amp; 2.

TOBACCO (RATES OF CUSTOMS AND EXCISE DUTIES  
AND DRAWBACKS)

TABLE I: Rates of customs duty (per pound)

Description of Tobacco	Full	Common- wealth	Convention
	£ s. d.	£ s. d.	£ s. d.
Tobacco unmanufactured— containing 10 lbs. or more of moisture in every 100 lbs. weight thereof ... ..	3 10 10½	3 9 4	3 10 10½
containing less than 10 lbs. of moisture in every 100 lbs. weight thereof ... ..	3 11 10½	3 10 2	3 11 10½
Tobacco manufactured, viz.—			
Cigars ... ..	4 0 9½	3 17 10½	3 19 4
Cigarettes ... ..	3 16 4½	3 14 0	3 15 2½
Cavendish or Negrohead ...	3 15 4½	3 13 1½	3 14 3
Cavendish or Negrohead manufactured in bond ...	3 13 4½	3 11 5	3 13 4½
Other manufactured tobacco...	3 13 7½	3 11 8	3 12 8
Snuff and snuff work (including tobacco dust or powder and ground tobacco)—			
containing more than 13 lbs. of moisture in every 100 lbs. weight thereof ... ..	3 12 10½	3 11 0¾	3 11 11½
containing not more than 13 lbs. of moisture in every 100 lbs. weight thereof ...	3 15 4½	3 13 1½	3 14 3

TABLE II: Rates of excise duty (per pound)

	£ s. d.
Tobacco unmanufactured—	
containing 10 lbs. or more of moisture in every 100 lbs. weight thereof ... ..	3 9 2
containing less than 10 lbs. of moisture in every 100 lbs. weight thereof ... ..	3 10 0
Tobacco manufactured, viz.—	
Cavendish or Negrohead manufactured in bond ...	3 11 5



4TH SCH.

TABLE III: Rates of drawback (per pound)

Description of Tobacco	In respect of tobacco on which customs duty at the full or Convention rate has been paid	In respect of tobacco on which customs duty at the Commonwealth rate or excise duty has been paid
	£ s. d.	£ s. d.
Cigars ... ..	3 15 2½	3 13 8
Cigarettes ... ..	3 11 10½	3 10 4
Cut, roll, cake or other manufactured tobacco ... ..	3 11 7½	3 10 1
Snuff (not being offal snuff) ...	3 12 1½	3 10 7
Stalks, shorts or other refuse of tobacco, including offal snuff...	3 11 1½	3 9 7

The above rates shall take the place of those provided for by the First Schedule to the Finance Act, 1947 (as amended by section one of the Finance Act, 1956, and section five of the Finance Act, 1960), and for any reference to that Schedule in section three of the Finance Act, 1947, there shall (subject to section two of this Act) be substituted a reference to this Schedule; and—

- (a) in subsections (2) and (3) of section eight of the Finance Act, 1919 (which relate to articles manufactured partly from materials chargeable at a preferential rate of duty), “preferential rate” shall mean the Commonwealth rate of customs duty under this Schedule; and
- (b) in subsection (2) of section one hundred and seventy-three of the Customs and Excise Act, 1952, there shall cease to have effect paragraphs (d) and (e) (which restrict the importation of snuff work, tobacco stalks or tobacco stalk flour and of tobacco cut and compressed by mechanical or other means).

Section 3.

## FIFTH SCHEDULE

## SUGAR, INVERT SUGAR ETC. (MISCELLANEOUS PROVISIONS)

## PART I

*Rates of customs duty for sugar etc., not qualifying for Commonwealth preference*

	s. d.
Sugar (per cwt.)—	
of a polarisation exceeding 98° ... ..	6 10·8
of a polarisation exceeding—	
97° but not exceeding 98° ... ..	3 11·3
96° “ “ “ 97° ... ..	3 10·0
95° “ “ “ 96° ... ..	3 8·8

Sugar (per cwt.)—	s. d.	5TH SCH.
of a polarisation exceeding—		
94° but not exceeding 95° ... ..	3 7·6	
93° " " " 94° ... ..	3 6·3	
92° " " " 93° ... ..	3 5·1	
91° " " " 92° ... ..	3 3·9	
90° " " " 91° ... ..	3 2·6	
89° " " " 90° ... ..	3 1·4	
88° " " " 89° ... ..	3 0·2	
87° " " " 88° ... ..	2 11·1	
86° " " " 87° ... ..	2 10·1	
85° " " " 86° ... ..	2 9·2	
84° " " " 85° ... ..	2 8·3	
83° " " " 84° ... ..	2 7·3	
82° " " " 83° ... ..	2 6·4	
81° " " " 82° ... ..	2 5·6	
80° " " " 81° ... ..	2 4·8	
79° " " " 80° ... ..	2 4·0	
78° " " " 79° ... ..	2 3·1	
77° " " " 78° ... ..	2 2·3	
76° " " " 77° ... ..	2 1·5	
of a polarisation not exceeding 76° ... ..	2 0½	
Invert sugar (per cwt.)—		
containing 70 per cent. or more of sweetening matter ... ..	3 8½	
containing less than 70 per cent. and more than 50 per cent. of sweetening matter...	2 8	
containing not more than 50 per cent. of sweetening matter ... ..	1 3½	
Glucose (per cwt.)—		
Solid ... ..	3 8½	
Liquid ... ..	2 8	
Saccharin ... ..	33½ per cent. ad valorem.	

For the purposes of this Part of this Schedule the amount of sweetening matter in invert sugar shall be as determined by analysis in manner prescribed for the purpose of the duties heretofore in force or in such other manner as may be prescribed by the Commissioners.

## PART II

### *Adaptations of Sugar Act, 1956*

1.—(1) In the Sugar Act, 1956, and in this Part of this Schedule "sugar duty" shall mean the duties of customs and excise chargeable in the United Kingdom on sugar and invert sugar immediately before the tenth day of April, nineteen hundred and sixty-two, and subject to the provisions of this Part of this Schedule, that Act shall have effect as if—

- (a) sugar duty had continued to be charged, and any drawback or allowance had continued to be allowable, on and after that day and all proper payments of any duty, drawback or allowance had been made accordingly; and

5TH SCH.

(b) for any reference to molasses there were substituted a reference to invert sugar.

(2) Sub-paragraph (1) above shall apply in relation to instruments having effect under the Sugar Act, 1956, at the coming into force of this paragraph as it applies in relation to that Act.

2. Without prejudice to the generality of paragraph 1 above, the powers of the Commissioners under subsection (4) of section eleven of the Sugar Act, 1956, to make regulations with respect to surcharge and to surcharge repayments shall continue as if any statutory provisions in force immediately before the said tenth day of April had continued in force; and the operation of any regulations in force under that subsection immediately before that day shall not be affected by any regulations thereby applied ceasing to be in force as regards sugar duty or drawback of sugar duty.

3. Without prejudice to the generality of paragraph 1 above, the Commissioners may for the purposes of surcharge or surcharge repayments or of distribution payments or repayments make any determination, issue any certificate or other document, or do any other thing which they might have done for any corresponding purpose relating to sugar duty.

4. Any order of the Minister under section nine of the Sugar Act, 1956, with respect to surcharge or surcharge repayments for composite sugar products may make any such provision as might have been made with respect to sugar duty or drawback of that duty by virtue of proviso (i) to sub-paragraph (1) of paragraph 1 of the Second Schedule to the Finance Act, 1957 (which provides for disregarding immaterial quantities); but subject to any such order, any order of the Treasury made under that Schedule before the passing of this Act with respect to any duty under subsection (2) of section three of this Act or any drawback thereof shall for purposes of surcharge and surcharge repayments be deemed to have effect for sugar duty and drawback of sugar duty.

5. Notwithstanding anything in the foregoing provisions of this Part of this Schedule, sections two hundred and sixteen and two hundred and seventeen, and paragraphs (e) and (f) of subsection (1) of section two hundred and eighteen, of the Customs and Excise Act, 1952 (which provided for drawback or other relief of sugar duty in respect of sugar used in certain manufactures), shall cease to have effect for any purpose of the Sugar Act, 1956.

6. This Part of this Schedule shall have effect in relation to the Isle of Man as if the enactments relating to sugar duty (including the Second Schedule to the Finance Act, 1957) and any instrument having effect under any such enactment had applied in the Isle of Man in like manner as in the United Kingdom.

7.—(1) This Part of this Schedule shall have effect as from the tenth day of April, nineteen hundred and sixty-two.

(2) Subject to paragraph 5 above, nothing in this Act shall affect any right arising after the said tenth day of April to a surcharge repayment where the surcharge became payable before that day.

## SIXTH SCHEDULE

Section 3.

## COFFEE (RATES OF CUSTOMS DUTIES AND DRAWBACKS)

TABLE I: Rates of duty (per cwt.)

Description of goods	Full rate	Commonwealth rate
	s. d.	s. d.
Coffee, not kiln-dried, roasted or ground ... ..	9 4	nil
Coffee, kiln-dried, roasted or ground Preparations consisting wholly or partly of extracts, essences or other concentrations of coffee or chicory (on the dry weight)... ..	12 6	9 4
	56 0	42 0

TABLE II: Rates of drawback

Coffee,—	
duty-paid at full rate ...	9s. 4d. per 100 lbs.
not duty-paid at full rate ...	nil
Mixtures of coffee and chicory ...	9s. 4d. per 100 lbs. exclusive of the weight of coffee not duty-paid at full rate.

## SEVENTH SCHEDULE

Section 4.

## CUSTOMS AND EXCISE ACT, 1952, S. 200 (2)-(5) AS AMENDED

(2) No heavy oils on the delivery of which for home use rebate has been allowed shall be used as fuel for a vehicle to which this section applies, or be taken into such a vehicle as fuel, unless an amount equal to the amount for the time being allowable in respect of rebate on like oils has been paid to the Commissioners in accordance with regulations made for the purposes of this section; and regulations so made may provide for restricting (whether by reference to locality, the obtaining of a licence from the Commissioners or other matters) the cases in which such payments are to be effective for the purposes of this subsection.

(3) Any person who uses heavy oils in contravention of the last foregoing subsection, or is liable for heavy oils being taken into a vehicle in contravention of that subsection, shall be liable to a penalty of three times the value of the oils or one hundred pounds, whichever is the greater, and the Commissioners may recover from him an amount equal to the rebate on like oils at the rate in force at the time of the contravention; and if any heavy oils are sold by a person having reason to believe that they will be so used, that person shall be liable to a penalty as aforesaid.

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(4) Any heavy oils taken into a vehicle or sold as mentioned in the last foregoing subsection shall be liable to forfeiture.

(5) A person shall be liable for heavy oils being taken into a vehicle in contravention of subsection (2) of this section if he is at the time the person having the charge of the vehicle or the owner of the vehicle, except that if a person other than the owner is, or is for the time being, entitled to possession of it, that person and not the owner shall be liable.

(6) This section applies to any vehicle constructed or adapted for use on roads, except that it does not apply—

- (a) to any vehicle while it is not used on a public road (within the meaning of the Vehicles (Excise) Act, 1962, or, in Northern Ireland, the Vehicles (Excise) Act (Northern Ireland), 1954) and no road licence is in force in respect of it; or
- (b) to a vehicle exempted from duty by paragraph (h) of subsection (1) or by subsection (6) of section six of the said Act of 1962 or, in Northern Ireland, by paragraph (h) of subsection (1) or by subsection (5) of section seven of the said Act of 1954 (which relate to road construction vehicles, and to vehicles not used on public roads except in passing to and from land in the same occupation); or
- (c) to a vehicle of any of the following descriptions which is not chargeable with duty as a goods vehicle, that is to say, any agricultural machine, digging machine, mobile crane or mowing machine mentioned in the Third Schedule to the said Act of 1962 or in paragraph (a), (b), (c) or (d) of subsection (2) of section four of the said Act of 1954, and any road roller.

(7) For the purposes of the last foregoing subsection “road licence” and “duty” mean a licence and duty under the said Act of 1962 or, in Northern Ireland, the said Act of 1954; but a vehicle in respect of which there is current a certificate or document in the form of a licence issued in pursuance of regulations under subsection (3) of section sixteen of the said Act of 1962 or, in Northern Ireland, under section twenty of the said Act of 1954 shall be treated as a vehicle for which a road licence is in force.

(8) For the purposes of this section—

- (a) heavy oils shall be deemed to be used as fuel for a vehicle if, but only if, they are used as fuel for the engine provided for propelling the vehicle or for an engine which draws its fuel from the same supply as that engine; and
- (b) heavy oils shall be deemed to be taken into a vehicle as fuel if, but only if, they are taken into it as part of that supply;

and paragraph (a) of this subsection shall apply for the purposes of section two hundred and two of this Act, and for the purposes of Part I of the Second Schedule to the Finance Act, 1960, as it applies for the purposes of this section.

## EIGHTH SCHEDULE

Section 6.

## PURCHASE TAX (AMENDMENTS OF LIST OF CHARGEABLE GOODS)

## PART I

*Amendments consequential on changes in rates*

1. In Group 2 paragraph (b) shall be omitted, and accordingly paragraph (c) shall become paragraph (b).

2. In Group 11 paragraph (b) shall be omitted, and accordingly paragraph (c) shall become paragraph (b).

3. In Group 16 the amendment made by the Purchase Tax (No. 4) Order, 1959 (S.I. 1959/1410) shall cease to have effect (and that Order is hereby repealed), and accordingly the paragraph relating to garden furniture shall be—

“(a) Garden furniture.....10 per cent.”

## PART II

*Additions to list of chargeable goods*

## GROUP 34

*comprising* Chocolates, sweets and similar confectionery (including drained, glacé or crystallised fruits); and chocolate biscuits and other confectionery having a case or coating of chocolate couverture, but not including cakes in such a case or coating.

Articles not comprised below in this Group ... .. 15%

*Exempt*

(1) Chocolate couverture not prepared or put up for retail sale.

(2) Drained cherries.

(3) Candied peels.

## GROUP 35

(a) Manufactured beverages, including fruit juices and bottled waters, and syrups, concentrates, essences, powders, crystals or other products for the preparation of beverages, but not including beverages or products in the list set out at the end of this Group. 15%

(b) Containers of gas for the preparation of carbonated beverages. 15%

*Goods not comprised in paragraph (a)*

1. Beverages chargeable with any duty of customs or excise specifically charged on spirits, beer, wine or British wine, and preparations thereof.

2. Tea, maté, herbal teas and similar products, and preparations and extracts thereof.

3. Cocoa, coffee, and chicory and other roasted coffee substitutes, and preparations and extracts thereof.

4. Preparations and extracts of meat, yeast, egg or milk.

## GROUP 36

Ice-cream, ice lollies, water ices and similar frozen products, and prepared mixes and powders for making such products. 15%

Sections 12, 14,  
15, 16 & 24.

## NINTH SCHEDULE

## MISCELLANEOUS RULES APPLICABLE TO CASE VII OF SCHEDULE D

*Discharge and assignment of contracts ; options and other conditional contracts, etc.*

1.—(1) Save as provided by paragraph 2 below, a person's acquisition or disposal of an asset by a contract in that behalf shall be disregarded for purposes of Case VII if—

- (a) the contract is discharged by mutual consent or by operation of law ; or
- (b) default is made in carrying out the contract and by reason of that default there is no conveyance or transfer to implement the contract, whether by or to the person originally making the contract or another ; or
- (c) the contract is conditional and the condition is not satisfied.

(2) Where a person disposes of an asset, and the whole or part of the consideration is irrecoverable, the amount irrecoverable shall be disregarded in so far as it is not realised by the disposal in whole or in part of the right to the consideration ; and if the consideration is abated for any error in or default under the contract, Chapter II of Part II of this Act shall apply as if the abated consideration had originally been contracted for.

(3) If in the case of a conditional contract to acquire or dispose of an asset the condition is satisfied (and in particular if in the case of a contract conferring an option the option is exercised), then subject to the following sub-paragraphs the acquisition or disposal of the asset by the contract shall be treated as taking place at the time when the condition is satisfied.

(4) If the disposal of an asset by a conditional contract is made for a consideration not depending wholly or mainly on the value of the asset at the time the condition is satisfied the contract shall in relation to the disposal be treated (on the condition being satisfied) as if it had never been conditional.

(5) Where a contract for the disposal of an asset is discharged by mutual consent, but is replaced by a new contract for its disposal to the same person or to another in his place, the disposal by the new contract shall be treated as if it had taken place at the time when the disposal by the previous contract is to be treated as having taken place, and if the previous contract was a conditional contract, the condition shall for that purpose be treated as satisfied by the making of the new contract.

(6) Nothing in sub-paragraphs (3) to (5) above shall apply in relation to a contract entered into before the tenth day of April, nineteen hundred and sixty-two.

2.—(1) Subject to paragraph 18 of this Schedule, a person acquiring a right under a subsisting contract to acquire or dispose of an asset shall be treated as thereby acquiring or disposing of the asset to the like extent as if he had then entered into a new

contract conferring that right (his undertaking the obligations under the subsisting contract not being treated as consideration given by him for the acquisition of the right, but any consideration so given being treated, in relation to his acquisition and disposal of the asset, as an expense of acquiring or disposing of it).

(2) Notwithstanding anything in subsection (1) of section twelve of this Act a person disposing of the right under a subsisting contract to acquire or dispose of an asset shall not be treated as thereby disposing of the asset nor, in a case not within sub-paragraph (3) below, as having acquired or disposed of it by that contract.

(3) Subject to paragraph 18 of this Schedule, where a person disposes of an asset to another subject to and with the benefit of any subsisting contract for its disposal to a third person, then, if the contract is not conditional or the condition is satisfied at the time of the later disposal,—

(a) he shall not be treated as thereby making any new disposal of the asset except to the extent to which it was not disposed of by that contract, and so much of the consideration for the later disposal as is attributable to the right to receive the consideration under that contract shall be disregarded ; and

(b) he shall be treated as thereby completing the disposal by that contract, and that disposal shall not under paragraph 1 above be treated as affected by any subsequent discharge of or default under the contract or abatement of the consideration.

(4) A person's right under a contract entered into by him to acquire or dispose of an asset shall, in relation to any disposal by him of that right, be treated as having been acquired by him on the making of the contract for any consideration given by him for having that right (other than his agreement to acquire or dispose of the asset) ; and where a person gives any consideration to be discharged from a contract to acquire or dispose of an asset, the person to whom it is given shall be treated as disposing for that consideration of his right under the contract to dispose of or acquire the asset.

(5) Where a person dies after entering into a conditional contract for the acquisition or disposal of an asset (the condition not being satisfied at the time of his death), then—

(a) in the case of a contract to acquire the asset nothing in this paragraph shall apply so as to treat any other person as acquiring the asset by reason of that contract on the condition being satisfied, except that sub-paragraph (1) shall apply in relation to any person acquiring from the personal representatives or legatee the right under the contract to acquire the asset ; and

(b) in the case of a contract to dispose of the asset, nothing in this or the last foregoing paragraph shall apply so as to treat him as disposing of the asset under the contract on the condition being satisfied.



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*Gifts, settled property, and bargains not at arm's length*

3.—(1) Where a person resident and ordinarily resident in the United Kingdom either—

- (a) disposes by way of gift of an asset previously acquired by him, but does so without there being (within the meaning of Case VII) an acquisition and disposal by him ; or
- (b) disposes by way of gift of an asset acquired by him only as legatee ;

then, so far as relates to the interest taken by the donee, the donee shall be treated as if the donor's acquisition of the asset had been his acquisition of it.

(2) Subject to sub-paragraph (4) below, where in a case not falling within paragraph (a) or (b) of sub-paragraph (1) above a person resident and ordinarily resident in the United Kingdom disposes by way of gift of an asset acquired or to be acquired by him, and the donee is also resident and ordinarily resident in the United Kingdom, then on an election being made in that behalf—

- (a) the donor shall not be chargeable under Case VII in respect of any acquisition and disposal by reference to that disposal ; and
- (b) the donee shall be treated as if the donor's acquisition of the asset had been his acquisition of it, but so that the amount of the consideration for which he is treated as acquiring the asset shall not by virtue of this sub-paragraph be increased.

(3) An election under sub-paragraph (2) above shall be made by the donor and the donee jointly, except that it may be made by the donee alone if the donor would not apart from that sub-paragraph be chargeable to tax under Case VII in respect of the gain (if any) treated as accruing to him from his acquisition and disposal of the asset.

(4) Sub-paragraph (2) above shall not apply in relation to a gift of shares where the donor is, but the donee is not, in relation to his acquisition and disposal of the shares, within section fourteen of this Act ("shares" having for this purpose the same meaning as in that section).

(5) A person shall not be chargeable under Case VII in respect of any acquisition and disposal by reference to a disposal made to any charity or Association within subsection (1) of section fifteen of this Act if the disposal is by way of gift for the purposes of the charity or Association.

4.—(1) Subsection (3) of section twelve of this Act and paragraph 3 above shall apply in relation to a gift in settlement as a gift to the trustees of the settlement, and shall so apply notwithstanding that the settlor is one of the trustees or the sole trustee of the settlement ; but if the settlor or the settlor's wife or husband has, or can by any means (whether or not requiring any consent or concurrence) obtain for the settlor or for the settlor's wife or husband, any beneficial interest in the settled property or the income from it, no loss treated as accruing to the settlor by reason of the gift in settlement shall be allowable under Case VII.

(2) Subject to sub-paragraph (3) below, where under a settlement a person becomes absolutely entitled as against the trustee to settled property (whether alone or jointly with another), he shall be chargeable by reference to any subsequent disposal of the property by him as if its acquisition by the trustees had been his acquisition of it.

(3) Where for a consideration in money or money's worth a person becomes absolutely entitled as against the trustee to settled property, or two or more persons jointly become so entitled, either by the exercise of a power of appointment under the settlement or by acquiring the interests of persons who were together so entitled and acted in concert in disposing of their interests to him or them, then notwithstanding anything in subsection (8) of section twelve of this Act—

- (a) the person or persons becoming so entitled shall, on disposing of the property, be chargeable under Case VII by reference to that acquisition of it, if there is an acquisition and disposal by him or them ; and
- (b) the person exercising the power or persons disposing of their interests under the settlement shall be chargeable under Case VII by reference to that disposal of the property, as if its acquisition by the trustees had been his or their acquisition of it.

5.—(1) Subject to sub-paragraph (4) below, where a person resident and ordinarily resident in the United Kingdom disposes otherwise than by way of bargain at arm's length (but not by way of gift) of an asset acquired or to be acquired by him so that there is an acquisition and disposal of the asset by him, and the person acquiring the asset on that disposal is also resident and ordinarily resident in the United Kingdom, then on an election being made in that behalf the person disposing of the asset and the person acquiring it on that disposal shall be treated as doing so for a consideration equal to whichever is the higher of—

- (a) the actual consideration ; and
- (b) such amount as will secure that neither a gain nor a loss accrues to the person disposing of the asset from his acquisition and disposal of it:

Provided that this sub-paragraph shall not apply so as to increase the amount of the consideration for which those persons are respectively treated as disposing of and acquiring the asset.

(2) An election under this paragraph shall be made jointly by the person disposing of the asset and the person acquiring it, except that an election may be made by the person disposing of the asset alone if the person acquiring it would not, on disposing of it, be chargeable to tax under Case VII in respect of the gain (if any) accruing to him from his acquisition and disposal of it.

(3) In a case falling within paragraph (b) of subsection (3) of section twelve of this Act, the amount referred to in paragraph (b) of sub-paragraph (1) above shall be taken to be higher than the actual consideration referred to in paragraph (a).

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(4) This paragraph shall not apply to a disposal of assets by a company by way of distribution in respect of shares in the company, nor shall it apply where the person disposing of the asset is, but the person acquiring it is not, in relation to his acquisition and disposal of the asset, within section fourteen of this Act.

6.—(1) Where, in the case of a man and his wife living with him, the man disposes of an asset acquired or to be acquired by him to the wife, or the wife disposes of an asset acquired or to be acquired by her to the man, then—

- (a) the one making the disposal shall not be chargeable under Case VII in respect of an acquisition and disposal by reference to that disposal ; and
- (b) the one to whom the disposal is made shall be treated as if the other's acquisition of the asset had been his or her acquisition of it.

(2) Where a company resident and ordinarily resident in the United Kingdom disposes of an asset acquired or to be acquired by it to another such company at a time when either is the subsidiary of the other, or both are subsidiaries of a third company ("subsidiary" having for this purpose the meaning assigned to it for certain purposes of the profits tax by section forty-two of the Finance Act, 1938), then—

- (a) the first-mentioned company shall not be chargeable under Case VII in respect of an acquisition and disposal by reference to that disposal ; and
- (b) the other company shall be treated as if the first-mentioned company's acquisition of the asset had been its acquisition of it.

(3) Where a person disposes of an asset to a company of which that person has control, or a company disposes of an asset to a person having control of the company, no loss accruing to the one making the disposal from the acquisition and disposal of the asset shall be allowable under Case VII otherwise than by deduction from any gain accruing on the disposal of assets to the other while the person in question has control of the company ; and for the purposes of this sub-paragraph an individual shall be treated as having control of a company if the individual's wife or husband has control of it, or if they together have control of it.

#### *Appropriations to and from stock in trade*

7.—(1) Subject to sub-paragraph (3) below, where an asset acquired by a person otherwise than as trading stock of a trade carried on by him is appropriated by him for the purposes of the trade as trading stock (whether on the commencement of the trade or otherwise) and, if he had then sold the asset for its market value, a gain or loss chargeable or allowable under Case VII would have accrued to him, he shall be treated as having thereby disposed of the asset by selling it for its then market value.

(2) Where an asset forming part of the trading stock of a person's trade is appropriated by him for any other purpose, or is retained by him on his ceasing to carry on the trade, he shall be treated

as having acquired it for a consideration equal to the amount brought into the accounts of the trade in respect of it for tax purposes on the appropriation or on his ceasing to carry on the trade, as the case may be.

(3) Sub-paragraph (1) above shall not apply in relation to a person's appropriation of an asset for the purposes of a trade if he is chargeable to tax in respect of the profits of the trade under Case I of Schedule D, and elects that instead the market value of the asset at the time of the appropriation shall, in computing the profits of the trade for purposes of tax, be treated as reduced by the amount of the gain or increased by the amount of the loss referred to in that sub-paragraph, and where that sub-paragraph does not apply by reason of such an election, the profits of the trade shall be computed accordingly :

Provided that if a person making an election under this sub-paragraph is at the time of the appropriation carrying on the trade in partnership with others, the election shall not have effect unless concurred in by the others.

*Dealings in marketable securities, commodities, etc.*

8.—(1) Where a person disposes of shares, the shares disposed of shall be identified in accordance with the rules contained in this paragraph with the shares acquired by him which could be comprised in that disposal, and shall be so identified notwithstanding that they are otherwise identified by the disposal or by a transfer or delivery giving effect to it (but so that where a person disposes of shares in one capacity, they shall not be identified with shares which he holds or can dispose of only in some other capacity).

(2) The identification under this paragraph of the shares disposed of on any occasion shall have effect not only for determining the gain or loss accruing by reason of that disposal but for all purposes of Case VII, including its operation in relation to other disposals by the same person and, in a case where that person's acquisition of the shares is or may be relevant to the person acquiring from him, its operation in relation to the last-mentioned person.

(3) Shares disposed of on an earlier date shall be identified before shares disposed of on a later, and the identification of the shares first disposed of shall accordingly determine the shares which could be comprised in the later disposal.

(4) Shares disposed of for transfer or delivery on a particular date or in a particular period—

- (a) shall not be identified with shares acquired for transfer or delivery on a later date or in a later period ; and
- (b) shall be identified with shares acquired for transfer or delivery on or before that date or in or before that period, but on or after the date of the disposal, rather than with shares not so acquired.

(5) The shares disposed of shall be identified with shares not acquired as legatee rather than with shares acquired as legatee.

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(6) The shares disposed of shall be identified—

- (a) with shares acquired within the six months preceding the disposal (but not earlier than the tenth day of April, nineteen hundred and sixty-two) rather than with shares not so acquired, and with shares so acquired on an earlier date rather than with shares so acquired on a later ; and
- (b) subject to paragraph (a) above, with shares acquired on a later date rather than with shares acquired on an earlier ; and
- (c) with shares acquired at different times on any one day in as nearly as may be equal proportions.

(7) The rules above contained shall have priority according to the order in which they are so contained.

(8) Notwithstanding anything in sub-paragraphs (3) to (6) above, where, under arrangements designed to postpone the transfer or delivery of shares disposed of, a person by a single bargain acquires shares for transfer or delivery on a particular date or in a particular period and disposes of them for transfer or delivery on a later date or in a later period, then—

- (a) the shares disposed of by that bargain shall be identified with the shares thereby acquired ; and
- (b) shares previously disposed of which, but for the operation of paragraph (a) above in relation to acquisitions for transfer or delivery on the earlier date or in the earlier period, would have been identified with the shares acquired by that bargain—

- (i) shall, subject to sub-paragraph (3) above, be identified with any available shares acquired for such transfer or delivery (that is to say, any shares so acquired other than shares to which paragraph (a) above applies and other than shares with which shares disposed of for such transfer or delivery would be identified apart from this sub-paragraph) ; and

- (ii) in so far as they cannot be so identified shall be treated as disposed of for transfer or delivery on the later date or in the later period above mentioned.

(9) This paragraph shall apply in relation to a disposal of any assets as it applies in relation to a disposal of shares, where the assets are of a nature to be dealt in without identifying the particular assets disposed of or acquired.

9.—(1) Subject to sub-paragraph (3) below, where a loss accrues to a person from his acquisition and disposal of any shares, and he re-acquires the same shares within one month after the disposal or, in the case of a re-acquisition otherwise than through a stock exchange, within six months after it, that loss shall not be allowable under Case VII otherwise than by deduction from any gain accruing to him from an acquisition and disposal of the shares beginning with the re-acquisition.

(2) Subject to sub-paragraph (3) below, where a person disposes of shares and afterwards acquires the like shares within the period

referred to in sub-paragraph (1) above, he is to be treated for the purposes of this paragraph as re-acquiring the shares disposed of (or, if the quantity disposed of was greater than the quantity acquired, a part of them equal to the quantity acquired), but so that—

- (a) there cannot be in relation to the same disposal more than one re-acquisition of the same share, nor be by the same acquisition of a share a re-acquisition in relation to more than one disposal; and
- (b) an acquisition of shares shall, where there has been more than one relevant disposal, be treated as a re-acquisition of shares disposed of on an earlier date rather than of shares disposed of on a later, and as a re-acquisition of shares disposed of at different times on the same date in as nearly as may be equal proportions; and
- (c) where there is more than one acquisition of shares relevant to a previous disposal, shares acquired on an earlier date shall be treated in relation to that disposal as the shares re-acquired rather than shares acquired on a later date, and as between shares acquired on any one date those subsequently disposed of on an earlier date shall be so treated rather than those subsequently disposed of on a later date, and those subsequently disposed of on any one day shall be so treated in as nearly as may be equal proportions;
- (d) where a person disposes of shares in one capacity, shares which he acquires in some other capacity shall be disregarded.

(3) Where a person acquires shares and, under paragraph 8 above, shares previously disposed of by him are identified with those shares, then—

- (a) this paragraph shall not apply in relation to any loss accruing from that acquisition and disposal; and
- (b) that acquisition shall not be treated for the purposes of this paragraph as a re-acquisition of any shares.

(4) Where under sub-paragraph (8) of paragraph 8 above shares disposed of are identified with shares acquired by the same bargain, sub-paragraph (3) of this paragraph shall apply as if the disposal had preceded the acquisition.

(5) Where—

- (a) under arrangements designed to postpone the acceptance of shares acquired, a person by a single bargain disposes of shares for transfer or delivery on a particular date or in a particular period and acquires them for transfer or delivery on a later date or in a later period; and
- (b) under paragraph 8 above—
  - (i) the shares disposed of by that bargain are identified with shares previously acquired for transfer or delivery on the earlier date or in the earlier period; and

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(ii) shares disposed of afterwards, but within six months of the date of that bargain, are identified with the shares acquired by that bargain ;

then, subject to sub-paragraph (6) below, sub-paragraph (3) of this paragraph shall apply as if the disposal by that bargain had preceded the acquisition of the shares so identified with those disposed of.

(6) Where an acquisition of shares is more than once continued by such a bargain as is referred to in paragraph (a) of sub-paragraph (5) above, that sub-paragraph shall apply in relation to each bargain continuing the acquisition, but so that in relation to each such bargain sub-paragraph (ii) of paragraph (b) shall have effect as if the references to the date of and to the shares acquired by the bargain were references to the date of and to the shares acquired by the last of the bargains ; and for the purposes of this sub-paragraph an acquisition continued by one bargain shall be treated as further continued by a later bargain, in so far as the shares disposed of by the later bargain are identified under paragraph 8 above with the shares acquired by the earlier.

(7) This paragraph shall apply in relation to acquisitions or disposals of any assets as it applies in relation to acquisitions or disposals of shares, where the assets are of a nature to be dealt in without identifying the particular assets disposed of or acquired.

*Reorganisation of share capital, conversion of securities etc.*

10.—(1) This paragraph shall apply in relation to any reorganisation or reduction of a company's share capital ; and for the purposes of this paragraph—

(a) references to a reorganisation of a company's share capital include—

(i) any case where persons are, whether for payment or not, allotted shares in or debentures of the company in respect of and in proportion to (or as nearly as may be in proportion to) their holdings of shares in the company or of any class of shares in the company ; and

(ii) any case where there are more than one class of share and the rights attached to shares of any class are altered ; and

(b) "original shares" means shares held before and concerned in the reorganisation or reduction of capital, and "new holding" means, in relation to any original shares, the shares in and debentures of the company which as a result of the reorganisation or reduction of capital represent the original shares (including such, if any, of the original shares as remain).

(2) Subject to the following sub-paragraphs, a reorganisation or reduction of a company's share capital shall not be treated as involving any disposal of the original shares or any acquisition of the new holding or any part of it, but the original shares and the new holding shall be treated as the same asset acquired as the original shares were acquired.

(3) Where, on a reorganisation or reduction of a company's share capital, a person gives or becomes liable to give any consideration for his new holding or any part of it, that consideration

shall in relation to any disposal of the new holding or any part of it be treated as having been given for the original shares, and if the new holding or part of it is disposed of with a liability attaching to it in respect of that consideration, the consideration given for the disposal shall be adjusted accordingly:

Provided that there shall not be treated as consideration given for the new holding or any part of it any surrender, cancellation or other alteration of the original shares or of the rights attached thereto, or consisting of any application in paying up the new holding or any part of it of assets of the company or of any dividend or other distribution declared out of those assets but not made.

(4) Where, on a reorganisation or reduction of a company's share capital, a person receives or becomes entitled to receive in respect of his original shares any capital distribution from the company not forming part of the new holding, he shall be treated as if the new holding resulted from his having in consideration of that distribution disposed of an interest in the original shares of a market value equal to that of the distribution (but without prejudice to the original shares and the new holding being treated in accordance with sub-paragraph (2) above as the same asset).

(5) Where for the purpose of computing the gain or loss accruing to a person from the acquisition and disposal of any part of the new holding it is necessary to apportion the cost of acquisition of any of the original shares between what is disposed of and what is retained, the apportionment shall be made by reference to market value at the date of the disposal (with such adjustment of the market value of any part of the new holding as may be required to offset any liability attaching thereto but forming part of the cost to be apportioned); and any corresponding apportionment for the purposes of sub-paragraph (4) above shall be made in like manner.

(6) Where on a reorganization of a company's share capital a person receives or becomes entitled to receive in respect of any shares a provisional allotment of shares in or debentures of the company, then unless he neither accepts the allotment nor disposes of his rights before or after the making of the allotment, those rights shall be treated in relation to him and in relation to any person acquiring them directly or indirectly from him as if they were the shares or debentures to which they relate and as if the consideration to be given for the shares or debentures were a liability attaching to the rights.

(7) References in this paragraph to a reduction of share capital do not include the paying off of redeemable share capital, and where shares in a company are redeemed by the company otherwise than by the issue of shares or debentures (with or without other consideration) and otherwise than in a liquidation, the shareholder shall be treated as disposing of the shares at the time of the redemption.

11.—(1) Subject to sub-paragraph (2) below, paragraph 10 above shall apply with any necessary adaptations in relation to the conversion of securities as it applies in relation to the reorganisation or reduction of a company's share capital.



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(2) Where securities are converted on an exchange effected under any arrangement which is being carried out under section two of the National Loans Act, 1939, and any additional consideration is given to the holder of the securities, sub-paragraph (4) of paragraph 10 above shall not apply to the additional consideration, but it shall in relation to any disposal of the new holding or any part of it be treated as reducing the consideration given for the original securities.

(3) For the purposes of this paragraph—

- (a) “conversion of securities” includes a conversion of securities of a company into shares in the company, and a conversion at the option of the holder of the securities converted as an alternative to the redemption of those securities for cash ; and
- (b) “security” includes any loan stock or similar security whether of the Government of the United Kingdom or of any other government, or of any public or local authority in the United Kingdom or elsewhere, or of any company, and whether secured or unsecured.

#### *Company amalgamations*

12.—(1) Subject to the following sub-paragraphs, where a company issues shares or debentures to a person in exchange for shares in or debentures of another company, paragraph 10 above shall apply with any necessary adaptations as if the two companies were the same company and the exchange were a reorganisation of its share capital.

(2) This paragraph shall apply only where the company issuing the shares or debentures has or in consequence of the exchange will have control of the other company, or where the first-mentioned company issues the shares or debentures in exchange for shares as the result of a general offer made to members of the other company or any class of them (with or without exceptions for persons connected with the first-mentioned company), the offer being made in the first instance on a condition such that if it were satisfied the first-mentioned company would have control of the other company.

(3) Except to the extent mentioned in sub-paragraph (4) below, this paragraph shall not apply in relation to an issue of shares or debentures to a person in exchange for shares in respect of which—

- (a) he is liable to a charge by virtue of section fourteen of this Act by reason of a gain accruing to him on that disposal of those shares or would be so liable if he had acquired the shares more than six months previously ; and
- (b) he would not, if this paragraph did apply, be liable to a greater charge by virtue of sub-paragraph (4) of paragraph 10 above :

Provided that this sub-paragraph shall not have effect in relation to an issue of shares where the company issuing the shares and his

holding in it are or in consequence of the issue will be such that on his afterwards disposing of those shares without there having been any alteration in the share holdings in or assets of that or any other company he might in respect of the gain (if any) accruing to him on that disposal be liable to a charge under section fourteen of this Act.

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(4) In a case within sub-paragraph (3) above this paragraph shall apply so as to treat the original shares and the new holding as one asset for the purpose of determining the time at which the new holding is, in relation to any disposal, to be treated as having been acquired; and the person in question shall not be liable in respect of his disposal of the original shares to any greater charge than that mentioned in paragraph (a) of that sub-paragraph, nor shall any loss accruing on the disposal be allowable under Case VII.

13.—(1) Where under any arrangement between a company and the persons holding shares in or debentures of the company or any class of such shares or debentures, being an arrangement entered into for the purposes of or in connection with a scheme of reconstruction or amalgamation, another company issues shares or debentures to those persons in respect of and in proportion to (or as nearly as may be in proportion to) their holdings of the first-mentioned shares or debentures, but the first-mentioned shares or debentures are either retained by those persons or cancelled, then those persons shall be treated as exchanging the first-mentioned shares or debentures for those held by them in consequence of the arrangement (any shares or debentures retained being for this purpose regarded as if they had been cancelled and replaced by a new issue):

Provided that sub-paragraph (2) of paragraph 12 above shall not apply.

(2) Where any scheme of reconstruction or amalgamation involves the transfer of the whole or part of a company's business to another company, and the first-mentioned company receives no part of the consideration for the transfer (otherwise than by the other company taking over the whole or part of the liabilities of the business), then the first-mentioned company shall not be chargeable under Case VII by reference to the transfer in respect of its acquisition and disposal of any assets included in the transfer.

(3) In this paragraph "scheme of reconstruction or amalgamation" means a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and references to shares or debentures being retained include their being retained with altered rights or in an altered form, whether as the result of reduction, consolidation, division or otherwise.

14.—(1) This paragraph shall apply where a business is transferred to a company as a going concern together with the whole assets of the business or with the whole of those assets other than cash, and is so transferred wholly or partly in exchange for shares issued by the company to the person transferring the business.

(2) The person transferring the business shall not be chargeable by reference to the transfer in respect of his acquisition and disposal of any asset included in the transfer, in so far as the consideration

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for it consists of shares so issued ; and where apart from this paragraph he would be so chargeable in the case of any asset, it and such of the shares so issued as represent the consideration for it shall be treated as the same asset acquired as the original asset was acquired (shares representing the consideration for land being accordingly treated as land for purposes of subsection (2) of section ten of this Act).

(3) The person transferring the business shall not by reference to the issue to him of the shares be chargeable in respect of any acquisition and disposal of shares representing consideration for the transfer, except in the case of shares representing the consideration for cash included in the transfer or of shares treated under subparagraph (2) above as being the same asset as an asset so included ; but the foregoing provision shall not affect any charge under section fourteen of this Act, and in relation to shares to which this sub-paragraph applies, sub-paragraph (5) of paragraph 8 of this Schedule and any other provision of this Act referring to assets acquired as legatee shall have effect as it has effect in relation to shares so acquired.

(4) For the purposes of this paragraph the consideration for the transfer of the business (where it does not consist wholly of shares of a single class) shall be allocated between the transfer and any other matter for which it is given, and between the assets included in the transfer, as follows:—

- (a) any part of the consideration consisting of liabilities of the business taken over with the business shall be treated so far as may be as consideration for the transfer, and as consideration for any cash included in the transfer ; and
- (b) any part of the consideration not consisting of any such liabilities nor of shares issued as mentioned in subparagraph (1) above shall as far as may be—
  - (i) be treated as consideration for matters other than the transfer ; and
  - (ii) so far as it is not so treated, be treated as consideration for assets in the case of which the person making the transfer is (apart from subparagraph (2) above) chargeable by reference to the transfer in respect of his acquisition and disposal of them ; and
- (c) subject to paragraphs (a) and (b) above, the consideration of any description shall (so far as necessary) be allocated between items rateably according to their amounts after taking account of any prior allocation thereto under those paragraphs.

#### *Debts*

15.—(1) Where a person incurs a debt to another, the creditor shall not be treated as thereby acquiring the debt, except in the case of the debt on a security (as defined in paragraph 11 of this Schedule).

(2) In the case of the debt on any such security, or of a debt acquired by the creditor from a previous creditor, the satisfaction of the debt or part of it shall, subject to the provisions of paragraphs 11 and 12 of this Schedule, be treated as a disposal of the debt or of that part by the creditor made at the time when the debt or that part is satisfied.

(3) Where property is acquired by a creditor in satisfaction of his debt or part of it, then subject to the provisions of the said paragraphs 11 and 12 the property shall not be treated as disposed of by the debtor or acquired by the creditor for a consideration greater than its market value at the time of the creditor's acquisition of it; but if (in a case not falling within either of those paragraphs) the satisfaction of the debt or that part of it is not to be treated as a disposal of it by the creditor, and he becomes chargeable under Case VII in respect of gains accruing from his acquisition and disposal of the property, the amount on which tax is chargeable shall (where necessary) be reduced so as not to exceed the amount on which tax would have been chargeable if he had acquired the property for a consideration equal to the amount of the debt or that part of it.

*Disposals of land to authorities with compulsory powers*

16.—(1) A person shall not be chargeable under Case VII in respect of an acquisition and disposal of land by reference to a disposal to an authority exercising or having compulsory powers, if that person had neither—

- (a) acquired the land at a time when he knew or might reasonably have known that it was likely to be acquired by the authority; nor
- (b) taken any steps by advertisement or otherwise to dispose of the land or to make his willingness to dispose of it known to the authority or others.

(2) In this paragraph "authority exercising or having compulsory powers" means, in relation to any disposal of land, a person or body of persons acquiring the land compulsorily or who has or have been, or could be, authorised to acquire it compulsorily for the purposes for which it is acquired, or for whom another person or body of persons has or have been, or could be, authorised so to acquire it.

*Additional provisions as to computation of gains*

17.—(1) Where a single bargain comprises two or more transactions whereby assets are disposed of, those transactions shall be treated for purposes of section thirteen of this Act as a single disposal; and where separate considerations are agreed or purport to be agreed for any two or more transactions comprised in one bargain (whether transactions whereby assets are disposed of or not), those considerations shall be treated as together constituting an entire consideration for the transactions, and shall be apportionable between them accordingly.

(2) Where an individual and the wife or husband of that individual, or a body of persons and a person having control of it, or two bodies of persons under common control, enter into associated transactions, sub-paragraph (1) above shall apply as if the transaction were comprised in a single bargain ("body of persons" for this purpose including a partnership):

Provided that this sub-paragraph shall not apply so as to treat as an entire consideration considerations given or received by different persons, unless they are given to or received from a single person or persons in relation to whom they can by virtue of this sub-paragraph be treated as an entire consideration.

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(3) In the case of an acquisition and disposal of land no deduction shall be made in respect of maintenance expenditure incurred by any person—

(a) in computing the gain accruing to that person from the acquisition and disposal either—

(i) for the purposes of the profits tax (if any) chargeable on the disposal; or

(ii) for the purposes of sub-paragraph (3) of paragraph 7 of this schedule; or

(b) in computing for any purpose of this Schedule the amount which would secure that on that person's disposal of the land neither a gain nor a loss accrued to him;

and maintenance expenditure incurred by the person chargeable which falls to be taken into account for other purposes of Case VII shall not be taken into account under section one hundred and one or paragraph (g) of subsection (1) of section one hundred and seventy-six of the Income Tax Act, 1952, but where it has been taken into account under either of those enactments, any necessary adjustment of that person's liability to tax may be made by means of an additional assessment or otherwise and for that purpose the amount of any tax repaid by reason of its having been taken into account may be charged on him under Case VI of Schedule D and recovered accordingly.

In this sub-paragraph references to maintenance expenditure incurred by any person are references to any expenditure so incurred which could be taken into account under section one hundred and one of the Income Tax Act, 1952, in computing the cost to him or any other person of maintenance, repairs, insurance and management of the land.

(4) No deduction shall be made in computing the gain to the person chargeable for any expenditure if section four hundred and twenty-five (assurance companies and investment companies) of the Income Tax Act, 1952, applies to that person and relief could be given under that section in respect of the expenditure as expenses of management.

In this sub-paragraph the references to section four hundred and twenty-five of the Income Tax Act, 1952, include references to that section as applied by section four hundred and thirty-eight of that Act (savings banks and certain industrial and provident societies) or by section sixty-nine of the Finance Act, 1960 (unit trust schemes).

(5) Where, in the case of any asset, the person chargeable receives or is entitled to claim any capital allowances with reference to expenditure relating to the asset, the amount of the allowances shall be treated for the purpose of computing the said gain as a trading receipt of the adventure, in so far as it exceeds the amount or aggregate amount on which any balancing charges fall to be made on him in respect of the allowances (subject to a just apportionment where the adventure does not relate to the whole of his interest in the asset).

In this sub-paragraph "capital allowance" means an allowance under Part X of the Income Tax Act, 1952, but not including an investment allowance.

*Supplementary*

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18.—(1) Where under this Schedule a person acquiring an asset is to be treated as if another's acquisition of it had been his acquisition, that person shall be treated as having acquired the asset at the time when the other acquired it, and for a consideration of such amount as would secure that on the other's disposal to that person neither a gain nor a loss would accrue to the other (that amount being calculated as it would be for the purpose of a charge under Case VII then falling on the other by reference to that acquisition), and where there have been more than one acquisition by the other of different interests in the asset, this provision shall apply in relation to each such acquisition:

Provided that—

- (a) a person shall be treated as if another's acquisition of an asset had been his acquisition of it only if and in so far as the interest taken by that person would be treated for the purpose of such a charge as aforesaid as deriving from that acquisition; and
- (b) that person shall be treated as acquiring the asset as legatee, and not for any consideration, in so far as the said interest would be so treated as deriving from an acquisition by the other as legatee.

(2) Where a person acquires an asset subject to and with the benefit of any subsisting contract for its disposal to a third person, and under this Schedule he is to be treated as if another's acquisition of it had been his acquisition, sub-paragraphs (1) and (3) of paragraph 2 of this Schedule shall not apply in relation to the acquisition by or disposal to him of the asset (he being treated as if the other's acquisition of the right had been his acquisition).

19.—(1) An election under this Schedule shall be made by notice in writing signed by the person or persons making the election and the persons (if any) whose concurrence is required, and delivered to the surveyor within the relevant period.

(2) A notice so delivered with respect to property disposed of by way of gift shall be of no effect unless within the relevant period there is also delivered to the surveyor a statement signed by the donor and giving such particulars as are necessary to establish the time at which, and the consideration for which, the donee is to be treated as having acquired the property, in so far as those particulars may be material in relation to any acquisition and disposal by the donee.

(3) Where in the case of a gift a joint election is required and the donor and donee are respectively subject to the jurisdiction of different bodies of General Commissioners, the election shall be of no effect unless sub-paragraphs (1) and (2) above are complied with in relation to the surveyor for each of the districts in question.

(4) Any election which a person may make or concur in under this Schedule may be made or concurred in instead by his personal representatives, if he is dead, or by any person assessable on his behalf, and similarly with the statement required by sub-paragraph (2) of this paragraph.

## 9TH SCH.

(5) For the purposes of this paragraph the relevant period—

- (a) in the case of a gift, is the period ending with the year of assessment following that in which the gift is made or, where an election may be made by the donee alone, the period ending with the year of assessment following that in which he first disposes of the property comprised in the gift or any part of it; and
- (b) in the case of an election under paragraph 7 of this Schedule, is the period ending with the year of assessment following that in which is made the appropriation of the asset for the purposes of the trade;

and in this paragraph references to a gift include any disposal otherwise than by way of bargain at arm's length, and references to the donor and the donee shall be construed accordingly.

20.—(1) Any question whether a person is connected with another shall for the purposes of Chapter II of Part II of this Act be determined in accordance with the following sub-paragraphs of this paragraph (any provision that one person is connected with another being taken to mean that they are connected with one another).

(2) A person is connected with an individual if that person is the individual's husband or wife, or is a relative, or the husband or wife of a relative, of the individual or of the individual's husband or wife.

(3) A person, in his capacity as trustee of a settlement, is connected with any individual who in relation to the settlement is a settlor, and with any person who is connected with such an individual ("settlement" and "settlor" having for this purpose the meanings assigned to them by section four hundred and three of the Income Tax Act, 1952).

(4) A person is connected with any person with whom he is in partnership, and with the husband or wife or a relative of any individual with whom he is in partnership.

(5) A company is connected with another company—

- (a) if the same person has control of both, or a person has control of one and persons connected with him, or he and persons connected with him, have control of the other; or
- (b) if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person with whom he is connected.

(6) A company is connected with another person, if that person has control of it or if that person and persons connected with him together have control of it.

(7) Any two or more persons acting together to secure or exercise control of a company shall be treated in relation to that company as connected with one another and with any person acting on the directions of any of them to secure or exercise control of the company.

(8) In this paragraph "relative" means brother, sister, ancestor or lineal descendant.

## TENTH SCHEDULE

Section 16.

## MODIFICATION OF ENACTMENTS FOR CASE VII OF SCHEDULE D

*Enactment and subject-matter**Adaptation*

## The Income Tax Act, 1952—

Section 329 (Procedure on apportionments and other determinations affecting more than one person).

The section shall apply for purposes of Case VII in relation to any apportionment and in relation to any determination of market value, as it applies for purposes of Part X of that Act in relation to the apportionments and determinations referred to in the section.

Chapter II of Part XVIII  
(Settlements on children).

The definition of "income" in section four hundred and three shall apply in relation to gains arising from the acquisition and disposal of chargeable assets as it would apply if the gains were profits from a trade of dealing in the assets, and any such gains shall be treated as payable in the first instance to the person to whom they accrue; but, in the case of settled property within the meaning of Case VII, paragraph (a) of subsection (1) of section three hundred and ninety-eight of that Act shall have effect in relation to gains so arising from the settled property only in so far as they exceed losses so arising therefrom.

Chapter III of Part XVIII,  
including the Finance  
Act, 1958, section 22  
(Revocable settlements,  
etc.).

In the definition in section four hundred and eleven of "income arising under a settlement" references to income shall include the amount of any gains arising from the acquisition and disposal of chargeable assets subject to the like deduction for losses so arising as would be made under Case VII; but that amount shall be left out of account under section four hundred and seven.

Chapter IV of Part XVIII  
(Avoidance of tax by  
transfers of income to  
persons abroad).

References to income shall apply in the case of gains accruing from the acquisition and disposal of chargeable assets as they would apply if the gains were profits from a trade of dealing in the assets, and any such gains shall be treated as payable in the first instance to the person to whom they accrue.



<p><b>10TH SCH.</b> <i>Enactment and subject-matter</i></p> <p>Section 450 (Procedure for claims by charities etc. to exemption).</p> <p>The Finance Act, 1953— Section 21 (Unremittable overseas profits).</p> <p>The Finance Act, 1954— Section 24 (Exemptions for certain consular officers and employees).</p> <p>The Finance Act, 1956— Section 10, subsection (3) (Determination of questions as to residence and domicile).</p>	<p style="text-align: center;"><i>Adaptation</i></p> <p>The section shall apply in relation to a claim for exemption under subsection (1) of section fifteen of this Act as it applies in relation to claims for exemption under sections four hundred and forty-seven to four hundred and forty-nine of that Act.</p> <p>“Overseas income” shall include any gains chargeable under Case VII which arise in a territory outside the United Kingdom, but so long as gains so arising in any year of assessment are treated as unremittable, losses arising in that year in the same territory shall be allowable under Case VII only in so far as they exceed those gains or the part thereof for the time being treated as unremittable.</p> <p>In subsection (1) the reference to income falling within Case IV or V of Schedule D shall include income falling within Case VII.</p> <p>The subsection shall apply in relation to any question arising under Case VII as to a person’s residence, ordinary residence or domicile, as it applies in relation to the disputes there mentioned.</p>
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Section 34.

**ELEVENTH SCHEDULE**

REPEALS

PART I

*Customs, excise and purchase tax (general repeals)*

Session and Chapter	Short Title	Extent of Repeal
4 Edw. 7. c. 7.	The Finance Act, 1904.	In section two, subsection (3). Section eleven.
8 & 9 Geo. 5. c. 15.	The Finance Act, 1918.	In section four, in subsection (1) the words “specified in Part I of the First Schedule to this Act” and the words from “by” where first occurring, to “charged”, where last occurring. In section forty-five, subsection (1).

Session and Chapter	Short Title	Extent of Repeal
9 & 10 Geo. 5. c. 32.	The Finance Act, 1919.	Section ten. The Second Schedule, so far as unrepealed.
10 & 11 Geo. 5. c. 18.	The Finance Act, 1920.	The First Schedule.
14 & 15 Geo. 5. c. 21.	The Finance Act, 1924.	Section two. In section three, subsection (4), except as respects chicory.
18 & 19 Geo. 5. c. 17.	The Finance Act, 1928.	Section four. The Second Schedule.
24 & 25 Geo. 5. c. 32.	The Finance Act, 1934.	The First Schedule, so far as unrepealed.
2 & 3 Geo. 6. c. 109.	The Finance (No. 2) Act, 1939.	In section six, subsection (1) so far as unrepealed. In section twenty-four, subsection (2).
3 & 4 Geo. 6. c. 48.	The Finance (No. 2) Act, 1940.	The Fifth Schedule, so far as unrepealed. Section four, so far as unrepealed.
10 & 11 Geo. 6. c. 35.	The Finance Act, 1947.	In section forty-two, subsection (2).
11 & 12 Geo. 6. c. 49.	The Finance Act, 1948.	In section three, subsection (4).
		Section three. In section fourteen, subsections (1) and (3) and in subsection (4) the words "and totalisator".
		In section eighty-two, paragraph (a) of subsection (2). The Third Schedule.
12, 13 & 14 Geo. 6. c. 47.	The Finance Act, 1949.	Section six. Section twelve.
14 Geo. 6. c. 15.	The Finance Act, 1950.	The Fourth Schedule. In section one, subsection (1).
15 & 16 Geo. 6. c. 33.	The Finance Act, 1952.	Section one. Section six.
15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.	The Customs and Excise Act, 1952.	The Second Schedule. In section one hundred and twelve, the proviso to subsection (1).
		In section one hundred and seventy-three, paragraphs (d) and (e) of subsection (2).
		In section one hundred and seventy-seven, in subsection (1) the words "sugar and glucose" in paragraph (g).
		Section two hundred and one. In section two hundred and two, in subsection (1), the words "licensed under the last foregoing section or" in paragraph (a), and subsection (3) from "and oils" onwards.

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Session and Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.— <i>cont.</i>	The Customs and Excise Act, 1952.— <i>cont.</i>	<p>Sections two hundred and ten to two hundred and thirteen. Sections two hundred and fifteen to two hundred and seventeen.</p> <p>In section two hundred and eighteen, paragraphs (e) and (f) of subsection (1).</p> <p>In section two hundred and thirty-one, paragraph (b) of subsection (1) together with the “or” at the end of paragraph (a), subsection (3) from the first “and” onwards, and subsection (4).</p> <p>In section two hundred and fifty-three, in subsection (3) the words “or manufacturer of glucose”.</p> <p>In section two hundred and sixty-three, in subsection (3) the words “or manufacturer of glucose or saccharin”, and the words “glucose or saccharin”, where next occurring.</p> <p>In section two hundred and ninety-five, in subsection (2) the words “or manufacturer of sugar, of glucose or of saccharin”.</p>
2 & 3 Eliz. 2. c. 44.	The Finance Act, 1954.	In section three, paragraph (b) of subsection (5).
4 & 5 Eliz. 2. c. 48.	The Sugar Act, 1956.	<p>In section seven, in subsection (2) the words from “‘sugar duty’ means” to “and”, where next occurring.</p> <p>In section ten, subsection (2).</p> <p>In section fifteen, in subsection (2), paragraph (c), together with the “and” at the end of paragraph (b).</p> <p>In section thirty-five, in subsection (2) the definitions of “molasses” and of “sugar duty.”</p>
4 & 5 Eliz. 2. c. 54.	The Finance Act, 1956.	Section one. The First Schedule.
6 & 7 Eliz. 2. c. 6.	The Import Duties Act, 1958.	In the First Schedule, paragraphs 2 and 3.
6 & 7 Eliz. 2. c. 56.	The Finance Act, 1958.	The Third Schedule.

Session and Chapter	Short Title	Extent of Repeal
7 & 8 Eliz. 2. c. 58.	The Finance Act, 1959.	In section one, in subsection (4), the words " Part I or " and the words " as the case may be ". Sections seven and eight. In the First Schedule, the table in Part I.
8 & 9 Eliz. 2. c. 44.	The Finance Act, 1960.	Section one. Section five. In section nine, subsections (2), (5) and (6). In the Second Schedule, in Part I the final paragraph from " and references " onwards.
8 & 9 Eliz. 2. c. 60.	The Betting and Gaming Act, 1960.	In the Fifth Schedule, paragraph 13.
9 & 10 Eliz. 2. c. 36.	The Finance Act, 1961.	In section nine, the proviso to subsection (1). In the Fourth Schedule, subparagraph (2) of paragraph 5, and in paragraph 6 the words " subsection (2) of section two hundred of ", the words from " repayment " to " oils; and ", and the words " of that Act ".
10 & 11 Eliz. 2. c. 13.	The Vehicles (Excise) Act, 1962.	In the Seventh Schedule, the entry relating to the Customs and Excise Act, 1952.

The above repeals so far as they relate to any drawback or other relief from duty shall not have effect in relation to duty paid or payable before the coming into force of the repeal, except in the case of sections two hundred and sixteen and two hundred and seventeen, and paragraphs (e) and (f) of subsection (1) of section two hundred and eighteen, of the Customs and Excise Act, 1952.

## PART II

*Customs and excise (prospective repeals as to sugar, tea, coffee and cocoa)*

Session and Chapter	Short Title	Extent of Repeal
6 & 7 Geo. 5. c. 24.	The Finance Act, 1916.	Section twenty-two.
9 & 10 Geo. 5. c. 32.	The Finance Act, 1919.	In section eight, subsection (1). In section thirty-eight, the first paragraph of subsection (1).
14 & 15 Geo. 5. c. 21.	The Finance Act, 1924.	Section three. In section forty-one, subsection (1).
16 & 17 Geo. 5. c. 22.	The Finance Act, 1926.	Section four.
9 & 10 Geo. 6. c. 64.	The Finance Act, 1946.	In section two, subsection (2).
12, 13 & 14 Geo. 6. c. 47.	The Finance Act, 1949.	Section one.
15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.	The Customs and Excise Act, 1952.	In section eighty-eight, in subsection (4), the words " sugar, molasses ". Section two hundred and fourteen. Section two hundred and eighteen. Sections two hundred and twenty-nine to two hundred and thirty-one (so far as not otherwise repealed). In section two hundred and fifty-nine, subsection (2). In section two hundred and seventy-one, proviso (ii) to subsection (3). In section three hundred and seven, in subsection (1) the definitions of " molasses " and " saccharin ".
2 & 3 Eliz. 2. c. 44.	The Finance Act, 1954.	Section three.
6 & 7 Eliz. 2. c. 6.	The Import Duties Act, 1958.	In section three, in subsection (2), the words from " any " where first occurring to " that is to say ", the word " either " and the words from " or ", where last occurring, onwards. In the First Schedule, in subparagraph (1) of paragraph 1 the words " subsection (1) of ", the words " subject to the following sub-paragraph " and the words " in the said section eight " and subparagraph (2) of that paragraph.

Session and Chapter	Short Title	Extent of Repeal
10 & 11 Eliz. 2. c. 44.	The Finance Act, 1962.	In section three, subsections (1) to (5) and subsection (6) to the words " this Act and ". In the Fifth Schedule, Part I. The Sixth Schedule.

The above repeals, so far as they relate to goods within any paragraph of subsection (1) of section three of this Act, shall not have effect until the time when by virtue of that subsection goods within that paragraph cease to be chargeable with duties of customs other than those under the Import Duties Act, 1958, but shall not affect any drawback or other relief in respect of duty paid or payable before that time; and subsection (2) of section thirty-eight of the Interpretation Act, 1889, shall apply to the above repeals of enactments contained in this Act as if they had been repealed by another Act.

## PART III

*Income tax repeals*

Session and Chapter	Short Title	Extent of Repeal
2 & 3 Eliz. 2. c. 44.	The Finance Act, 1954.	In section twenty, the proviso to subsection (1) and subsection (3) from the second " the " to " but ", except as respects claims made on the basis that section eighteen of this Act shall not apply.
3 & 4 Eliz. 2. c. 15.	The Finance Act, 1955.	Subsection (2) of section two.
6 & 7 Eliz. 2. c. 56.	The Finance Act, 1958.	Subsection (1) of section fourteen.
7 & 8 Eliz. 2. c. 58.	The Finance Act, 1959.	Subsection (4) of section nineteen.

## PART IV

*Estate duty repeals*

Session and Chapter	Short Title	Extent of Repeal
57 & 58 Vict. c. 30.	The Finance Act, 1894.	In section seven, in subsection (2), the word " personal " in each place where it occurs, and (from 10th April), subsection (4). In section twenty, subsections (1), (3) and (4) (from 10th April).

## 11TH SCH.

Session and Chapter	Short Title	Extent of Repeal
9 & 10 Geo. 6. c. 13.	The Finance (No. 2) Act, 1945.	In section fifty-four, subsection (2) (from 10th April).
11 & 12 Geo. 6. c. 49.	The Finance Act, 1948.	Section seventy-seven (as respects deaths whenever occurring).
12, 13 & 14 Geo. 6. c. 47.	The Finance Act, 1949.	In section twenty-eight, paragraph (c) of subsection (2).
2 & 3 Eliz. 2. c. 44.	The Finance Act, 1954.	In section thirty-two, subsection (1) (from 10th April).

The above repeals shall not have effect, unless expressed so to do, as respects deaths occurring before the commencement of this Act or, if expressed to have effect from 10th April, before the tenth day of April, nineteen hundred and sixty-two, and the repeal of paragraph (c) of subsection (2) of section twenty-eight of the Finance Act, 1949, shall have effect subject to the savings contained in the proviso to subsection (1) of section twenty-eight of this Act.

## PART V

*Stamp duty repeals*

Session and Chapter	Short Title	Extent of Repeal
54 & 55 Vict. c. 39.	The Stamp Act, 1891.	Sections one hundred and four to one hundred and six. In the First Schedule, the heading "Settlement" and the exemption following it.
10 Edw. 7. & 1 Geo. 5. c. 8.	The Finance (1909-10) Act, 1910.	In section seventy-four, subsection (4).
9 & 10 Geo. 6. c. 64.	The Finance Act, 1946.	In section fifty-three, subsection (1).

The above repeals shall have effect in relation to instruments made or executed on or after the first day of August, nineteen hundred and sixty-two, including instruments treated under subsection (2) of section fifty-three of the Finance Act, 1946, as bearing date on or after that day (to the extent that they are so treated).

PART VI  
Government annuity repeals

Session and Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 5. c. 20.	The Law of Property Act, 1925.	In section one hundred and ninety-one, subsection (1) from the words "Where the rent" onwards, and in subsection (4) the words "or the Government annuity".
19 & 20 Geo. 5. c. 27.	The Savings Banks Act, 1929.	The whole Act, so far as unrepealed.
19 & 20 Geo. 5. c. 29.	The Government Annuities Act, 1929.	Sections one to seven. In section eight, in subsection (1), the words "and all annuities for years, whether immediate or deferred". In section nine, subsection (2) and the proviso to subsection (3). Section twelve. In section thirteen, subsection (2) and in subsection (3), the words "or the Bank of England". Sections fourteen and sixteen to eighteen. In section twenty-two, in subsection (1), paragraphs (a) to (c) and in paragraph (d) the words "or the books of the Bank of England". In section twenty-three, in subsection (3), the words "purchase or". Section twenty-eight. Section thirty, as respects accounts for any period after 5th January, 1963. In section thirty-two, subsection (1). In section thirty-three, paragraph (f), in paragraph (g) the words "in the books of the Bank of England or" and in paragraph (i) the words "of any stock or annuities or". Sections thirty-seven to forty. In section forty-two, subsection (2) and the proviso to subsection (3). Section fifty-three. In section fifty-four, in subsection (1), the words "annuities and", subsection (2), in subsection (3) the words "for



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Session and Chapter	Short Title	Extent of Repeal
19 & 20 Geo. 5. c. 29— <i>cont.</i>	The Government Annuities Act, 1929— <i>cont.</i>	deferred savings bank annuities and” and the words “and invested in manner provided by this Act,” and in subsection (4) the words “annuities and”, where first occurring, and the words from “and defrayed” onwards. In section fifty-eight, paragraph (b) and in paragraph (c) the words “annuity or”. In section sixty-three, in paragraph (h), the words “or any annuity for years”. Section sixty-five, as respects accounts for any period after 5th January, 1963. In section sixty-seven, subsection (1) from the beginning to the word “same”, except the words “All moneys which form part of the Government Annuities Investment Fund”, subsections (2) and (3), and in subsection (4) the words “stock and annuities” and paragraph (f) from “distinguishing” onwards. The First Schedule. Section forty-five.
23 & 24 Geo. 5. c. 19.	The Finance Act, 1933.	Section thirty-three.
1 Edw. 8. & 1 Geo. 6. c. 54.	The Finance Act, 1937.	
2 & 3 Geo. 6. c. 117.	The National Loans Act, 1939.	In the Second Schedule, in paragraph 5, sub-paragraph (c) and the words from “and such securities” onwards.
11 & 12 Geo. 6. c. 39.	The Industrial Assurance and Friendly Societies Act, 1948.	In section six, subsection (3).
2 & 3 Eliz. 2. c. 44.	The Finance Act, 1954.	In the Fifth Schedule, paragraph 2.
4 & 5 Eliz. 2. c. 6.	The Miscellaneous Financial Provisions Act, 1955.	In section five, subsection (13).
9 & 10 Eliz. 2. c. 15.	The Post Office Act, 1961.	In section nineteen, subsection (7) from “and any” onwards.

The above repeals, so far as they relate to the grant of immediate life annuities and matters connected therewith, shall not have effect in relation to any such annuity of which the purchase is completed (within the meaning of the First Schedule to the Government Annuities Act, 1929) on or before the last day of August, nineteen hundred and sixty-two.

Table of Statutes referred to in this Act

Short Title	Session and Chapter
Interpretation Act, 1889 ... ..	52 & 53 Vict. c. 63.
Stamp Act, 1891 ... ..	54 & 55 Vict. c. 39.
Finance Act, 1894 ... ..	57 & 58 Vict. c. 30.
Finance (1909-10) Act, 1910 ... ..	10 Edw. 7 & 1 Geo. 5. c. 8.
Finance Act, 1918 ... ..	8 & 9 Geo. 5. c. 15.
Finance Act, 1919... ..	9 & 10 Geo. 5. c. 32.
Finance Act, 1920 ... ..	10 & 11 Geo. 5. c. 18.
Government of Ireland Act, 1920 ... ..	10 & 11 Geo. 5. c. 67.
Irish Free State (Consequential Provisions) Act, 1922 (Session 2) ... ..	13 Geo. 5 (Session 2). c. 2.
Finance Act, 1924 ... ..	14 & 15 Geo. 5. c. 21.
Settled Land Act, 1925 ... ..	15 & 16 Geo. 5. c. 18.
Finance Act, 1928 ... ..	18 & 19 Geo. 5. c. 17.
Government Annuities Act, 1929 ... ..	19 & 20 Geo. 5. c. 29.
Betting and Lotteries Act, 1934 ... ..	24 & 25 Geo. 6. c. 58.
Tithe Act, 1936 ... ..	26 Geo. 5 & 1 Edw. 8. c. 43.
Finance Act, 1937 ... ..	1 Edw. 8 & 1 Geo. 6. c. 54.
Finance Act, 1938 ... ..	1 & 2 Geo. 6. c. 46.
National Loans Act, 1939 ... ..	2 & 3 Geo. 6. c. 117.
Finance Act, 1940 ... ..	3 & 4 Geo. 6. c. 29.
Finance (No. 2) Act, 1940 ... ..	3 & 4 Geo. 6. c. 48.
Finance (No. 2) Act, 1945 ... ..	9 & 10 Geo. 6. c. 13.
Finance Act, 1946 ... ..	9 & 10 Geo. 6. c. 64.
Finance Act, 1947 ... ..	10 & 11 Geo. 6. c. 35.
National Assistance Act, 1948 ... ..	11 & 12 Geo. 6. c. 29.
Finance Act, 1948 ... ..	11 & 12 Geo. 6. c. 49.
Gas Act, 1948 ... ..	11 & 12 Geo. 6. c. 67.
Finance Act, 1949 ... ..	12, 13 & 14 Geo. 6. c. 47.
Finance Act, 1951 ... ..	14 & 15 Geo. 6. c. 43.
Tithe Act, 1951 ... ..	14 & 15 Geo. 6. c. 62.
Finance Act, 1952 ... ..	15 & 16 Geo. 6. c. 33.
Income Tax Act, 1952 ... ..	15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.
Customs and Excise Act, 1952 ... ..	15 & 16 Geo. 6 & 1 Eliz. 2. c. 44.
Finance Act, 1953 ... ..	1 & 2 Eliz. 2. c. 34.
Finance Act, 1954 ... ..	2 & 3 Eliz. 2. c. 44.
Sugar Act, 1956 ... ..	4 & 5 Eliz. 2. c. 48.
Finance Act, 1956 ... ..	4 & 5 Eliz. 2. c. 54.
Finance Act, 1957 ... ..	5 & 6 Eliz. 2. c. 49.
Import Duties Act, 1958 ... ..	6 & 7 Eliz. 2. c. 6.
Prevention of Fraud (Investments) Act, 1958... ..	6 & 7 Eliz. 2. c. 45.
Finance Act, 1958 ... ..	6 & 7 Eliz. 2. c. 56.
Finance Act, 1959 ... ..	7 & 8 Eliz. 2. c. 58.
European Free Trade Association Act, 1960 ... ..	8 & 9 Eliz. 2. c. 19.
Finance Act, 1960 ... ..	8 & 9 Eliz. 2. c. 44.
Finance Act, 1961 ... ..	9 & 10 Eliz. 2. c. 36.
Vehicles (Excise) Act, 1962 ... ..	10 & 11 Eliz. 2. c. 13.

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