

## SCHEDULES.

### SCHEDULE 1

Section 2.

#### RELIEFS FOR SHIPBUILDERS.

##### PART I

###### DETERMINATION OF OPEN MARKET VALUE

- 1
- (1) The open market value of any vessel or other structure and its fittings and equipment shall be taken for the purposes of section 2 of this Act to be the price which they would fetch at the time of their delivery pursuant to the contract in question on a sale in the open market between buyer and seller independent of each other.
  - (2) The said price shall be determined on the assumption that the buyer will bear freight, insurance and all other costs, charges and expenses incurred in respect of the vessel or structure and other items in question after their delivery as aforesaid or, where delivery is to be effected outside the United Kingdom, after their departure from the United Kingdom for the purpose.
  - (3) For the purposes of this paragraph, a sale in the open market between a buyer and seller independent of each other presupposes—
    - (a) that the vessel or structure and other items in question are the sole consideration for the price paid, and
    - (b) that the price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him (other than the relationship created by the sale of the said vessel or structure and other items), and
    - (c) that neither the seller nor any person associated in business with him has provided any part of the price, and that no part of the price will be returned to the buyer or any person associated in business with him.
  - (4) For the purposes of the last foregoing sub-paragraph, two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other, or both have a common interest in any business or property, or some third person has an interest in the business or property of both of them.

##### PART II

###### REDUCTIONS IN PURCHASE PRICE OR OPEN MARKET VALUE

- 2
- (1) Where the amount payable in respect of any vessel or other structure under the said section 2 is, by virtue of subsection (3) thereof, to be determined by reference to the price payable as mentioned in that subsection, then—

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- (a) if the terms of the contract in question are such that the applicant for the payment will bear any of the following, that is, any freight, insurance or other costs, charges or expenses incurred in respect of the vessel or structure or its fittings or equipment after their delivery pursuant thereto or, where delivery is to be effected outside the United Kingdom, after their departure from the United Kingdom for the purpose, the price shall be treated for the purposes of that subsection as reduced by an amount reflecting the burden thus assumed by the applicant;
  - (b) if the whole or any part of the price is payable twelve months or more after the time when the property in the vessel or structure passes or, if later, the time of delivery of the vessel or structure or of its departure from the United Kingdom for the purpose of delivery, the price shall be treated for those purposes as reduced by an amount representing the discount which would be chargeable for obtaining payment at that earlier time at a rate of interest equal to the bank rate then prevailing.
- (2) In the foregoing sub-paragraph " bank rate " means the minimum rate at which the Bank of England will lend to a discount house having access to the Discount Office of the Bank.

- 3 If, after consultation with the Board of Trade, it appears to the Commissioners that the fittings and other equipment supplied with any vessel or other structure include any items the supply of which would not in the ordinary course of events be undertaken by a person building such a vessel or structure for delivery to another as that other's property, the price or, as the case may be, open market value referred to in the said subsection (3) shall be treated for the purposes of that subsection as reduced by an amount equal to the open market value of the items in question ; and the provisions of paragraph 1 of this Schedule shall apply for the purpose of determining that value, subject to any necessary modifications.

### PART III

#### SUPPLEMENTAL

- 4 The following provisions of the Act of 1952 shall apply in relation to payments under the said section 2 as they apply in relation to drawbacks, allowances or repayments under that Act, that is to say, section 270 (time limit on payment), section 271(1) (offences in connection with claims) and section 301(2) (recovery of overpayments).
- 5 (1) Any officer or person authorised by the Commissioners may require any person who has been concerned at any stage with a vessel or other structure in respect of which an application has been made under the said section 2, or with any fittings or other equipment supplied therewith, or with any payment in respect of the vessel or structure or any fittings or other equipment so supplied—
- (a) to furnish, within such time as that officer or person may require, such information as may be reasonably necessary to enable the Commissioners to determine whether the applicant is entitled to a payment under that section, or liable to make any repayment thereunder, or to determine the amount of any payment to which the applicant is so entitled, and
  - (b) to produce for inspection by that officer or person, at such time and place as he may require, any books or accounts or other document of whatever

nature relating to, or to any payment in respect of, the said vessel, structure, fittings or equipment.

- (2) Any such officer or person shall be entitled to take extracts from or make copies of any document produced to him under the foregoing sub-paragraph.
- (3) If any person fails to comply with any requirement under sub-paragraph (1) above, he shall be liable to a penalty of one hundred pounds, together with a further penalty of ten pounds for each day during which failure to comply with the requirement continues.
- 6 (1) Any dispute as to the determination for the purposes of an application under the said section 2 of the price or value referred to in subsection (3) of that section, or of any amount by which that price or value is to be treated as reduced by virtue of subsection (4) thereof, shall be referred to a referee appointed in accordance with the next following sub-paragraph.
- (2) A reference under the foregoing sub-paragraph shall be to a person (not being an official of any government department) appointed by the Lord Chancellor or, if the application for the purposes of which the determination is made relates to a vessel or structure constructed in Scotland or Northern Ireland, or was by a company incorporated in Scotland or Northern Ireland, and the applicant in either case so requires, appointed by the Lord President of the Court of Session or as the case may be, the Lord Chief Justice of Northern Ireland.
- (3) The procedure on any such reference shall be such as the referee may determine.
- (4) Sub-paragraph (1) above shall not have effect, and any price, value or amount falling to be determined for the purposes of the said subsection (3) or (4) shall be that fixed by the Commissioners, unless, within three months from the time when the Commissioners' final determination thereof is communicated to him, or such longer time as the Commissioners may allow, a notice requiring a reference under that sub-paragraph has been served on the Commissioners by the person for the purposes of whose application the determination was made.
- 7 The making by the Commissioners of a payment under the said section 2 determined by reference to the price or value referred to in subsection (3) of that section, or that price or value as reduced by virtue of subsection (4) thereof, shall not be taken as constituting the making by the Commissioners of a final decision under the said subsection (3).

## SCHEDULE 2

Section 10.

## APPLICATION OF CUSTOMS AND EXCISE ACT 1952 TO HOVER VEHICLES.

*Tonnage limits.*

- 1 The tonnage of a hover vehicle shall be regarded for the purposes of the Customs and Excise Act 1952 as below the tonnage limits in that Act in—
- section 50(2) (stores),
  - section 68(1) (regulations to prevent smuggling),
  - section 107(1) (importation and exportation of spirits),
  - section 173(1)(b) (importation of tobacco),

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sections 277(3), 278(1) and 279(1) (forfeiture of ships),  
and section 48(1) of that Act (goods which may not be exported in small ships)  
shall not apply to hover vehicles.

*Forfeiture of vessels.*

- 2 Sections 107(4) and 173(3) of the said Act (enforcement of duties on spirits and tobacco) shall apply as if any reference to a ship included a reference to a hover vehicle.

*Passenger vessel licences.*

- 3 Section 153 of the said Act (excise licences) shall apply as if any reference to a vessel included a reference to a hover vehicle.

*Oils used in boats and vessels.*

- 4 (1) Paragraphs (b) and (c) of section 205 of the said Act (relief for oils etc., used in lifeboats) shall apply to hover vehicles as if they were boats or vessels.
- (2) This Act shall not be taken as applying section 204 of the said Act (relief from duty of oils used as fuel for ships in home waters) to hover vehicles.

SCHEDULE 3

Section 15.

SUPPLEMENTARY PROVISIONS AS TO DUTIES RELATING TO BETTING AND GAMING.

**PART I**

DUTIES RELATING TO BETTING

- 1 (1) The general betting duty shall be under the care and management of the Commissioners and shall be accounted for by such persons, and accounted for and paid at such times and in such manner, as may be required by or under regulations of the Commissioners.
- (2) Any such regulations may in particular—
- (a) provide for payments on account of the duty which may become chargeable to be made in advance by means of stamps or otherwise, and for that purpose apply, with any necessary adaptations, any of the provisions of the Stamp Duties Management Act 1891 (including the penal provisions repealed save as to Scotland by the Forgery Act 1913);
  - (b) provide for such payments to be made through the persons providing, at the place where any event is or is to be held, facilities for persons engaging or proposing to engage at that place in an activity by reason of which they are or may be or become liable for the duty;
  - (c) require persons providing such facilities as aforesaid at any place to perform other functions in connection with the payment of or accounting for the duty by persons engaging or proposing to engage as aforesaid at that place, including the refusal to any of the last-mentioned persons of access to

- that place unless the requirements of any regulations made by virtue of paragraph (a) or (b) of this sub-paragraph have been complied with;
- (d) otherwise provide for the giving of security by means of a deposit or otherwise for duty due or to become due.
- 2 (1) Subject to sub-paragraph (2) of this paragraph, and without prejudice to paragraph 18 of this Schedule, paragraphs 2 and 3 of Schedule 1 to the Betting Duties Act 1963 shall have effect for the purposes of section 12 of this Act as if any reference in those paragraphs to the pool betting duty included a reference to the general betting duty.
- (2) The said paragraphs 2 and 3 in their application to the general betting duty shall have effect subject to the following modifications, that is to say :—
- (a) the said paragraph 2 (which requires notice to the Commissioners of a business involving liability to duty) shall not require a person to make entry of premises used for the purposes of the business in connection only with such betting operations (in this sub-paragraph referred to as " general betting operations") as do not involve liability to the pool betting duty, but shall require him not later than the date when he first uses any premises for the purposes of the business in connection with general betting operations to notify the Commissioners of those premises being so used (whether or not he is also required by the said paragraph 2 to make entry of them): and in relation to books, records, accounts and other documents relating to general betting operations the reference in the said paragraph 3 to premises of which entry has been made under the said paragraph 2 shall have effect as a reference to such of the premises used for the purposes of the business as the Commissioners may direct;
- (b) the said paragraph 2 shall also require a bookmaker to notify the Commissioners of the name of any person acting as his agent for receiving or negotiating bets made otherwise than by way of pool betting or coupon betting or for otherwise conducting general betting operations, and the address of any such person (including any address at which he so acts), but nothing in this provision shall prejudice the separate application of the said paragraphs 2 and 3 to any such person as aforesaid carrying on activities which may involve sums becoming payable by him by way of the general betting duty;
- (c) in the case of a person who at the date when this Act is passed is carrying on or intending to carry on a business which may involve sums becoming payable by him by way of the general betting duty, the said paragraph 2 shall have effect so as to require him to notify the Commissioners of his doing so or intending to do so and of the matters referred to in the foregoing provisions of this sub-paragraph not later than one week after that date, unless apart from this provision he would be required by the said paragraph 2 to notify them only by a later time.
- (3) The power of the Commissioners under sub-paragraph (b) of the said paragraph 3 to give directions as to the period for which a person carrying on such a business as is mentioned in the said paragraph 2 is to preserve any books, records, accounts or documents relating to the business shall be exercisable in relation to any particular class of such books, records, accounts or documents as well as in any particular case.
- 3 Where in the case of any track or other premises an officer has reason to believe that bookmaking on events taking place thereon is being or is to be carried on, or that facilities for sponsored pool betting on those events are being or are to be provided, or that a totalisator is being or is to be operated in connection with those events, at

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a place on those premises or on any ground or premises adjacent thereto, he shall be entitled for the purpose of exercising the powers conferred by this paragraph to be admitted without payment to that place, and he may require—

- (a) any person who appears to him to be or intend carrying on bookmaking, providing such facilities or operating a totalisator there to give such information as he may demand, and to produce to him any accounts, records or other documents which appear to him to be connected with the business of bookmaking or with the provision of those facilities or the operation of that totalisator or which it appears to him will establish the identity of that person ; and
- (b) any person who appears to him to have made a bet there with any bookmaker, or through the persons providing any such facilities, or by means of a totalisator, to give such information with respect to the bet as he may demand and to produce to him any document in connection with the bet supplied to that person by the bookmaker, the persons providing those facilities, or the operator of that totalisator, as the case may be,

and any such person as aforesaid shall comply with any such requirement.

4 Where an officer—

- (a) has reason to believe that any person who is not a bookmaker is holding himself out as mentioned in section 15(1) of this Act at any place, and
- (b) has reason to-suspect that person to have become liable by virtue of the said section 15(1) to pay an amount by way of the general betting duty or pool betting duty,

the officer shall have the like powers with respect to that place as if the person so holding himself out were a bookmaker and that place were such a place as is mentioned in paragraph 3 of this Schedule.

5 Where an amount is due on account of the general betting duty from any person, but by reason of his failure to keep or to produce or furnish to the proper officer the accounts, records or other documents required under or by virtue of this Schedule, 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 are unable to ascertain the amount of duty properly due from him, the Commissioners may estimate the amount 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 duty 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.

6 In Schedule 1 to the Betting, Gaming and Lotteries Act 1963 (which relates to the grant, renewal and cancellation of bookmaker's permits, betting agency permits and betting office licences)—

- (a) any reference to the appropriate officer of police—
  - (i) in paragraph 5, 7(b), 21(3), 25 or 27(1) shall include a reference to the Collector of Customs and Excise for the area in which the relevant premises within the meaning of that Schedule are, or are to be, situated ;
  - (ii) in paragraph 11 or 27(2) shall include a reference to the Commissioners;

- (b) in paragraph 34 (which relates to the right to inspect registers of bookmaker's permits and betting agency permits), the reference to any constable shall include a reference to any officer;

and in considering for the purposes of paragraph 16(1), 17(b) or 27(4)(a) of that Schedule whether a person is or is not a fit and proper person to hold a bookmaker's permit or, as the case may be, whether the applicant for the grant or renewal of a betting agency permit is or is not a fit and proper person to hold a betting office licence, the appropriate authority shall have regard to any failure of that person or applicant to pay any amount due from him by way of the general betting duty or the pool betting duty.

## PART II

### DUTIES RELATING TO GAMING

#### *Gaming and gaming machine licences.*

- 7 An application for a gaming licence or a gaming machine licence in respect of any premises shall be made to the Commissioners not later than fourteen days before—
- (a) 1st October 1966 ; or
  - (b) in the case of a gaming licence, the first day after 1st October 1966 on which the premises are to be used for gaming by way of bingo or of any other game to which section 13 of this Act for the time being applies ; or
  - (c) in the case of a gaming machine licence, the first day after 1st October 1966 on which a gaming machine to which the licence is applicable is to be brought onto those premises.
- 8 The Commissioners may by regulations provide for the adjustment (by way of repayment or of a further charge of duty) of the duty charged on a gaming licence in respect of any premises where that duty is determined by reference to the rateable value of a hereditament consisting of or comprising those premises and an alteration of the valuation list affecting that hereditament or that rateable value comes into effect as respects the whole of the period of validity of that licence.
- 9 Section 234 of the Customs and Excise Act 1952 (which relates to payment for excise licences by cheque) shall apply to the duty on a gaming licence or a gaming machine licence as if for the reference to a penalty of fifty pounds there were substituted a reference to a penalty of five hundred pounds.
- 10 The proper officer may, in such manner as the Commissioners may direct, and without any additional payment—
- (a) transfer a gaming licence in respect of any premises to a successor in title to the interest in those premises of the person to whom the licence was granted ;
  - (b) amend a gaming machine licence by substituting different premises for those in respect of which it is for the time being in force.
- 11 If while a gaming licence or gaming machine licence is in force in respect of any premises, and not later than the end of June immediately preceding the date when the licence is due to expire, the holder of the licence surrenders the licence to the proper officer and satisfies the proper officer—

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- (a) in the case of a gaming licence, that those premises will not be used on or after the date of surrender of the licence for the purpose of gaming by way of bingo or, as the case may be, by way of any game to which section 13 of this Act for the time being applies ; or
- (b) in the case of a gaming machine licence, that no gaming machine to which in accordance with section 14(3) of this Act the licence could be applicable will be kept on those premises on or after the date of the surrender of the licence,

he shall be entitled in respect of the period of validity of the licence unexpired at that date to repayment of the following proportion of the full amount of the duty chargeable on such a licence in respect of those premises, that is to say—

- (i) if the licence is surrendered before 1st January, three-quarters :
- (ii) if the licence is surrendered on or after 1st January but before 1st April, one-half ;
- (iii) if the licence is surrendered on or after 1st April, one-quarter.

12 Where a gaming licence is granted after 30th June and before 1st October in any year—

- (a) to a person who has not within the two years ending with 30th September last preceding the grant of the licence held a gaming licence of any description; and
- (b) in respect of premises in respect of which no such licence has been in force at any time during those two years,

the licence may be granted so as to expire at the end of 30th September falling between three and fifteen months after the date of the grant.

13 Where the holder of a gaming licence or gaming machine licence in respect of any premises applies before the date of the expiration of that licence for an identical licence in continuation thereof, the new licence may be granted before that date so as to take effect on the day after that date, and section 13(3) or, as the case may be, 14(5) of this Act shall apply as if the licence had been granted on that day.

*Provision of information, etc.*

14 Where at or at any time after the passing of this Act any premises are, or are to be, used for such a purpose and in such circumstances that their use for that purpose and in those circumstances on or after 1st October 1966 requires a gaming licence or a gaming machine licence to be in force in respect of those premises, the person so using or proposing so to use those premises shall inform the Commissioners of that use or proposed use of those premises not later than ten days after the date of the passing of this Act or the first day thereafter on which the premises are so used.

15 Any person who engages in Great Britain by way of business in importing, manufacturing, selling, hiring or otherwise supplying gaming machines shall—

- (a) keep such records with respect to the gaming machines imported, manufactured, sold, hired or otherwise supplied by him as the Commissioners may direct and preserve those records for such period as the Commissioners may direct on such premises used for the purposes of his business as the Commissioners may approve;
- (b) permit any officer to enter on any premises used for the purposes of his business, and to inspect any gaming machines on those premises and inspect and take copies of any such records as aforesaid;



and any such person, and any other person employed in, or having functions in connection with, his business shall, if required so to do by the Commissioners or an officer, produce, at a time and place to be specified by the Commissioners or officer, any such records as aforesaid and give such other information relating to the gaming machines imported, manufactured, sold, hired or otherwise supplied by him as the Commissioners or officer may require.

- 16 Any officer may enter on any premises in respect of which a gaming machine licence is in force, and on any other premises on which he has reason to suspect that gaming by means of gaming machines is carried on, and inspect those premises and any gaming machine thereon and require the production of any gaming machine licence for the time being in force in respect of those premises ; and any person concerned in the management of those premises shall comply or secure compliance with any such requirement and give such other information with respect to the use or keeping of gaming machines on those premises as the officer may require.

*Modification of agreements.*

- 17 (1) Where a person who is granted a gaming licence or gaming machine licence in respect of any premises has before 1st October 1966 entered into an agreement with any other person whereby that other person is entitled to use those premises after that date for the purpose of gaming or, as the case may be, whereby the first-mentioned person provides a gaming machine to be made available by that other person for play on those premises after that date, and the consideration from that other person under that agreement does not take account of the duty on that licence, the first-mentioned person shall be entitled to recover from that other person such amount, if any, not exceeding the amount of the duty, in such manner, as may be agreed between them (or, in default of such agreement, as may be determined by the appropriate court) to be fair in all the circumstances, having regard in particular to the extent, if any, to which, while the licence is in force, the premises will be or are likely to be used otherwise than by that person for the purpose of gaming or, as the case may be, to the period for which, under the agreement, the first-mentioned person is to provide a gaming machine as aforesaid on those premises.
- (2) In the foregoing sub-paragraph, the expression " the appropriate court " means—
- (a) where the premises in question are situated in England or Wales and the amount of the duty on the licence in question exceeds £5,000, the High Court;
  - (b) in any other case, the county court or, if the premises in question are situated in Scotland, the sheriff.

### **PART III**

#### **ENFORCEMENT AND GENERAL**

- 18 (1) Without prejudice to any other provision of this Schedule, the Commissioners may make regulations providing for any matter for which provision appears to them to be necessary for the administration or enforcement of the general betting duty or the duty on gaming licences or on gaming machine licences, or for the protection of the revenue from any of those duties.
- (2) Regulations under this paragraph may in particular include provision—

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- (a) for the furnishing to such persons or displaying in such manner of such information or records as the regulations may require by persons engaging or proposing to engage in any activity by reason of which they are or may be or become liable for duty, and by persons providing facilities for another to engage in such an activity or entering into any transaction with another in the course of any such activity of his;
- (b) for the keeping, preservation and production of accounts, records or other documents by persons engaging in any such activity;
- (c) for the inspection of the accounts, records and other documents of persons engaging or suspected of engaging in any such activity, and of premises or equipment used or suspected of being used by such persons for or in connection with any such activity and of any other premises where any such activity is carried on.

19 Paragraphs 4, 5 and 6 of Schedule 1 to the Betting Duties Act 1963 (which relate to offences and penalties) shall have effect as if—

- (a) in the said paragraph 4 for the words " at the election of the Commissioners" there were substituted the words " whichever is the greater ";
- (b) any reference in the said paragraph 4 to the pool betting duty included a reference to the general betting duty;
- (c) the references in sub-paragraph (b) of the said paragraph 4 and in the said paragraph 5 to the provisions of paragraph 2 or 3 of that Schedule included a reference to the provisions of, or of any regulations "made under, any of the following paragraphs of this Schedule, namely, paragraph 1, paragraph 3 (including that paragraph as applied by paragraph 4), and paragraphs 14, 15, 16 and 18 ;
- (d) the references in sub-paragraphs (c) and (d) of paragraph 4 of that Schedule to the pool betting duty included references to the provisions of this Act relating to gaming or gaming machines ;

and, without prejudice to section 7(2) of that Act (which provides for that Act to be construed as one with the Customs and Excise Act 1952), paragraphs 7 and 8 of that Schedule shall cease to have effect.

20 (1) Where, on the conviction by virtue of paragraph 19 of this Schedule of any person of an offence under paragraph 4 of Schedule 1 to the Betting Duties Act 1963 in connection with the general betting duty, the Commissioners—

- (a) certify to the court by or before whom that person is so convicted that the conviction is a second or subsequent conviction for such an offence committed (whether by that or some other person) in the course of the operation of the same premises as a licensed betting office and while the same person has been the holder of a betting office licence in respect thereof ; and

(b) make application to that court for effect to be given to this sub-paragraph, that court shall order that the betting office licence in respect of those premises shall be forfeited and cancelled.

(2) A licence shall not be forfeited or cancelled under such an order made by a court in England or Wales—

- (a) until the date of expiration of the period within which notice of appeal against the conviction which gave rise to the order may be given ; or

- (b) if notice of appeal against that conviction is duly given within the period aforesaid, until the date of the determination or abandonment of the appeal;  
or
- (c) if on any such appeal the appeal is allowed.
- (3) A licence shall not be forfeited or cancelled under such an order made by a court in Scotland—
- (a) until the expiration of the period of fourteen days commencing with the date on which the order was made ; or
- (b) if an appeal against the conviction which gave rise to the order is begun within the said period, until the date when that appeal is determined or abandoned or deemed to have been abandoned; or
- (c) if on any such appeal the appeal is allowed.
- (4) Where a betting office licence held by any person in respect of any premises is forfeited and cancelled in pursuance of an order under sub-paragraph (1) of this paragraph, the clerk of the court by whom the order was made shall, unless he is also clerk to the appropriate authority within the meaning of Schedule 1 to the Betting, Gaming and Lotteries Act 1963 who last either granted or renewed the licence, send a copy of the order to the clerk to that authority ; and, without prejudice to the renewal by that authority of any other betting office licence held by that person, that authority shall, notwithstanding anything in paragraph 20(1) of the said Schedule 1, refuse any application by that person for the grant of a new betting office licence in respect of those or any other premises made less than twelve months after that forfeiture and cancellation.
- 21 (1) If any premises are used for the purposes of gaming in contravention of section 13(1) of this Act—
- (a) any provider of the premises and any person concerned in the organisation or management of the gaming shall each be liable—
- (i) on summary conviction to a penalty of treble the amount of the duty on the appropriate gaming licence, or to imprisonment for a term not exceeding twelve months, or to both ;
- (ii) on conviction on indictment, to the like penalty, or to imprisonment for a term not exceeding two years, or to both ; and
- (b) in addition and without prejudice to any liability under paragraph (a) of this sub-paragraph, unless and until the appropriate gaming licence in respect of those premises is taken out during the period of twelve months beginning with 1st October during which the contravention occurred, an amount equal to the duty on the appropriate gaming licence, together with interest thereon from the date of the contravention, shall become due and be recoverable as a debt due to the Crown jointly and severally from all or any of the persons liable under the said paragraph (a).
- (2) The court by or before whom a person is convicted under sub-paragraph (1)(a) of this paragraph may order anything produced to the court and shown to the satisfaction of the court to relate to the contravention to be forfeited and either destroyed or dealt with in such other manner as the court may order.
- 22 (1) If any gaming machine is brought onto or kept on any premises in contravention of section 14(1) of this Act, each of the following persons, namely—
- (a) any person who controls the use of such machines while on those premises ;
- (b) any other person responsible for the management of those premises ;

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- (c) in the case of such a contravention by reason of the absence of a gaming machine licence which would fall to be granted to the supplier of such a machine on the premises, that supplier, shall be liable to a penalty of five hundred pounds.
- (2) In the case of any such contravention of the said section 14(1) as is referred to in subparagraph (1) of this paragraph, if any of the persons so referred to was knowingly or recklessly concerned in that contravention, or if any other person was knowingly concerned in, or in the taking of steps with a view to, that contravention, he shall be liable—
- (a) on summary conviction, to a penalty of one thousand pounds, or to imprisonment for a term not exceeding twelve months, or to both ;
  - (b) on conviction on indictment, to the like penalty, or to imprisonment for a term not exceeding two years, or to both.
- (3) If any gaming machine licence which is or ought to be in force in respect of any premises is not produced on those premises to an officer on demand by him—
- (a) the officer may detain all gaming machines found on those premises pending the production of that licence ; and
  - (b) if the appropriate licence valid at the date of the demand for its production is not produced to the officer within seven days, all those machines shall be liable to forfeiture;
- and section 10 of the Customs and Excise Act 1952 (which relates to the obstruction of officers and interference with things liable to forfeiture) shall apply in relation to any gaming machine while it is detained by virtue of paragraph (a) of this subparagraph as it applies in relation to any thing liable to forfeiture.
- 23 (1) If a justice of the peace is satisfied on information on oath that there is reasonable ground for suspecting that an offence in connection with the general betting duty or a contravention of section 13(1) or 14(1) of this Act is being, has been, or is about to be committed on any premises, he may issue a warrant in writing authorising any officer to enter those premises, if necessary by force, at any time within fourteen days from the time of the issue of the warrant and search them ; and any officer who enters the premises under the authority of the warrant may—
- (a) seize and remove any records, accounts or other documents, money or valuable thing, instrument, gaming machine or other thing whatsoever found on the premises which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence or contravention ; and
  - (b) search any person found on the premises whom he has reasonable cause to believe to be carrying on bookmaking, or, as the case may be, concerned in the organisation or management of gaming on the premises.
- (2) In the application of this paragraph to Scotland, any reference to a justice of the peace includes a reference to the sheriff and to a magistrate.
- 24 (1) If a person, on written demand by the proper officer, refuses or neglects to pay any amount recoverable from him by way of the general betting duty or by virtue of section 15(1) of this Act or paragraph 8 or 21(1)(b) of this Schedule, the amount recoverable may be levied by distress on his goods and chattels, and the proper officer may for that purpose by warrant signed by him authorise any person to distrain accordingly and to sell anything so distrained by public auction after giving six days' notice of the sale.

- (2) Where an amount recoverable by virtue of the said paragraph 8 or 21(1)(b) is determined by reference to the duty on a gaming licence in respect of premises on which gaming is carried on as an activity of a club, the goods and chattels on which distress may be levied under sub-paragraph (1) of this paragraph shall include any goods and chattels used for the purposes of the club and found on those premises :

Provided that distress shall not be levied on any goods or chattels by virtue of this sub-paragraph unless a copy of the demand for the amount recoverable has been served on the secretary of the club (or person performing the functions of secretary) by leaving it or sending it by post addressed to him at an address to which communications about the affairs of the club are ordinarily sent.

- (3) The proceeds of sale of anything distrained under this paragraph shall be applied in or towards payment of the costs and expenses of the distress and sale and the payment of the amount recoverable, and the surplus, if any, shall be paid, where distress was levied on any goods or chattels by virtue of sub-paragraph (2) of this paragraph to the secretary (or person performing the functions of secretary) of the club, and in any other case to the person on whom the distress was levied.
- (4) Where under this paragraph distress is levied for any duty in accordance with an estimate made under paragraph 5 of this Schedule, and it is afterwards proved that the amount properly due was less than the amount estimated, that shall not affect the legality of the distress or anything done under this paragraph in connection therewith, but the proceeds of sale shall be applied under sub-paragraph (3) thereof in accordance with the amount properly due and not in accordance with the amount estimated.
- (5) In the application of this paragraph to Scotland, any reference to distress shall be construed as a reference to diligence, any reference to distraining or to the levying of distress shall be construed as a reference to the doing of diligence, and the expression " chattels " means corporeal moveables.

- 25 (1) There shall be included among the debts which—
- (a) under section 33 of the Bankruptcy Act 1914 are to be paid in priority to all other debts in the distribution of the property of a bankrupt or deceased debtor; or
  - (b) under section 118 of the Bankruptcy (Scotland) Act 1913 are to be paid in priority to all other debts in the division of a bankrupt's estate; or
  - (c) under section 319 of the Companies Act 1948 are to be paid in priority to all other debts in the winding up of a company, or under section 94 of that Act are on an appointment of a receiver on behalf of debenture holders or taking of possession by or on behalf of debenture holders to be paid in priority to any claim for principal or interest in respect of the debentures,

any amount which is due by way of the general betting duty or by virtue of section 15(1) of this Act or paragraph 8 or 21(1)(b) of this Schedule from the bankrupt, deceased debtor or company at the relevant date and which became due within twelve months next before that date.

- (2) In the foregoing sub-paragraph, the expression "the relevant date"—
- (a) in relation to section 33 of the Bankruptcy Act 1914 means the date of the receiving order or of the death, as the case may be;
  - (b) in relation to section 118 of the Bankruptcy (Scotland) Act 1913 means the date mentioned in subsection (4) of that section;

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- (c) in relation to section 319 of the Companies Act 1948 has the meaning assigned to it by that section, and in relation to section 94 of that Act means the date of the appointment of the receiver or taking of possession.
- 26 Any regulations of the Commissioners under this Schedule shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

## SCHEDULE 4

Section 25.

### DIRECTORS AND EMPLOYEES OF COMPANIES GRANTED RIGHTS TO ACQUIRE SHARES.

#### *Exclusion and modification of other charges to tax.*

- 1 (1) Where tax may by virtue of section 25 of this Act (in this Schedule referred to as " the principal section ") become chargeable in respect of any gain which may be realised by the exercise of a right, tax shall not be chargeable under any other provision of the Income Tax Acts in respect of the receipt of the right.
- (2) Sub-paragraph (1) above shall not affect tax chargeable under Case I of Schedule E in respect of the receipt of a right granted before 3rd May 1966, but the amount, if any, on which tax is so chargeable shall be taken into account under paragraph (a) and paragraph (b) of subsection (2) of the principal section in relation to the gain realised by the exercise, or by the assignment or release, of the right as if that amount formed part (in addition to any other amount) of the consideration for the grant of the right.
- 2 (1) If a gain chargeable to tax under subsection (1) or subsection (3) of the principal section is realised by the exercise of a right to acquire shares, paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 (computation of chargeable gains: allowable expenditure) shall apply as if a sum equal to the amount of the gain so chargeable to tax formed part of the consideration given by the person acquiring the shares for their acquisition by him.
- (2) Without prejudice to section 12(4) of the Finance Act 1962 (Case VII of Schedule D: acquisition of assets taken into account as receipts for tax purposes), if a gain chargeable to tax under subsection (1) or subsection (3) of the principal section is realised by the exercise of a right to acquire shares, the amount of the gain or loss accruing to that person on the acquisition and disposal of any of the shares shall be computed for the purposes of the said Case VII as if the acquisition of the shares were for a consideration equal to their market value at the time when the right is exercised.

#### *Power to acquire information from body corporate.*

- 3 (1) Where in the year 1966-67 or any subsequent year of assessment a body corporate grants a right in respect of which tax may become chargeable by virtue of the principal section, or allots or transfers any shares in pursuance of such a right, or gives any consideration for the assignment or for the release in whole or in part of such a right, or receives written notice of the assignment of such a right, it shall deliver particulars thereof in writing to the inspector not later than thirty days after the end of that year.
- (2) Part III of the Finance Act 1960 (penalties) shall have effect as if this paragraph were included in the third column of Schedule 6 to that Act.

SCHEDULE 5

Section 27.

AMENDMENTS OF CORPORATION TAX ACTS.

*Payments without deduction of income tax: trading companies owned through a holding company.*

- 1 (1) Section 48(3)(b) of the Finance Act 1965 (under which, as extended by subsection (7) of that section, dividends or payments which are charges on income may, subject to Schedule 12 to that Act, be paid by a trading company owned by a consortium without deduction of income tax) shall apply where the business of the company paying the dividends (that is the company owned by the consortium) consists wholly or mainly in the holding of shares or securities of companies which are its ninety per cent. subsidiaries, and which are companies whose business consists wholly or mainly of the carrying on of a trade or trades, as it applies where the business of the company paying the dividends consists wholly or mainly of the carrying on of a trade or trades.
- (2) For the purposes of this paragraph a body corporate shall be deemed to be a ninety per cent. subsidiary of another body corporate if and so long as not less than ninety per cent. of its ordinary share capital is directly owned by that other body corporate, and Part II of Schedule 12 to the Finance Act 1965 shall apply for the purposes of this paragraph as it applies for purposes of section 48 of that Act.

*Payments by parent company to subsidiary.*

- 2 In the said section 48(7) of the Finance Act 1965 (which applies the conditions in subsection (3) of that section to payments which are charges on income)—
- (a) before the words " the conditions" there shall be added the word " either", and
  - (b) after the word " dividends " there shall be added the words " or the company receiving the payments is a subsidiary (as defined for the purposes of subsection (3) above) of the other company ".

*Exemptions in respect of income tax under Schedule F.*

- 3 (1) For the purposes of section 48(4) of the Finance Act 1965 (which excludes from franked investment income distributions which fall within any exemption from income tax having effect at the passing of that Act) the exemptions conferred by sections 439, 440, 447(1)(b) and 449 of the Income Tax Act 1952 (savings banks, friendly societies, trade unions, charities and certain scientific research associations), and the exemption conferred by section 6(2) of the Atomic Energy Authority Act 1954, shall be deemed to be exemptions which at the passing of the Finance Act 1965 extended to dividends on shares of companies resident in the United Kingdom.
- (2) The said section 447(1)(b) of the Income Tax Act 1952 (which includes an exemption for charities which are not companies) shall apply to income tax accounted for under Schedule 12 to the Finance Act 1965 in respect of distributions charged under Schedule F as it applies to tax chargeable under Schedule D in respect of any yearly interest or other payment, and section 451 of the Income Tax Act 1952 (which extends that exemption to certain museums) shall have effect accordingly.

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*Covenanted donations to charity.*

- 4 A covenanted donation to charity as defined in section 52(4) of the Finance Act 1965 shall not be regarded for the purposes of the definition of "charges on income" in subsection (2) of that section, or for any of the other purposes of the Corporation Tax Acts, as being (by reason of paragraph 9(1)(b) of Schedule 11 to that Act (meaning of "distribution") or of any other provision of that Schedule) a distribution of the company.

*Cases IV and V: interest and other annual payments before 1966-67 to be allowed as a deduction.*

- 5 The amount of any income assessed under Case IV or V of Schedule D as applied by sections 53 and 54 of the Finance Act 1965 to corporation tax shall be treated as reduced by any yearly interest, annuity or other annual payment payable out of the income to a person not resident in the United Kingdom and paid before the year 1966-67.

*Interest payable overseas before 1966-67 to be allowed as a deduction.*

- 6 At the end of section 54(3) of the Finance Act 1965 (which prevents interest payable overseas being allowed under section 138 of the Income Tax Act 1952 as a deduction in computing income from a trade) there shall be added the words " in respect of payments made after the year 1965-66 ".

*Chargeable gains: assets vested in company liquidator.*

- 7 Where assets of a company are vested in a liquidator under section 244 of the Companies Act, 1948, or section 226 of the Companies Act (Northern Ireland) 1960, or otherwise, sections 55 and 82 of the Finance Act 1965 and the enactments applied by those sections (computation of capital gains accruing to companies) shall apply as if the assets were vested in, and the acts of the liquidator in relation to the assets were the acts of, the company (acquisitions from or disposals to him by the company being disregarded accordingly).

*Chargeable gains attributable to investments in life assurance business held for policy holders.*

- 8 (1) The limit on the rate of corporation tax imposed by section 69(6) of the Finance Act 1965 as it applies to chargeable gains shall be (instead of seven shillings and sixpence in the pound which is equivalent to 37£ per cent.) 37 ½ per cent. or the rate at which capital gains tax is for the time being chargeable under section 20(3) of that Act, whichever is the lower rate.
- (2) In relation to that corporation tax for any accounting period the relevant rate of capital gains tax under the said section 20(3) shall be that for the year of assessment in which that accounting period ends.
- (3) Without prejudice to any other provision of this Act relating to the construction of this Schedule, section 82(6) of the Finance Act 1965 (computation of capital gains tax on companies) shall apply as if its reference to Part IV of that Act included a reference to this paragraph.



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*Annuity business of assurance companies.*

- 9 (1) Paragraph (b) of section 69(7) of the Finance Act 1965 (repayment of income tax on franked investment income referable to general annuity business of an assurance company and not brought in as income in treating annuities as charges on income) shall not have effect.
- (2) In computing under section 24 of the Finance Act 1956 as applied to corporation tax by section 69(5) of the Finance Act 1965 the profits arising to an assurance company from general annuity business—
- (a) income chargeable to corporation tax (that is to say charged otherwise than under the said section 24) and franked investment income and group income shall not be taken into account as part of those profits, and
  - (b) of the annuities paid by the company and referable to general annuity business, those which under the said section 69(3)(b) are treated as charges on income shall not be deductible and those which are not so treated shall (notwithstanding section 53(5) of the Finance Act 1965) be deductible,
- and the reference in the said section 69(3)(b) to income charged to corporation tax shall not be taken as including a reference to income charged under the said section 24 of the Finance Act 1956.
- (3) Any franked investment income which is taken into account under the said section 69(3)(b) to enable annuities referable to general annuity business to be treated as charges on income shall be left out of account under section 48 of the Finance Act 1965, except that for the purposes of this sub-paragraph there shall be deducted from the amount of the franked investment income of the company arising in any accounting period and taken into account under the said section 69(3)(b)—
- (a) the amount of any profit arising in that accounting period to the assurance company from general annuity business and computed under the said section 24 of the Finance Act 1956, and
  - (b) the amount of any group income arising in that accounting period to the company and referable in accordance with the said section 24 to its general annuity business.
- (4) Subject to sub-paragraph (5) below—
- (a) the exclusion by section 47(1) of the Finance Act 1965 from the charge to corporation tax of franked investment income shall not prevent such income being taken into account as part of the profits in computing under section 24 of the Finance Act 1956 the profits arising to an assurance company from pension annuity business,
  - (b) notwithstanding anything in section 48 of the Finance Act 1965 a company resident in the United Kingdom and carrying on life assurance business shall be entitled to repayment of income tax in respect of franked investment income of the company's annuity fund in so far as it is referable in accordance with the said section 24 to pension annuity business, and
  - (c) any franked investment income on which income tax is so repayable shall be left out of account under the said section 48.
- (5) If for any accounting period there is, apart from this sub-paragraph, a profit arising to an assurance company from pension annuity business and computed under the said section 24, and the company so elects as respects all or any part of its franked investment income arising in that period, being an amount of franked investment

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income not exceeding the amount of the said profit, sub-paragraph (4) above shall not apply to the franked investment income to which the election relates.

If an accounting period falls partly in one income tax year of assessment, and partly in another such year, the power of making elections under this sub-paragraph may be exercised separately for the respective parts of the accounting period as if they were separate accounting periods, and an election under this sub-paragraph shall be made by notice in writing given to the inspector not later than two years after the end of the accounting period, or part of an accounting period, to which the election relates, or within such longer period as the Board may by notice in writing allow.

- (6) In computing under the said section 24 of the Finance Act 1956 the profits arising to an assurance company from pension annuity business—
- (a) group income shall not be taken into account as part of those profits,
  - (b) section 53(5) of the Finance Act 1965 shall not prevent annuities paid by the company being deductible.
- (7) In section 69 of the Finance Act 1965, in subsection (5) the words from " and the exclusion" to the end, and in subsection (7) the words from " but notwithstanding " to the end (which are superseded by this paragraph) shall cease to have effect.

*Apportionment for surtax of close company's income.*

- 10 (1) In section 78(4) of the Finance Act 1965 (which relates the amount of a close company's income apportioned for surtax to the amount of the assessment in respect of the shortfall in its distributions) for the words " and the amount apportioned shall be the amount of that assessment " there shall be substituted the words " and the amount apportioned shall be the amount of the shortfall taken into account in making that assessment. "
- (2) The set off of a surplus of franked investment income against a shortfall under section 77(5) of the Finance Act 1965 shall, so far as it reduces the shortfall, be effected by discharge of the tax assessed under subsection (1) of the said section 77 by reference to the shortfall and accordingly shall not be taken as reducing the amount of the shortfall for the purposes of the said section 78(4).
- 11 (1) For the purposes of section 78(5) of the Finance Act 1965 (apportionments and sub-apportionments for surtax according to interests of participators) a loan creditor shall be deemed to have an interest in any company which is an investment company to the extent that the income to be apportioned or assets representing it has or have been expended or applied, or is or are available to be expended or applied, in redemption or repayment or discharge of the loan capital or debt (including any premium thereon) in respect of which he is a loan creditor.
- (2) In this paragraph " investment company " means a company whose income consists wholly or mainly of investment income, construing " investment income " in accordance with paragraph 8(1) of Schedule 18 to the Finance Act 1965.

*Termination of capital gains tax on companies.*

- 12 (1) Section 82(1) of the Finance Act 1965 (which relates to companies which have not come within the charge to corporation tax in respect of any source of income or part of a source) shall not apply to any chargeable gain or allowable loss accruing after the end of the year 1965-66 and for the purposes of that subsection a company is

within the charge to corporation tax mentioned in that subsection at any time after the end of that year.

- (2) If a chargeable gain or allowable loss accrues to a company after the end of the year 1965-66 and at a time not otherwise within an accounting period of the company, an accounting period of the company shall then begin for the purposes of corporation tax, and the gain or loss shall accrue in that accounting period.

*Meaning of " distribution " .*

- 13 (1) Schedule 11 to the Finance Act 1965 (which defines the distributions which are to be company distributions for the purposes of Part IV of that Act) shall be amended as follows.
- (2) In paragraph 1(1)(c) before the word " security" (in both places) there shall be inserted the word " any " (so that paragraph (c) applies to securities whether redeemable or not).
- (3) Paragraph 1(1)(d)(i) (distributions to include interest, etc. on securities within that paragraph (c)) shall not apply in relation to securities issued before 6th April 1965.
- (4) In paragraph 1(1)(d)(iv) (distributions to include interest, etc. on securities issued to a non-resident company which is a subsidiary or in the same group of companies) for the words " issued by the company to a company not resident " there shall be substituted the words " issued by the company and held by a company not resident " .
- (5) At the end of the said paragraph 1(1)(d) there shall be added the following paragraph—
- “(v) securities which are connected with shares in the company, where ' connected with ' means that in consequence of the nature of the rights attaching to the securities or shares, and in particular of any terms or conditions attaching to the right to transfer the shares or securities, it is necessary or advantageous for a person who has, or disposes of or acquires, any of the securities also to have, or to dispose of or to acquire, a proportionate holding of the shares”.

*Bonus issues following repayment of share capital to be treated as distributions : exclusion of repayment of preference shares.*

- 14 (1) Paragraph 1(3) of the said Schedule 11 (repayment of share capital followed by bonus issue) shall not apply where the repaid share capital consists of fully paid preference shares—
- (a) if those shares existed as issued and fully paid preference shares on 6th April 1965 and throughout the period from that date until the repayment those shares continued to be fully paid preference shares, or
- (b) if those shares were issued after 6th April 1965 as fully paid preference shares wholly for new consideration not derived from ordinary shares and throughout the period from their issue until the repayment those shares continued to be fully paid preference shares.
- (2) In this paragraph—
- " ordinary shares " means shares other than preference shares ;
- " preference shares " means shares—

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- (a) which do not carry any right to dividends other than dividends at a rate per cent. of the nominal value of the shares which is fixed, or fluctuates only with the standard rate of income tax, and
- (b) which carry rights in respect of dividends and capital which are comparable with those general for fixed-dividend shares quoted on stock exchanges in the United Kingdom,

" new consideration not derived from ordinary shares " means new consideration (that is, as defined in Part I of the said Schedule 11) other than consideration consisting of the surrender, transfer or cancellation of ordinary shares of the company or any other company or consisting of the variation of rights in ordinary shares of the company or any other, company, and other than consideration derived from a repayment of share capital paid in respect of ordinary shares of the company or of any other company.

- (3) This paragraph shall be construed as if contained in the said Schedule 11.

*Chargeable gains of groups of companies.*

- 15 (1) In Part I of Schedule 13 to the Finance Act 1965 references to a company shall include references to any company resident in the United Kingdom which is constituted under any Act, Royal Charter or Letters Patent or is formed under the law of a country or territory outside the United Kingdom.
- (2) This paragraph, so far as it affects capital gains tax under section 82 of the Finance Act 1965, has effect from the beginning of the year 1965-66.

*Transitory provisions as to right to set capital allowances against general income.*

- 16 (1) Section 20 of the Finance Act 1954 (under which, as amended by section 18 of the Finance Act 1962, capital allowances for a year of assessment may be included in a claim for a loss sustained in the year of assessment which is the basis year) shall, notwithstanding the words "but not after the year 1964-65" in paragraph 20(1) of Schedule 15 to the Finance Act 1965, apply in relation to claims by a company for losses sustained in the year 1965-66, and sub-paragraph (2) of the said paragraph 20 (under which relief for a loss in the year 1965-66 may, so far as it cannot be given against income tax, be given against corporation tax) shall apply accordingly.
- (2) For the purpose of the said section 20 as applied by sub-paragraph (1) above the company shall be treated, in a case where the year 1965-66 is not the basis year for the year itself, on the footing that—
  - (a) section 46(2) of the Finance Act 1965 (which excludes companies from the charge to income tax after the year 1965-66) did not apply in relation to the trade in question, and
  - (b) the period on the profits or gains of which income tax for the year 1966-67 would fall to be finally computed were the twelve months starting at the time at which the company came within the charge to corporation tax in respect of the trade,
 and relief under the said section 20 may be given accordingly by reference to what, on that footing, would have been the company's capital allowances for the year 1966-67 for income tax purposes.

- (3) Relief in respect of the same matter shall not be given both in a manner authorised under this paragraph and in some other manner.

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*Dividend stripping: transition from Income Tax Acts to Corporation Tax Acts.*

- 17 (1) This paragraph has effect as respects the application by paragraph 7(2)(b) of Schedule 17 to the Finance Act 1965 (computation of profits or losses for periods before 1966-67 in relation to distributions made in or after that year) of paragraph 5 of Schedule 3 to the Finance (No. 2) Act 1955.
- (2) In applying the said paragraph 5 no regard shall be had to any investment allowances, initial allowances or balancing charges, to any scientific research allowance in respect of expenditure incurred after 5th November 1962, or to so much of any writing down allowance made at a rate determined under section 38 or 39 of the Finance Act 1963 (free depreciation in development districts) or under section 14 of the Finance Act 1965 (annual allowances for new ships) as exceeds an allowance at a yearly rate of fifteen per cent. of the relevant amount of expenditure.

*Close companies: meaning of "associate".*

- 18 (1) Paragraph 5(c) of Schedule 18 to the Finance Act 1965 (associate of participator to include, where the participator is interested in shares or obligations of the company subject to any trust, any other person interested) shall not apply so as to make an individual an associate as being entitled or eligible to benefit under the trust—
- (a) if the trust relates exclusively to a fund or scheme approved under section 379 or section 388 of the Income Tax Act 1952 (superannuation funds and retirement schemes) or to a scheme the whole of which is an "excepted provident fund or staff assurance scheme or other similar scheme" as defined in section 390 of that Act, or
- (b) if the trust is exclusively for the benefit of the employees, or the employees and directors, of the company or their dependants (and not wholly or mainly for the benefit of directors or their relatives), and the individual in question is not in receipt of remuneration from the company of more than £4,000 per annum and is not (and could not as a result of the operation of the trust become) either on his own or with his relatives the beneficial owner of more than 5 per cent. of the ordinary share capital of the company.
- (2) In applying sub-paragraph (1)(b) above any charitable trusts which may arise on the failure or determination of other trusts shall be disregarded.
- (3) In this paragraph—
- "director" has the same meaning as in Schedule 18 to the Finance Act 1965,
- "ordinary share capital" has the same meaning as in paragraph 6(2) of the said Schedule 18,
- "relative" means husband or wife, parent or remoter forebear, child or remoter issue, or brother or sister, and
- "remuneration" shall be construed in accordance with section 71 of the Finance Act 1948 (remuneration for profits tax purposes), references to the individual and to this paragraph being substituted for references to a director, and to paragraph 11 of Schedule 4 to the Finance Act 1937, but applying that definition to any office held by the individual as director of the company, as well as to any employment.

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*Transitional relief for company with overseas trading income which is a member of a group.*

- 19 In paragraph 3(3) of Schedule 20 to the Finance Act 1965 (which allows to a member of a group of companies as part of the current overspill under section 84(2) of that Act the appropriate part of another member's excess of current overspill over its relief) for the words " the amount of the relief (before abatement) falling to be given to the other member " there shall be substituted the words " the amount of the relief under the principal section (calculated apart only from any reduction under the proviso to subsection (1) of that section) falling to be given to the other member ".

*Commencement.*

- 20 This Schedule so far as it affects corporation tax shall have effect for all relevant financial years from the beginning of the year 1964 onwards.

SCHEDULE 6

Section 27.

ADMINISTRATION OF CORPORATION TAX ACTS.

*Duty to give notice of liability to corporation tax.*

- 1 (1) Every company which is chargeable to corporation tax for any accounting period and which has not made a return of its profits for that accounting period shall not later than one year after the end of that accounting period give notice to the inspector that it is so chargeable:

Provided that this sub-paragraph shall not impose a duty to give any notice before 6th April 1967.

- (2) If a company fails to give a notice which it is required to give under this paragraph the company shall be liable to a penalty not exceeding one hundred pounds.

*Returns.*

- 2 (1) A company may be required by a notice served on the company by an inspector or other officer of the Board to deliver to the officer within the time limited by the notice a return of the profits of the company computed in accordance with the Corporation Tax Acts—
- (a) specifying the income taken into account in computing those profits, with the amount from each source,
  - (b) giving particulars of all disposals giving rise to chargeable gains or allowable losses under Parts III and IV of the Finance Act 1965, and particulars of those chargeable gains or allowable losses, and
  - (c) giving particulars of all charges on income to be deducted against those profits for the purpose of the assessment to corporation tax.
- (2) A notice under this paragraph may require a return of profits arising in any period during which the company was within the charge to corporation tax.
- (3) Every return under this paragraph shall include a declaration to the effect that the return is correct and complete.

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- (4) A return under this paragraph which includes profits which are payments on which the company has borne income tax by deduction shall specify the amount of income tax so borne.
  - (5) A notice under this paragraph may require the inclusion in the return of particulars of management expenses, capital allowances and balancing charges which have been taken into account in arriving at the profits included in the return.
  - (6) Paragraph 6 of Schedule 10 to the Finance Act 1965 (power to demand information about the acquisition of assets) shall apply in relation to a notice under this paragraph as it applies in relation to a notice under section 7 of the Income Tax Management Act 1964.
  - (7) Section 31 of the Income Tax Act 1952 (production of books and accounts) shall apply where a company is required to make, or makes, a return under this paragraph relating to profits which consist of or comprise those arising from a trade as it applies where a person is required to make, or makes, a return for the purposes of income tax of the profits or gains arising to him from any trade.
- 3
- (1) If any company has been required by a notice served under paragraph 2 of this Schedule to deliver a return and the company fails to comply with the notice the company shall be liable, subject to sub-paragraph (3) of this paragraph—
    - (a) to a penalty not exceeding, except in the case mentioned under sub-paragraph (2) of this paragraph, fifty pounds, and
    - (b) if the failure continues after it has been declared by the court or Commissioners before whom proceedings for the penalty have been commenced, to a further penalty not exceeding ten pounds for each day on which the failure so continues.
  - (2) If the failure continues after the end of the period of two years beginning with the date on which the notice was served, the penalty under sub-paragraph (1)(a) above shall be an amount not exceeding the aggregate of fifty pounds and the total amount of the tax with which the said company is charged (whether for one or more accounting periods) in assessments to corporation tax—
    - (a) based wholly or partly on any profits that ought to have been included in the return required by the notice, and
    - (b) made after the end of the said period of two years,and in arriving at the amount of corporation tax with which the company is so charged no account shall be taken of any income tax which under section 48(6) or section 50(3) of the Finance Act 1965 (income tax borne by deduction from receipts) may be set off against corporation tax.
  - (3) Except in the case mentioned in sub-paragraph (2) above, the company shall not be liable to any penalty incurred under this paragraph for failure to comply with a notice, if the failure is remedied before proceedings for the recovery of the penalty are commenced.
  - (4) If in proceedings under this paragraph it is proved that there were no profits to be included in the return, the penalty under this paragraph shall not exceed five pounds.
  - (5) The Finance Act 1960 shall have effect as if this and the next following paragraph were contained in Part III of that Act (provisions relating to penalties).
- 4
- (1) Where a company fraudulently or negligently—

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- (a) delivers an incorrect return under paragraph 2 of this Schedule, or
- (b) makes any incorrect return, statement or declaration in connection with any claim for any allowance, deduction or relief in respect of corporation tax, or
- (c) submits to an inspector or any Commissioners any incorrect accounts in connection with the ascertainment of the company's liability to corporation tax,

the company shall be liable to a penalty not exceeding the aggregate of—

- (i) fifty pounds, and
- (ii) the amount or, in the case of fraud, twice the amount of the difference specified in sub-paragraph (2) below.

- (2) The difference is that between—
    - (a) the amount of corporation tax payable by the said company for the accounting period or accounting periods comprising the period to which the return, statement, declaration or accounts relate, and
    - (b) the amount which would have been the amount so payable if the return, statement, declaration or accounts had been correct.
  - (3) Section 47(3) and section 48(3) of the Finance Act 1960 (failure to correct an error not made fraudulently or negligently and presumption as to accounts submitted by one person on behalf of another) shall apply for the purposes of this paragraph as they apply for the purposes of the said section 47.
- 5 (1) Section 66 of the Income Tax Act 1952 (relief in respect of error or mistake in returns) shall apply in relation to corporation tax as it applies in relation to income tax under Schedule D.
- (2) Any return under the Corporation Tax Acts shall be in such form as the Board prescribe.
  - (3) In this paragraph " return " includes any statement, declaration or list.

*Assessments to corporation tax.*

- 6 (1) Section 5 of the Income Tax Management Act 1964 (assessments to income tax) shall apply in relation to corporation tax as it applies in relation to income tax chargeable under Schedule D at the standard rate and assessable by the inspector, taking " return of income " in the said section 5(1)(b) as a return under paragraph 2 of this Schedule.
- (2) An appeal may be brought against an assessment to corporation tax by a notice in writing given to the inspector within thirty days after the date of the notice of assessment.
- (3) An appeal against an assessment to corporation tax relating exclusively to the relief to be given under section 57(1) of the Finance Act 1965 (management expenses) shall lie to the Special Commissioners, and, if and so far as the question in dispute on any appeal against an assessment to corporation tax which does not lie to the Special Commissioners relates to that relief, that question shall, instead of being determined on the appeal, be referred to and determined by the Special Commissioners, and the provisions of the Income Tax Acts as applied to appeals under the Corporation Tax Acts shall apply as if that reference were an appeal.
- (4) Subject to sub-paragraph (3) above, to section 44 of the Finance Act 1965 (which makes special provision for appeals relating to certain chargeable gains) and to any



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other express provision, an appeal against an assessment to corporation tax shall lie to the General Commissioners, except that the appellant may elect (in accordance with section 12(2) of the Income Tax Management Act 1964) to bring the appeal before the Special Commissioners instead of the General Commissioners.

- (5) Section 63 of the Income Tax Act 1952 (grounds of appeal to be stated and recovery of tax not in dispute) shall apply to any assessment to corporation tax as it applies to an assessment to income tax under Schedule D, and section 13 of the Income Tax Management Act 1964 shall have effect accordingly.
- 7 (1) Subject to the two next following paragraphs, and to any other provisions of the Corporation Tax Acts allowing a longer period in any particular class of case, an assessment to corporation tax may be made at any time not later than six years after the end of the accounting period to which the assessment relates.
- (2) An objection to the making of any assessment to corporation tax on the grounds that the time limit for making it has expired shall only be made on an appeal against the assessment.
- 8 (1) The proviso to section 47(1) of the Income Tax Act 1952 (which allows assessments to be made at any time in cases of fraud or wilful default) shall, as an exception to the last foregoing paragraph as well as to that subsection, apply to corporation tax, and section 6 of the Income Tax Management Act 1964 (leave of General or Special Commissioners) shall apply accordingly.
- (2) Section 58 of the Finance Act 1960 (assessment in cases of fraud, wilful default or neglect: payment of interest) shall apply in relation to corporation tax as it applies in relation to income tax, but for the purposes of that section as so applied the date when tax charged for any accounting period ought to have been paid shall be nine months from the end of the accounting period or, where section 80(3) of the Finance Act 1965 applies, at the end of the interval mentioned in that subsection (without the alternative of one month from the making of the assessment); and subsection (2) of the said section 58 shall not apply.
- 9 (1) Where, for the purpose of making good to the Crown a loss of tax wholly or partly attributable to the fraud, wilful default or neglect of any person, an assessment to corporation tax for any accounting period (in this paragraph referred to as "the normal accounting period") beginning before or after the passing of this Act has been made on him not later than six years after the end of that accounting period, assessments to corporation tax, income tax and the profits tax for earlier accounting periods, years of assessment and chargeable accounting periods may, to the extent provided by the following provisions of this paragraph, be made on him notwithstanding that, but for this paragraph, they would be out of time.
- (2) No assessment under this paragraph shall be made on any person except for the purpose of making good to the Crown a loss of tax attributable to his neglect.
- (3) An assessment under this paragraph for any accounting period, year of assessment or chargeable accounting period ending not earlier than six years before the end of the normal accounting period may be made at any time not later than one year after the time when the tax covered by the assessment mentioned in sub-paragraph (1) above is finally determined.

Section 6 of the Income Tax Management Act 1964 (leave of General or Special Commissioners) shall apply to an assessment under this sub-paragraph.

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- (4) An assessment under this paragraph for any accounting period, year of assessment or chargeable accounting period ending earlier than six years before the end of the normal accounting period may only be made with the leave of the General or Special Commissioners, given under the following provisions of this paragraph.
- (5) Where an assessment for any accounting period, year of assessment or chargeable accounting period (in this paragraph referred to as "the earlier period") has been made on any person more than six years after the end of that period—
- (a) under this paragraph, or
  - (b) in the circumstances mentioned in sub-paragraph (6) below, under section 47(1) proviso of the Income Tax Act 1952,
- and it appears to the General or Special Commissioners, on an application made to them not later than one year after the tax covered by the assessment for the earlier period is finally determined, that there are reasonable grounds for believing that tax for an accounting period, year of assessment or chargeable accounting period ending not earlier than six years before the end of the earlier period was or may have been lost to the Crown owing to the neglect of that person, they may give leave for the making on him of an assessment under this paragraph for that accounting period, year of assessment or chargeable accounting period.
- (6) The circumstances referred to in sub-paragraph (5)(b) above are that the assessment for the earlier period was one of a number of assessments made on that person for the purpose mentioned in sub-paragraph (1) above and that of the accounting periods, years of assessment and chargeable accounting periods for which those assessments were made—
- (a) the latest, apart from the normal accounting period, ended not more than six years before the end of the normal accounting period,
  - (b) the next, if any, ended not more than six years before the end of the said latest accounting period, year of assessment or chargeable accounting period,
- and so on for any earlier accounting periods, years of assessment or chargeable accounting periods.
- (7) An application for leave under sub-paragraph (5) above may be made by the inspector or any person nominated for that purpose by the Board, and on any such application the person to be assessed shall be entitled to appear and be heard.
- (8) In determining the amount of the tax to be charged for any accounting period, year of assessment or chargeable accounting period in any assessment made under this paragraph effect shall be given, if the person to be assessed so requires, to any relief or allowance to which he would have been entitled for that accounting period, year of assessment or chargeable accounting period on a claim or application made within the time allowed by the Corporation Tax Acts, the Income Tax Acts or the enactments relating to the profits tax, as the case may be.
- (9) For the purposes of this paragraph the year 1965-66 and any earlier year of assessment, and any chargeable accounting period, is to be regarded as earlier than any corporation tax accounting period.
- (10) The Finance Act 1960 shall have effect as if this paragraph were contained in Part III of that Act (provisions relating to penalties).

10           For the purpose of making assessments to income tax for the year 1965-66 and earlier years of assessment section 52 of the Finance Act 1960 (time limit for

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recovery from taxpayer of tax lost through his fault: partnerships) shall apply in relation to the last foregoing paragraph as it applies in relation to section 51 of the Finance Act 1960, but as if references in the said section 52 to the normal year were references to the normal accounting period, and with any other necessary modifications.

*Claims relating to corporation tax.*

- 11 (1) Section 9 of the Income Tax Management Act 1964 shall apply to any claim for relief from corporation tax (that is where the enactment affording relief directs that it is to be given on the making of a claim).
- (2) Except as otherwise expressly provided, no relief from corporation tax shall be allowed unless it is claimed within six years from the end of the accounting period to which it relates.
- (3) Claims under section 56(6) and section 58(2) of the Finance Act 1965 (set-off of capital allowances and trading losses falling to be made for, or incurred in, an accounting period against profits of that accounting period or earlier profits) must be made within two years from the end of that accounting period.
- (4) A claim under section 58(1) or section 60 of the Finance Act 1965 (carry forward of trading losses and of losses against income chargeable under Schedule D Case VI), shall be made within six years after the end of the accounting period in which the loss is incurred, and shall be so made notwithstanding that relief cannot be given in respect of the loss until after the end of that period of six years.
- (5) A claim under section 59 of the Finance Act 1965 (terminal loss) shall be made within six years from the time when the company ceases to carry on the trade.
- (6) A claim to which section 9 of the Income Tax Management Act 1964 shall apply shall be required to obtain the relief by way of discharge or repayment of tax which may be given—
- (a) under section 61 of the Finance Act 1965 (company reconstructions without change of ownership), or
  - (b) section 87(8) of that Act (transitional relief for existing companies on cessation of trade),
- and after the making of a claim for relief under the said section 87(8) in respect of a trade no notice as regards the trade shall be given or revoked under section 129 of the Income Tax Act 1952 or section 80(6) of the Finance Act 1965 (period of computation of profits for second and third years of trade).
- (7) An appeal under section 9 of the Income Tax Management Act 1964 as applied by this Schedule or by any other provision of the Corporation Tax Acts shall lie to the General Commissioners except that the appellant may elect (in accordance with section 12(2) of the Income Tax Management Act 1964) to bring the appeal before the Special Commissioners instead of the General Commissioners.
- (8) Nothing in this paragraph shall affect the provisions of any other enactment which determines whether a claim is to be made to an inspector or the Board or whether an appeal on a claim lies to the General Commissioners or the Special Commissioners.

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*Proceedings before Commissioners, etc.*

- 12 (1) Sections 11, 12, 14 and 15 of the Income Tax Management Act 1964 (proceedings before General and Special Commissioners) shall apply for the purposes of corporation tax as for the purposes of income tax.
- (2) The said sections shall apply in relation to proceedings before the General Commissioners which relate to corporation tax, or where a company resident in the United Kingdom and within the charge to corporation tax is a party to proceedings which relate to income tax, as if sub-paragraph (3) below were substituted for Schedule 3 to the said Act of 1964.
- (3) Such proceedings shall be brought before the General Commissioners for the division in which the company or other body concerned carries on its trade or business, or in which its head office or principal place of business is situated, or where it resides, but subject to sections 143 and 329 of the Income Tax Act 1952 (which relate to proceedings to which more than one taxpayer may be a party) and to any other express provisions of the Corporation Tax Acts.
- (4) Section 510 of the Income Tax Act 1952 (settlement of appeals) shall apply for the purposes of corporation tax as for the purposes of income tax.
- (5) General or Special Commissioners or other persons who made declarations in the form in Part I of Schedule 1 to the Income Tax Management Act 1964, or in the form in Schedule 2 to the Income Tax Act 1952, before the coming into force of paragraph 16 of Schedule 10 to the Finance Act 1965 (which included in the form of declaration a reference to the new taxes imposed by that Act) shall be subject to the same obligations as to secrecy with respect to those taxes as they are subject to with respect to income tax.

*Application of income tax administrative provisions to corporation tax.*

- 13 The provisions of the Income Tax Acts specified in this paragraph shall apply in relation to corporation tax as they apply in relation to income tax.
- Chapter IV of Part II of the Income Tax Act 1952, except section 72, and section 8 of the Income Tax Management Act 1964 (collection).
- Sections 500 to 505 of the Income Tax Act 1952 (penalties), together with section 55 of the Finance Act 1960 so far as it relates to the said section 505.
- Sections 513 and 514 of the Income Tax Act 1952 (loss of documents and provisions as to forms).
- Section 515(1), (3), (4) and (5) of the Income Tax Act 1952 (service of notices).
- Section 520 of the Income Tax Act 1952 (exemption from stamp duty).
- Section 29 of the Finance Act 1953 (assessments in Scilly Isles).
- Section 50 of the Finance Act 1960 (penalty for assisting in making incorrect return etc.).
- Section 54 of the Finance Act 1960 (time limit for certain penalty proceedings), with a reference in subsection (3) of that section to paragraph 9 of this Schedule as well as to section 51 of that
- Section 56 of the Finance Act 1960 (recovery of fines and penalties).
- Section 3 of the Income Tax Management Act 1964 (inspectors and collectors).
- Paragraph 7 of Schedule 7 to the Finance Act 1964 (extended time limit for making assessments consequent on provisions about leases to traders and others).

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*Priority of corporation tax and other tax in liquidation.*

- 14 In section 319(1)(a)(ii) of the Companies Act 1948 and in section 287(1)(a)(ii) of the Companies Act (Northern Ireland) 1960 (priority of debts) the reference to assessed taxes shall include a reference to corporation tax and a reference to capital gains tax chargeable under the Corporation Tax Acts or otherwise recoverable from a company, but nothing in this paragraph shall affect the powers conferred on the Parliament of Northern Ireland by section 16 of the Northern Ireland Act 1962.

*Procedure for determining certain apportionments.*

- 15 Section 329(1) of the Income Tax Act 1952 (which relates to procedure on apportionments under Part X of that Act) shall apply to any apportionment under section 61(8) of the Finance Act 1965 (company reconstructions) or under section 45(3) of this Act as it applies to an apportionment under the said Part X.

*Claims for repayment of income tax deducted from receipts.*

- 16 Effect shall be given to section 46(2) of the Finance Act 1965, and to that section as modified by sections 48(6) and 50(3) of that Act (set-off of income tax deducted from company receipts against corporation tax assessable on the company) and, so far as the exemptions from income tax conferred by the Corporation Tax Acts call for repayment of tax, effect shall be given to those exemptions, by means of a claim to which section 9 of the Income Tax Management Act 1964 shall apply.

*Income tax on company distributions, etc.*

- 17 (1) In section 5 of the Income Tax Management Act 1964 (assessments to income tax) references to assessments to tax at the standard rate shall include references to assessments under paragraph 1(3), and sub-paragraphs (4) and (5) of paragraph 2, of Schedule 12 to the Finance Act 1965 (tax on company distributions, etc.).
- (2) An appeal against an assessment under the said Schedule 12 shall be to the General Commissioners except that the appellant may elect (in accordance with section 12(2) of the Income Tax Management Act 1964) to bring the appeal before the Special Commissioners instead of the General Commissioners.
- (3) Part III of the Finance Act 1960 (penalties) shall have effect as if paragraph 2(1) of the said Schedule 12 (returns) were included in column 3 of Schedule 6 to that Act.
- (4) It is hereby declared that section 506 of the Income Tax Act 1952 (refusal to allow deduction of tax) applies in relation to any deduction of income tax authorised by Part IV of the Finance Act 1965 to be made out of any payment.

*Franked investment income.*

- 18 (1) Section 9 of the Income Tax Management Act 1964 shall apply to any claim for relief under section 62 of the Finance Act 1965 (set-off of losses, etc. against franked investment income).
- (2) The time limits for claims under the said section 62 shall be as follows—
- (a) if and so far as the purpose for which the claim is made is the deduction of charges on income under section 52 of the Finance Act 1965 or of expenses of management under section 57 of that Act, six years from the end of

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- the accounting period in which the charges were paid or the expenses of management were incurred,
- (b) if and so far as the purpose for which the claim is made is the setting of capital allowances against total profits under section 56(6) of the said Act, or the setting of trading losses against total profits under section 58(2) of that Act, two years from the end of the year of assessment in which falls the end of the accounting period for which the capital allowances fall to be made or, as the case may be, in which falls the end of the accounting period in which the trading loss is incurred,
  - (c) if and so far as the purpose for which the claim is made is the allowance of relief under section 58(1) of the said Act against a trading loss (that is one carried forward from an earlier accounting period), six years from the end of the year of assessment for which the claim under subsection (7) of the said section 62 is made,
  - (d) if and so far as the purposes for which the claim is made is the allowance of relief under section 59 of the said Act (terminal losses), six years from the time when the company ceases to carry on the trade.
- 19 (1) A claim for relief under section 85 of the Finance Act 1965 (transitional relief for companies paying dividends out of pre-1966-67 profits), and the election provided by this Act for a notional surplus by reference to a three year surplus instead of a one year surplus, must be made not later than the end of the year 1970-71.
- (2) Any adjustment, whether by way of repayment of tax, assessment or otherwise, required to be made under Schedule 12 to the Finance Act 1965 or otherwise in consequence of allowing a claim under the said section 85 may be made at any time.

*Tax on close companies at standard rate of income tax.*

- 20 (1) Tax assessable under section 75, 76 or 77 of the Finance Act 1965 (in this paragraph referred to as " the tax ") shall, subject to any appeal against the assessment, be due within fourteen days after the issue of the notice of assessment.
- (2) The provisions of the said sections 75, 76 and 77 directing that the tax be assessed and recoverable as if it were an amount of income tax shall be taken as applying, subject to this and the next following paragraph, and subject to any necessary modifications, all enactments applying generally to income tax, including those relating to the assessing, collecting and receiving of income tax, those conferring or regulating a right of appeal and those concerning administration, penalties, interest on unpaid tax and priority of tax in cases of insolvency under the law of any part of the United Kingdom.
- (3) Proceedings before the General Commissioners which relate to the tax shall be brought before the General Commissioners for the division in which the company concerned carries on its trade or business, or in which its head office or principal place of business is situated, or where it resides, and the Income Tax Management Act 1964 as applied by sub-paragraph (2) above shall have effect as if the foregoing provisions of this paragraph were substituted for Schedule 3 to that Act.
- (4) Sections 62, 63 and 66 of the Income Tax Act 1952 (which make special provision for Schedule D in relation to appeals and to relief in respect of error or mistake) shall apply to any assessment of the tax as if it were an assessment under Schedule D and section 13 of the Income Tax Management Act 1964 shall have effect accordingly.

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- (5) Section 495 of the Income Tax Act 1952 (interest on overdue income tax) shall apply in relation to the tax as it applies to income tax charged by an assessment under Schedule D, except that subsection (2) and paragraph (a) of subsection (3) (remission of interest on tax less than three months overdue and on assessments for less than one thousand pounds) shall not apply.
- (6) For the purposes of section 58 of the Finance Act 1960 (interest on tax due from taxpayer in default) as applied by sub-paragraph (2) above, the date when the tax charged ought to have been paid shall be taken to be—
- (a) for tax under sections 75 and 76, the first day of the year of assessment following that in which the loan or advance (for tax under section 75) or the payment or consideration (for tax under section 76) was made or given, and
  - (b) for tax under section 77, the first day after the period of twelve months from the end of the accounting period for which there is a shortfall.
- (7) The powers of obtaining information under section 250(4) and (5) and section 264 of the Income Tax Act 1952 conferred on the Board in relation to section 78 of the Finance Act 1965 by paragraph 10 of Schedule 18 to that Act shall be exercisable by the inspector in relation to sections 74, 75, 76 and 77 of that Act.
- 21 (1) Relief under section 75(2) of the Finance Act 1965 shall be given on a claim, and section 9 of the Income Tax Management Act 1964 shall apply to any claim under section 75(2), 77(5) or 77(6) of the Finance Act 1965.
- (2) The time limit for making any such claim shall be—
- (a) for a claim under section 75(2) six years from the end of the year of assessment to which the claim relates,
  - (b) for a claim under section 77(5) two years from the end of the year of assessment to which the claim relates,
  - (c) for a claim under section 77(6) six years from the end of the later accounting period mentioned in that subsection,
- and, notwithstanding paragraph 20(2) of this Schedule, section 507 of the Income Tax Act 1952 shall not apply to any such claim.

*Apportionment for surtax of close company's income.*

- 22 (1) An assessment under section 77 of the Finance Act 1965 (shortfall in distributions of close company: income tax at standard rate) when it becomes final and conclusive shall also be final and conclusive for the purposes of section 78(4) of that Act (which, subject to certain exceptions, directs that the amount apportioned for surtax under that section shall be the amount of the shortfall taken into account under the said section 77).
- (2) Subject to the right of appeal conferred by section 248(3) of the Income Tax Act 1952 as applied by paragraph 10 of Schedule 18 to the Finance Act 1965, an apportionment under section 78 of the Finance Act 1965 shall be final and conclusive.
- (3) For surtax assessed under section 249 of the Income Tax Act 1952 as applied by the said section 78 " seven years " shall be substituted for " six years " in sections 47(1) (as applied by section 229(3)) and 66(1) of the Income Tax Act 1952 and in section 51(1) of the Finance Act 1960.
- (4) In subsections (3) and (4) of section 249 of the Income Tax Act 1952 for the words " participator of the company " there shall be substituted the word " participator " , and

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where those subsections apply, in consequence of a sub-apportionment under the said section 78, in relation to a participator of a company other than the company whose income is apportioned, references in those subsections (with the amendments made by the foregoing provisions of this sub-paragraph) to the company shall be taken as references to the company whose income is apportioned.

*Transitional relief for existing companies with overseas trading income.*

- 23 (1) If a company fraudulently or negligently—
- (a) makes any incorrect return, statement or declaration in connection with any claim for relief under section 84 of the Finance Act 1965 (companies with overseas trading income), or
  - (b) submits to an inspector or any Commissioners any incorrect accounts in connection with such a claim,
- the company shall be liable to a penalty not exceeding the aggregate of fifty pounds and the amount or, in the case of fraud, twice the amount of the difference specified in sub-paragraph (2) below.
- (2) The difference is that between—
- (a) the amount of the relief obtained on the claim, or which would have been obtainable if the return, statement, declaration or accounts had been correct, and
  - (b) the amount, if any, of relief which is properly due to the company.
- (3) Section 50 of the Finance Act 1960 (penalty for assisting in making incorrect returns etc.) shall apply in relation to any return, account, statement or declaration made for the purposes of obtaining relief under the said section 84 as it applies to any return, account, statement or declaration made for the purposes of income tax.
- (4) Sections 47(3) and 48(3) of the Finance Act 1960 shall apply for the purposes of this paragraph as they apply for the purposes of the said section 47.
- (5) Section 58 of the Finance Act 1960 (interest on tax recovered to make good loss due to taxpayer's fault) shall apply in relation to proceedings brought for the recovery of relief under the said section 84 which is or has become excessive, where the bringing of the proceedings is wholly or partly attributable to the fraud, wilful default or neglect of the defendant as it applies in relation to an assessment made for the purpose of making good a loss of tax wholly or partly attributable to the fraud, wilful default or neglect of any person, and subject to any necessary modifications.
- (6) The exception in section 30(1) proviso of the Limitation Act 1939 for proceedings for the recovery of any tax or duty or interest thereon, and any corresponding exceptions in any other enactment forming part of the law of any part of the United Kingdom and relating to the limitation of actions, shall apply in relation to proceedings for the recovery of relief under the said section 84 which is or has become excessive, or of interest thereon.
- (7) Regulations under subsection (7) of the said section 84—
- (a) may provide that where any relief given under that section is or becomes excessive, the excess may be recovered by being set off against any income tax, profits tax or corpora-tax due to be repaid to the company, or against any relief from any such tax, to which the company is entitled, and
  - (b) may apply sections 500 to 505 of the Income Tax Act 1952 and any provisions of Part III of the Finance Act 1960 in relation to penalties under



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this paragraph and the recovery of relief under the said section 84 subject to such modifications and exceptions as may be prescribed by the regulations.

- (8) This paragraph applies in relation to claims made before or after the passing of this Act.

*Responsibility of company officers.*

- 24 (1) Everything to be done by a company under the Corporation Tax Acts (including the provisions of the Income Tax Acts so far as they apply by virtue of this Schedule or otherwise for the purposes of the provisions of Part IV of the Finance Act 1965 relating to income tax, including surtax) shall be done by the company acting through the proper officer of the company, and service on a company of any document under or in pursuance of those Acts may be effected by serving it on the proper

The provisions of this sub-paragraph are without prejudice to section 50(4) of the Finance Act 1965 (methods of recovering tax due from companies not resident in the United Kingdom).

- (2) Corporation tax or other tax chargeable under the Corporation Tax Acts on a company which is not a body corporate, or which is a body corporate not incorporated under the Companies Act 1948 or any other enactment (including an enactment of the Parliament of Northern Ireland) forming part of the law of the United Kingdom, or by Charter, may, at any time after the tax becomes due, and without prejudice to any other method of recovery, be recovered from the proper officer of the company, and that officer may retain out of any money coming into his hands on behalf of the company sufficient sums to pay that tax, and, so far as he is not so reimbursed, shall be entitled to be indemnified by the company in respect of the liability so imposed on him.
- (3) For the purposes of this paragraph—
- (a) the proper officer of a company which is a body corporate shall be the secretary or person acting as secretary of the company, except that if a liquidator has been appointed for the company the liquidator shall be the proper officer,
  - (b) the proper officer of a company which is not a body corporate or for which there is no proper officer within paragraph (a) above, shall be the treasurer or the person acting as treasurer, of the company.

*Alteration of accounting periods.*

- 25 So much of section 51(7) of the Finance Act 1965 (which relates to the adjustments required where the true accounting period of a company is established on appeal) as extends the time within which assessments may be made shall apply to assessments to income tax under section 77 of the Finance Act 1965 as well as to assessments to corporation tax.

*Service of documents by post.*

- 26 Any notice or other document required or authorised to be served on or given to any person by an inspector or other officer of the Board under any provision of the Corporation Tax Acts (including the provisions of the Income Tax Acts so far as they apply by virtue of this Schedule or otherwise for the purposes of the provisions of Part IV of the Finance Act 1965 relating to income tax) may be served by post.

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*Interpretation.*

- 27 (1) In the provisions of the Income Tax Acts as applied by this Schedule in relation to corporation tax—
- (a) for references to years of assessment there shall be substituted references to accounting periods,
  - (b) for references to income (or profits or gains chargeable to income tax) there shall be substituted references to profits,
  - (c) for references to the Income Tax Acts there shall be substituted references to the Corporation Tax Acts.
- (2) It is hereby declared that any reference in this Schedule to a provision of the Income Tax Acts for which a penalty is imposed by some other provision, in Part III of the Finance Act 1960 or elsewhere, includes a reference to that other provision.
- (3) In this Schedule " the Board " means the Commissioners of Inland Revenue.
- (4) Any reference in this Schedule to the General Commissioners shall, in Northern Ireland, be taken as a reference to the Special Commissioners.

SCHEDULE 7

Section 28.

AMENDMENTS OF S. 85 OF FINANCE ACT 1965.

**PART I**

THREE YEAR SURPLUS OF MEMBERS OF GROUPS OF COMPANIES

*Reduction of three year surplus of company paying dividends to fellow member of a group.*

- 1 The three year surplus of a company which is a member of a group of companies as calculated in accordance with section 85 of the Finance Act 1965 without this paragraph shall be reduced in the proportion which reduces the amount of the company's dividends taken into account under subsection (2)(b) of the said section to the amount of those dividends paid to persons other than members of the group of companies (and so that if all those dividends are paid to members of the group of companies the three year surplus shall be reduced to nothing).

*Increase in certain circumstances of three year surplus of company receiving dividends from fellow member of a group.*

- 2 (1) Where—
- (a) the distributable profits of a company which is a member of a group include dividends paid by one or more other members of the group, and
  - (b) one or more of those other members of the group has a notional surplus which is a three year surplus which is reduced under paragraph 1 of this Schedule, and part of the reduction is attributable to the company,
- the company's three year surplus shall be increased by (or, if otherwise of a nil amount, shall consist of) the amount, if any, produced by sub-paragraphs (2) and (3) of this paragraph.

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- (2) The said amount shall not exceed the aggregate of the parts of the reductions within sub-paragraph (1)(b) above which are attributable to the company.
- (3) Subject to sub-paragraph (2) above, the said amount shall be the excess of—
  - (a) what the company's excess of dividends over distributable profits would be if the dividends paid to the company by each member of the group within sub-paragraph (1)(b) above were reduced by an amount equal to the company's part of that member's excess of dividends over distributable profits, over
  - (b) what the company's excess of dividends over distributable profits actually is, (and so that if there is no actual excess at (b) the said amount is, subject to sub-paragraph (2) above, the amount at (a)).
- (4) In this paragraph—
  - (a) "excess of dividends over distributable profits" in relation to any company, means the excess of the company's dividends at paragraph (a) of the said section 85(6) over its distributable profits at paragraph (b) of that subsection without any adjustment under paragraph (c) of that subsection (relief in respect of overseas trading income),
  - (b) "the company's part", in relation to another member, means the proportion of that other member's dividends at paragraph (a) of the said section 85(6) which the part paid to the company bears to the whole,
  - (c) references to the part of a reduction in another member's three year surplus which is attributable to the company are references to a part of the reduction which bears to the whole the same proportion as the amount of that other member's dividends at paragraph (a) of the said section 85(6) paid to the company bears to all those dividends except for any paid to persons who are not members of the group of companies.
- (5) An addition to a three year surplus under this paragraph shall be made before any reduction to be made in it under paragraph 1 of this Schedule.

*Election for three year surplus instead of one year surplus.*

- 3 A company having a three year surplus which is reduced under paragraph 1 of this Schedule may elect that its notional surplus under the said section 85 shall be its three year surplus notwithstanding that its one year surplus is greater.

*Three year surplus: subsidiary retaining part of distributable profits.*

- 4 (1) Where throughout a period consisting of the whole or a part of the three financial years 1966, 1967 and 1968 a company is a member of a group of companies and is the beneficial owner of part of the ordinary share capital of another member of the group (in this paragraph called "the appropriate part"), and—
  - (a) the amount of the dividends on ordinary share capital paid by that member to the company in the period is less than
  - (b) the appropriate part of that member's distributable profits arising in the period, after deducting the amount required to meet dividends which are not on ordinary share capital and which are paid by that member in the period,the distributable profits of the company to be taken into account as franked investment income or group income under paragraph (b)(i) of the said section 85(6)

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shall not include the dividends at (a) above but shall include a sum equal to that at (b) above.

- (2) For the purpose of arriving under this paragraph at a member's distributable profits arising in any period—
- (a) the distributable profits of any financial year which falls wholly or partly within the period shall be ascertained on the principles set out in subsection (6)(b) of the said section 85 for ascertaining the distributable profits for the three financial years, and shall be so ascertained whether or not the member is entitled to relief by reference to a three year surplus,
  - (b) if part only of the financial year falls within the period, the distributable profits of that financial year shall be apportioned on a time basis according to the respective lengths of its parts which do and do not fall within the period, and
  - (c) where the member itself is the beneficial owner of part of the ordinary share capital of a company which is another member of the group, or which is the member's subsidiary company, account shall be taken under paragraphs (a) and (b) above of the amendment of the said subsection (6)(b) made by sub-paragraph (1) of this paragraph, attributing under paragraph (a) above to the whole of any financial year any amount included by virtue of that amendment in that member's franked investment income or group income as the appropriate part of that other company's distributable profits of that financial year, or of any part of that financial year.
- (3) Sub-paragraph (1) above shall not apply if the other member has a notional surplus which is a three year surplus which is reduced under paragraph 1 of this Schedule.
- (4) In this paragraph " ordinary share capital" has the same meaning as in section 42(3) of the Finance Act 1938 and if the appropriate part of the other member's ordinary share capital is different in different periods in the three financial years this paragraph shall apply to those periods separately.
- (5) For the purposes of this paragraph—
- (a) any dividend paid (in the sense of section 89(4) of the Finance Act 1965) in the first five days of April 1969 shall be regarded as paid on 31st March 1969,
  - (b) any dividend paid (in that sense) in the first five days of April 1966 shall be left out of account.
- (6) Where a three year surplus falls to be ascertained under subsection (7) of section 85 of the Finance Act 1965 (winding up of company) for references in this paragraph to the three financial years there shall be substituted references to the period mentioned in that subsection.

*Three year surplus: subsidiary paying dividends in 1965-66 in excess of standard amount.*

- 5 (1) Where dividends received by a company which is a member of a group in the year 1965-66 include dividends from a member of the same group of companies, and that member pays in the year a gross amount of dividends which exceeds its standard amount, then there shall be excluded from the dividends taken into account under subsection (6)(d) of the said section 85 (which fixes the amount of the tax ultimately borne by the company) a part of the dividends received from that member which bears to the whole the same proportion as the excess bears to all the dividends paid by that member in the year 1965-66.

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- (2) Any amount of a dividend paid by a member of a group of companies excluded under sub-paragraph (1) above shall, for the purposes of the said subsection (6)(d) as it applies to that member, be treated as if it had not been paid.
- (3) Sub-paragraph (1) above shall not apply unless the gross amount of dividends received by the company in the year 1965-66 from members of the same group of companies exceeds one-third of the gross amount of the dividends received by the company in its standard period from companies then being members of the same group of companies (or, if the standard period is less than three years, an amount bearing to the dividends last-mentioned the same proportion as one year bears to the standard period), and where any dividends would fall to be excluded under sub-paragraph (1) above the company may elect that the exclusion shall be of such part of the dividends received from members of the same group as is equal to the excess referred to in this sub-paragraph:
- Provided that this sub-paragraph shall not apply where, because the company commenced to carry on business at a time later than the beginning of December 1964, or for any other reason, the company has no standard period.
- (4) Where the company exercises the right of election under sub-paragraph (3) above, sub-paragraph (2) above shall have effect as if the amount out of the dividends paid by any other member of the group of companies excluded under sub-paragraph (1) above were the proportion of the excess referred to in sub-paragraph (3) above which is the same as the proportion which—
- (a) the amount of the dividends paid to the company by that member in the year 1965-66 bears
- (b) to the aggregate of the amount of the dividends paid to the company in that year by all members of the group.
- (5) This paragraph shall be construed in accordance with section 83 of the Finance Act 1965.

## PART II

### THE ONE YEAR SURPLUS

#### *Companies carrying on life assurance businesses.*

- 6 The one year surplus of a company carrying on life assurance business shall be computed without regard to any such part of dividends or other income from investments held in connection with its life assurance business as belongs or is allocated to, or is reserved for, or expended on behalf of, policy holders, and without regard to the tax on such part of such income.

#### *Elections as respects double taxation relief.*

- 7 (1) If a company so elects, its one year surplus shall be computed in accordance with sub-paragraphs (2) and (3) below.
- (2) In arriving at the amount of profits tax and income tax to be taken into account under paragraphs (b) and (c) of subsection (3) of the said section 85, it shall be assumed that paragraph 2(2) of Schedule 16 to the Income Tax Act 1952 provides for credit

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for foreign tax to be first applied in reducing the amount of income tax chargeable in respect of the income and, so far as it cannot be so applied, in reducing the profits tax chargeable in respect of the income (instead of applying the credit first against profits tax and then against income tax).

- (3) In arriving at the fraction defined at the end of the said subsection (3) (income tax for 1965-66 divided by that plus corporation tax for the financial year 1965), and in applying subsection (8) of the said section 85 (under which any one year surplus is to be disregarded if that income tax is not greater than that corporation tax)—
- (a) so far as any tax at subsection (3)(a) of the said section 85 consists of tax at a net United Kingdom rate (that is to say a rate less than the standard rate of 8s. 3d. for the year 1965-66) that tax shall be increased by applying the ratio
- $$\frac{\text{A}}{\text{B}}$$
- where " A " is the said standard rate of 8s. 3d. and " B " is the said net United Kingdom rate, and
- (b) any credit for foreign tax which is allowable against United Kingdom income tax or corporation tax shall be disregarded.
- (4) In this paragraph " credit for foreign tax " means credit allowable by virtue of arrangements made under section 347 of the Income Tax Act 1952, or by way of relief under section 348 of that Act.

## SCHEDULE 8

Section 29.

### FRIENDLY SOCIETIES.

#### PART I

##### CONDITIONS FOR FRIENDLY SOCIETIES' TAX EXEMPT BUSINESS

- 1 (1) The following conditions shall apply to every policy for the assurance of a gross sum, or of an annuity, which the friendly society issues, or has issued at any time since 3rd May 1966—
- (a) the period (in this Schedule called " the term " of the policy) between the payment of the first premium and the time when the gross sum assured is payable (or as the case may be when the first instalment of the annuity is payable) shall be not less than ten years, and must not, on any contingency other than the death, or retirement on grounds of ill health, of the person liable to pay the premiums or whose life is insured, become less than ten years,
- (b) the premiums payable under the policy shall be premiums of equal or rateable amounts payable at yearly or shorter intervals over the whole term of the policy of assurance, or over the whole term of the policy of assurance apart from any period after the person liable to pay the premiums or whose life is insured attains a specified age, being an age which he will attain at a time not less than ten years after the beginning of the term of the policy of assurance,

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- (c) until the expiration of three-quarters of the term of the policy of assurance, or of ten years from the beginning of the term, whichever is the shorter, the policy may not be surrendered to the friendly society for consideration exceeding the amount of the premiums paid, except that, if a surrender value is prescribed for the surrender by section 24 of the Industrial Assurance Act 1923 or section 3 of the Industrial Assurance and Friendly Societies Act 1929, the limit on the consideration shall be either that value or the amount of the premiums paid, whichever is the greater.
- (2) The friendly society shall not be a party to any variation of the terms of a policy which infringes the conditions in the foregoing provisions of this paragraph.
- 2 Notwithstanding paragraph 1(1)(a) above, the policy—
- (a) may provide for a payment to a person of an age not exceeding 18 years at any time not less than five years from the beginning of the term of the policy if the premium or premiums payable in any period of twelve months in the term of the policy do not exceed £13,
  - (b) may provide for a payment at any time not less than five years from the beginning of the term of the policy, if it is one of a series of payments falling due at intervals of not less than five years, and the amount of any payment, other than the final payment, does not exceed four-fifths of the premiums paid in the interval before its payment.
- 3 Notwithstanding paragraph 1(1)(b) above, the policy—
- (a) may allow a payment at any time after the expiration of one-half of the term of the policy of assurance, or of ten years from the beginning of the term, whichever is the earlier, being a payment in commutation of the liability to pay premiums falling due after that time,
  - (b) where the person liable to pay the premiums ceases to reside in the United Kingdom, or gives satisfactory proof of intention to emigrate, may allow him to commute any liability for premiums, and
  - (c) may allow any liability for premiums to be discharged in consideration of surrendering a sum which has become payable on the maturity of any other policy of assurance issued by the same friendly society to the person liable to pay the premiums, or to his parent, where that other policy of assurance is issued as part of the friendly society's tax exempt life or endowment business.
- 4 Nothing in the foregoing provisions of this Schedule applies to life or endowment business which is not tax exempt life or endowment business.

## PART II

### AMENDMENTS OF FRIENDLY SOCIETIES ACTS

- 5 (1) The following limits shall be substituted for the limits imposed by section 41(1) of the Friendly Societies Act 1896 on the amounts which a member, or person claiming through a member, of a registered society or branch is entitled to receive from any one or more such societies or branches (taking together all such societies or branches throughout the United Kingdom)—
- (a) not more than £500 by way of gross sum under tax exempt life or endowment business,

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- (b) not more than £104 a year by way of annuity under tax exempt life or endowment business,
- (c) not more than £2,000' by way of gross sum under life or endowment business which is not tax exempt, but increasing that limit from £2,000 to £3,000 if the entitlement under this head, so far as it exceeds £2,000, is under any mortgage protection policy or policies.
- (d) not more than £208 a year by way of annuity under life or endowment business which is not tax exempt,

and this sub-paragraph shall be construed as if contained in the said section 41.

- (2) A friendly society shall not be registered if it contracts with any person for the assurance of an annuity or of a gross sum in excess of the limits imposed by sub-paragraph (1) above.
  - (3) The Chief Registrar of Friendly Societies may by order made with the consent of the Treasury and contained in a statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament from time to time increase or further increase all or any of the limits in paragraphs (1)(c) and (1)(d) of this paragraph, and any such order may contain transitional and other supplemental provisions.
  - (4) In applying the limits in this paragraph—
    - (a) any bonus or addition declared upon assurance of a gross sum or annuity, and
    - (b) any such annuities as are referred to in section 26(1) of the Finance Act 1956 (retirement annuities, etc.),
 shall be disregarded.
  - (5) In this paragraph " mortgage protection policy " means a policy of assurance of a gross sum the whole or the major part of which is applicable solely for the purpose of meeting payments due under a mortgage or charge of land.
  - (6) The proviso to section 8(1), and section 41(1), of the Friendly Societies Act 1896, which are superseded by this paragraph, shall cease to have effect.
- 6 (1) Subject to this paragraph, the rules of any registered friendly society or branch may within six months from the time when this Part of this Schedule comes into force be amended by resolution of the committee of management so as to permit the society or branch to assure additional amounts within the limits prescribed by paragraph 5 above, or for the purpose of bringing the rules into conformity with the provisions of Part I of this Schedule.
- (2) If any amendment of the rules of a friendly society is made after the coming into force of this Part of this Schedule, otherwise than in pursuance of sub-paragraph (1) above, the power of the society's committee of management under sub-paragraph (1) above shall determine on the date on which the amendment is registered.
  - (3) This paragraph shall apply in relation to any increase of limits effected by an order under paragraph 5(3) above as it applies in relation to the increases made by that paragraph, but substituting the time when the increase so effected comes into force for the time when this Part of this Schedule comes into force.
- 7 This Part of this Schedule shall extend to Northern Ireland.



## SCHEDULE 9

Section 31.

COMPANY DIVIDENDS PAID TO NON-RESIDENTS:  
RELEVANT DOUBLE TAXATION AGREEMENTS.

- 1 Subject to the following provisions of this Schedule section 31 of this Act (in this Schedule called " the principal section ") shall apply to the double taxation agreements to which effect is given by the Orders in Council set out in the following Table

The Double Taxation Relief (Taxes on Income) (Australia) Order 1947.  
 The Double Taxation Relief (Taxes on Income) (Austria) Order 1957.  
 The Double Taxation Relief (Taxes on Income) (Denmark) Order 1950, including that Order as extended by the Double Taxation Relief (Taxes on Income) (Faroe Islands) Order 1961.  
 The Double Taxation Relief (Taxes on Income) (Federal Republic of Germany) Order 1955.  
 Any Order in Council made in the form of the draft Double Taxation Relief (Taxes on Income) (Federal Republic of Germany) Order in Council laid before the Commons House of Parliament on 11th March 1965.  
 The Double Taxation Relief (Taxes on Income) (Finland) Order 1953.  
 The Double Taxation Relief (Taxes on Income) (France) Order 1951.  
 The Double Taxation Relief (Taxes on Income) (Japan) Order 1963.  
 The Double Taxation Relief (Taxes on Income) (Norway) Order 1951.  
 The Double Taxation Relief (Taxes on Income) (Pakistan) Order 1961.  
 The Double Taxation Relief (Taxes on Income) (South Africa) Order 1962, including that Order as extended by the Double Taxation Relief (Taxes on Income) (South West Africa) Order 1962.  
 The Double Taxation Relief (Taxes on Income) (Sweden) Order 1961.

*Australia.*

- 2 In applying Article VI(3) in the Double Taxation Relief (Taxes on Income) (Australia) Order 1947 (under which the limiting rate of tax is a fraction of the full rate of the Australian tax) to a dividend paid (by a company resident in the United Kingdom) in any year of assessment it shall be assumed that in the converse case described in subsection (2) of the principal section the dividend (assumed paid by a company resident in Australia) is paid in the Australian year of tax beginning in the same calendar year as that in which the said income tax year of assessment begins.

*Federal Republic of Germany.*

- 3 In applying Article VI in any Order in Council made in the form of the draft Double Taxation Relief (Taxes on Income) (Federal Republic of Germany) Order in Council laid before the Commons House of Parliament on 11th March 1965 paragraph (2) of that Article (different rates of German tax on distributed and undistributed profits) shall be disregarded.

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*France.*

- 4 (1) Article VII of the Double Taxation Relief (Taxes on Income) (France) Order 1951 as applied by the principal section shall be read as having the result in sub-paragraph (2) below.
- (2) The rate at which income tax under Schedule F is chargeable on a dividend paid to a company which is a resident of France, and which has owned for a year capital representing at least 50 per cent. of the capital of the company paying the dividend, shall not exceed 10 per cent

*Pakistan.*

- 5 (1) Article VI of the Double Taxation Relief (Taxes on Income) (Pakistan) Order 1961 as applied by the principal section shall be read as having the result in sub-paragraph (2) below.
- (2) The rate at which income tax under Schedule F is chargeable on a dividend paid to a public company which is a resident of Pakistan and which owns more than 50 per cent. of the voting shares of the company paying the dividend shall not exceed 10 per cent.

SCHEDULE 10

Section 43.

CAPITAL GAINS.

**PART I**

CAPITAL GAINS TAX AND CORPORATION TAX

*Life interests in settled property.*

- 1 (1) Section 25(4) of the Finance Act 1965 (notional disposal of settled property when a life interest in any part of the settled property terminates) shall not apply on the occasion of the termination of the trusts of the settlement as respects any part of the settled property by the exercise of a power for that purpose contained in the settlement or of a statutory power of advancement or by the surrender of a life interest in such a part for the purpose of advancement, if all the property as respects which the life interest terminates thereby ceases to be settled property under the settlement.
- (2) The said section 25(4), and section 26(9)(a) of the said Act (which defines references to capital gains tax chargeable in consequence of a death), shall apply where after 3rd May 1966 the person entitled to a life interest in possession in all or any part of settled property dies (although the life interest does not then terminate) as they apply on the termination of such a life interest.
- (3) In subsection (10)(a) of the said section 25 (which defines " life interest" as including certain limited interests) for the words from "for the life of another" to the end of the paragraph there shall be substituted the words " for the life of a person other than the person entitled to the right, or for lives " , but not so as to apply the said section 25(4) on any occasion on or before 4th May 1966.

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- (4) In the said section 25 the expression " life interest" shall, notwithstanding subsection (10)(c) of that section (which excludes annuities) include entitlement to an annuity created by the settlement if—
- (a) some or all of the settled property is appropriated by the trustees as a fund out of which the annuity is payable, and
  - (b) there is no right of recourse to settled property not so appropriated, or to the income of settled property not so appropriated,
- and, without prejudice to subsection (12) of the said section 25, the settled property so appropriated shall, while the annuity is payable, and on the occasion of the death of the annuitant, be treated for the purposes of subsections (4), (5), (6) and (7) of the said section 25 as being settled property under a separate settlement.

*Transfer of business on retirement.*

- 2 (1) Subject to sub-paragraph (2) below, section 34(1)(b) of the Finance Act 1965 (relief from capital gains tax for an individual disposing of shares or securities of his family company on his retirement) shall apply where under paragraph 3 of Schedule 7 to the Finance Act 1965 he is treated as disposing of interests in shares or securities of a company in consideration of a capital distribution from the company in the course of dissolving or winding up the company as it applies where he disposes of shares or securities of a company by way of sale or gift.
- (2) Sub-paragraph (1) above shall not apply if the capital distribution consists wholly of chargeable business assets of the company, and if it consists partly of chargeable business assets (and partly of money or money's worth), relief shall only be given under the said section 34 in respect of that proportion of the gains accruing on the disposal which the part of the capital distribution not consisting of chargeable business assets bears to the entire capital distribution.
- (3) Paragraphs (a) and (b) of the said section 34(1) (which each impose conditions to be satisfied throughout the period of ten years ending with the disposal) shall apply where throughout part of the said period of ten years the conditions in either of those paragraphs were fulfilled and throughout the remainder of that period the conditions in the other paragraph were fulfilled.

*Definition of investment trust.*

- 3 (1) Section 37(3)(b) of the Finance Act 1965 (which allows an investment trust as defined in that section to have a holding representing more than the limit of fifteen per cent. of its investments imposed by subsection (2)(b) of that section if the holding was acquired on or after 6th April 1965 and did not exceed that limit when it was acquired) shall also apply to a holding acquired before the said date and accordingly the words " acquired on or after that date " in the said subsection (3)(b) shall cease to have effect.
- (2) All such adjustments shall be made, whether by the discharge or repayment of tax or otherwise, as are required to give effect to the provisions of this paragraph.

*Part disposal of land to authority with compulsory powers.*

- 4 (1) This paragraph applies to a transfer after 6th April 1965 of land forming part only of a holding of land to an authority exercising or having compulsory powers where—

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- (a) the amount or value of the consideration for the transfer, or if the transfer is not for full consideration in money or money's worth, the market value of the land transferred, is small, as compared with the market value of the holding as it subsisted immediately before the transfer, and
  - (b) the transferor had not taken any steps by advertising or otherwise to dispose of any part of the holding or to make his willingness to dispose of it known to the authority or others.
- (2) If the transferor so claims, the transfer shall not be treated for the purposes of Part III of the Finance Act 1965 as a disposal, but all sums which, if it had been so treated, would have been brought into account as consideration for that disposal in the computation under Schedule 6 to that Act of a gain accruing on the disposal shall be deducted from any expenditure allowable under that Schedule as a deduction in computing a gain on any subsequent disposal of the holding.
- (3) For the purposes of this paragraph the holding of land shall comprise only the land in respect of which the expenditure allowable under paragraphs (a) and (b) of paragraph 4(1) of Schedule 6 to the Finance Act 1965 would be apportioned under paragraph 7 of that Schedule if the transfer had been treated as a disposal (that is, as a part disposal of the holding).
- (4) In this paragraph references to a holding of land include references to an estate or interest in a holding of land, not being an estate or interest which is a wasting asset, and references to part of a holding shall be construed accordingly.
- (5) In this paragraph " authority exercising or having compulsory powers " means, in relation to the land transferred, a person or body of persons acquiring it 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.

*Expenses of valuation, & c., incurred by personal representatives.*

- 5 In computing under Schedule 6 to the Finance Act 1965 the gain accruing on a disposal of assets deemed to be made by an individual on his death, the sums allowable as a deduction under paragraph 4 of that Schedule shall include any costs incurred by the personal representatives or other persons on whom the assets devolve which would have been incidental costs of making the disposal within sub-paragraph (2) of that paragraph if they had been incurred by the deceased.

*Assets held on 6th April 1965 and affected by a company amalgamation.*

- 6 (1) The reference in paragraph 27(1) of Schedule 6 to the Finance Act 1965 to paragraph 6 of Schedule 7 to that Act (company amalgamations) shall include a reference to that paragraph as extended by paragraph 7 of that Schedule.
- (2) This paragraph has effect as respects any disposal of shares or securities on or after 17th May 1966.

*Apportionment of cost of acquisition of new holding of shares, etc.*

- 7 (1) This paragraph shall apply to a new holding, as denned in sub-paragraph (1)(b) of paragraph 4 of Schedule 7 to the Finance Act 1965 (which, as extended by section 45(8) of that Act, provides for a new holding resulting from a reorganisation

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or reduction of the capital of a company or unit trust scheme being treated as the same as the original holding)—

- (a) if it consists of more than one class of shares in or debentures of the company and one or more of those classes is of shares or debentures which, at any time not later than the end of the period of three months beginning with the date on which the reorganisation or reduction of capital took effect, or of such longer period as the Board may by notice in writing allow, had quoted market values on a recognised stock exchange in the United Kingdom or elsewhere, or
  - (b) if it consists of more than one class of rights of unit holders and one or more of those classes is of rights the prices of which were published daily by the managers of the scheme at any time not later than the end of that period of three months (or longer if so allowed).
- (2) Where for the purpose of computing the gain or loss accruing to a person from the acquisition and disposal of the whole or any part of any class of shares or securities or rights of unit holders forming part of a new holding to which this paragraph applies it is necessary to apportion costs of acquisition between what is disposed of and what is retained, the cost of acquisition of the new holding shall first be apportioned between the entire classes of shares or debentures or rights of which it consists by reference to market value on the first day (whether that day fell before the reorganisation or reduction of capital took effect or later) on which market value or prices were quoted or published for the shares, debentures or rights as mentioned in sub-paragraph (1) (a) or (1)(b) above (with such adjustment of the market value of any class as may be required to offset any liability attaching thereto but forming part of the cost to be apportioned); and this sub-paragraph shall have effect notwithstanding sub-paragraph (5) of the said paragraph 4 (which requires apportionment by reference to market value at the date of disposal).
- (3) The foregoing provisions of this paragraph shall have effect as if contained in the said paragraph 4, and paragraphs 5, 6 and 7 of the said Schedule 7 (which apply the said paragraph 4 subject to modifications) shall have effect accordingly.
- (4) For the purposes of this paragraph the day on which a reorganisation of share capital involving the allotment of shares or debentures or unit holders' rights takes effect is the day following the day on which the right to renounce any allotment expires.
- (5) This paragraph applies to a disposal of part of a new holding at any time after the end of the year 1965-66 and, if a person so elects by notice in writing given to the inspector not later than the end of the year 1966-67 as respects a new holding, it shall also apply to a disposal by that person of part of that new holding at any time in the year 1965-66; and such adjustments shall be made whether by way of discharge or repayment of tax or assessment to tax' or otherwise as are required to give effect to the election.

*Disposal of right to acquire shares.*

- 8 (1) Where a person receives or becomes entitled to receive in respect of any shares in a company a provisional allotment of shares in or debentures of the company and he disposes of his rights paragraph 3 of Schedule 7 to the Finance Act 1965 shall apply as if the amount of the consideration for the disposal were a capital distribution received by him from the company in respect of the first-mentioned shares, and as if that person had, instead of disposing of the rights, disposed of an interest in those shares.

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- (2) If under Part II of Schedule 6 to the Finance Act 1965 it is to be assumed that, at a time after the creation of the rights and before their disposal, the said person sold and immediately reacquired the shares in respect of which the rights were created, the same assumption shall be made as respects the rights.
- (3) This paragraph shall apply in relation to rights obtained in respect of debentures of a company as it applies in relation to rights obtained in respect of shares in a company.
- (4) Sub-paragraph (6) of paragraph 4 of the said Schedule 7 (which is superseded by this paragraph) shall cease to have effect.

*Capital receipts not treated as disposals.*

- 9 (1) The following provisions (under which the consideration for a part disposal of an asset, instead of giving rise to a gain (or loss) accruing on the part disposal, goes to reduce the expenditure allowable in computing a gain accruing on a subsequent disposal of the asset), that is—
  - (a) paragraphs (b) and (c) of paragraph 13(1) of Schedule 6 to the Finance Act 1965,
  - (b) paragraph 3(2) of Schedule 7 to that Act (as extended by paragraph 8 of this Schedule), and
  - (c) paragraph 4 of this Schedule,
 shall have effect subject to the provisions of this paragraph.
- (2) None of those provisions shall apply if immediately before the part disposal there is no expenditure attributable to the asset under paragraphs (a) and (b) of paragraph 4(1) of Schedule 6 to the Finance Act 1965 (deductions allowable in computing a gain), or if the consideration for the part disposal exceeds that expenditure but, if there is any such expenditure and the recipient so elects.—
  - (a) the amount of the consideration for the part disposal shall be reduced by the amount of that expenditure, and
  - (b) none of that expenditure shall be allowable as a deduction in computing a gain accruing on the occasion of the part disposal or any subsequent occasion.

*Insolvents' assets.*

- 10 (1) In relation to assets held by a person as trustee or assignee in bankruptcy or under a deed of arrangement Part III of the Finance Act 1965 shall apply as if the assets were vested in, and the acts of the trustee or assignee in relation to the assets were the acts of, the bankrupt or debtor (acquisitions from or disposals to him by the bankrupt or debtor being disregarded accordingly), and tax in respect of any chargeable gains which accrue to any such trustee or assignee shall be assessable on and recoverable from him.
- (2) Assets held by a trustee or assignee in bankruptcy or under a deed of arrangement at the death of the bankrupt or debtor shall for the purposes of the said Part III be regarded as held by a personal representative of the deceased and—
  - (a) sub-paragraph (1) above shall not apply after the death, and
  - (b) section 24(1) of the Finance Act 1965 (under which assets passing on a death are deemed to be disposed of by the deceased) shall apply as if any assets held by a trustee or assignee in bankruptcy or under a deed of arrangement

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at the death of the bankrupt or debtor were assets of which the deceased was competent to dispose and which then devolved on the trustee or assignee as if he were a personal representative.

- (3) Assets vesting in a trustee in bankruptcy after the death of the bankrupt or debtor shall for the purposes of the said Part III be regarded as held by a personal representative of the deceased, and sub-paragraph (1) above shall not apply.
- (4) Where in consequence of the foregoing provisions of this paragraph there is more than one person who is or is to be regarded as the personal representative of a deceased person, the amount available for relief under subsection (2) of the said section 24 of the Finance Act 1965 shall be apportioned between them according to the respective values of the property devolving or to be regarded as devolving on them on the death.
- (5) The definition of " settled property " in section 45(1) of the Finance Act 1965 shall not include any property as being property held by a trustee or assignee in bankruptcy or under a deed of arrangement.
- (6) In this paragraph " deed of arrangement " means a deed of arrangement to which the Deeds of Arrangement Act 1914 or any corresponding enactment forming part of the law of Scotland or Northern Ireland applies.

*Policies of insurance.*

- 11 In paragraph 10(1) of Schedule 7 to the Finance Act 1965 the words from the beginning to " neither " exclusive in line 5 shall be omitted.

*Commencement.*

- 12 Except as otherwise expressly provided, this Part of this Schedule, as it relates to capital gains tax chargeable under Part III or Part IV of the Finance Act 1965, shall have effect for the year 1965-66 as well as later years of assessment.

*Construction.*

- 13 This Part of this Schedule shall be construed as one with Part III of the Finance Act 1965.

## **PART II**

### **SHORT-TERM CAPITAL GAINS**

*Insolvents' assets.*

- 14 (1) For the purposes of section 12(5) of the Finance Act 1962 (property held by nominee or trustee for a person absolutely entitled to the property) assets held by a person as trustee or assignee in bankruptcy or under a deed of arrangement shall be regarded as assets to which the bankrupt or debtor is absolutely entitled as against the trustee or assignee and, without prejudice to the general provisions of the Income Tax Acts as to the assessment of any such trustee or assignee, tax in respect of any gain accruing on an acquisition and disposal shall be assessable on and recoverable from any such trustee or assignee not only where the acquisition and disposal were effected by him

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but also where either the acquisition or disposal was effected by him and the other was effected by the bankrupt or debtor.

- (2) Assets vesting in a trustee in bankruptcy after the death of the bankrupt, or held by a trustee or assignee in bankruptcy or under a deed of arrangement at the death of the bankrupt or debtor, shall for the purposes of Case VII be regarded as held by a personal representative of the deceased, and sub-paragraph (1) above shall not apply after the death.
- (3) In this paragraph " deed of arrangement " has the same meaning as in paragraph 10 above.
- (4) Section 15(6) of the Finance Act 1962 (which exempts short-term gains accruing to a person as trustee or assignee in bankruptcy) shall cease to have effect.
- (5) This paragraph does not have effect in relation to assets transferred from the bankrupt or debtor before 4th May 1966.

*Apportionment of cost of acquisition of new holding of shares, etc.*

- 15 (1) This paragraph shall apply to a new holding, as denned in sub-paragraph (1)(b) of paragraph 10 of Schedule 9 to the Finance Act 1962 (which, as extended by section 16(4) of that Act, provides for a new holding resulting from a reorganisation or reduction of the capital of a company or unit trust scheme being treated as the same as the original holding)—
  - (a) if it consists of more than one class of shares in or debentures of the company and one or more of those classes is of shares or debentures which, at any time not later than the end of the period of three months beginning with the date on which the reorganisation or reduction of capital took effect, or of such longer period as the Board may by notice in writing allow, had quoted market values on a recognised stock exchange in the United Kingdom or elsewhere, or
  - (b) if it consists of more than one class of rights of unit holders and one or more of those classes is of rights the prices of which were published daily by the managers of the scheme at any time not later than the end of that period of three months (or longer if so allowed).
- (2) Where for the purpose of computing the gain or loss accruing to a person from the acquisition and disposal of the whole or any part of any class of shares or securities or rights of unit holders forming part of a new holding to which this paragraph applies it is necessary to apportion costs of acquisition between what is disposed of and what is retained, the cost of acquisition of the new holding shall first be apportioned between the entire classes of shares or debentures or rights of which it consists by reference to market value on the first day (whether that day fell before the reorganisation or reduction of capital took effect or later) on which market values or prices were quoted or published for the shares, debentures or rights as mentioned in sub-paragraph (1) (a) or (1)(b) above (with such adjustment of the market value of any class as may be required to offset any liability attaching thereto but forming part of the cost to be apportioned); and this sub-paragraph shall have effect notwithstanding sub-paragraph (5) of the said paragraph 10 (which requires apportionment by reference to market value at the date of disposal).



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- (3) The foregoing provisions of this paragraph shall have effect as if contained in the said paragraph 10 and paragraphs 11, 12 and 13 of the said Schedule 9 (which apply the said paragraph 10 subject to modifications) shall have effect accordingly.
- (4) For the purposes of this paragraph the day on which a reorganisation of share capital involving the allotment of shares or debentures or unit holders' rights takes effect is the day following the day on which the rights to renounce any allotment expires.
- (5) This paragraph applies to a disposal of part of a new holding at any time after the end of the year 1965-66 and, if a person so elects by notice in writing given to the inspector not later than the end of the year 1966-67 as respects a new holding, it shall also apply to a disposal by that person of part of that new holding at any time in the year 1965-66 ; and such adjustments shall be made whether by way of discharge or repayment of tax or assessment to tax or otherwise as are required to give effect to the election.

## SCHEDULE 11

Section 44.

### SUPPLEMENTARY PROVISIONS AS TO SELECTIVE EMPLOYMENT TAX.

- 1 Subject to the following provisions of this Schedule, the relevant insurance provisions shall have effect (for the purposes of the Insurance Acts as well as for the purposes of section 44 of this Act and this Schedule) as if—
  - (a) the tax which an employer is liable to pay in respect of a person for a contribution week ; and
  - (b) the employer's insurance contribution for that week in respect of that person,together constituted one combined contribution payable by him under the Insurance Acts in respect of that person for that week, and as if the whole of the combined contribution in question were payable into the appropriate fund.
- 2 Nothing in the foregoing paragraph shall be construed—
  - (a) as affecting the rate of any employer's insurance contribution ; or
  - (b) as excepting any person who pays, or is liable to pay, an employer's insurance contribution, or as conferring any power to except any such person, from liability to pay the tax ; or
  - (c) as conferring any power to modify the rate of the tax in relation to any class of persons ; or
  - (d) as prejudicing the operation of section 2 of the National Health Service Contributions Act 1965, section 28 of the Redundancy Payments Act 1965, section 38 of the Contracts of Employment and Redundancy Payments Act (Northern Ireland) 1965 or section 2 of the Health Service Contributions Act (Northern Ireland) 1966 (which make corresponding provision with respect to payments under those Acts).
- 3 References in any enactment other than the Insurance Acts to contributions under those Acts or to sums due or payable into either of the appropriate funds shall be construed as including references to the tax.
- 4 In addition to the definitions contained in section 44(9) of this Act, in this Schedule the following expressions have the following meanings respectively, that is to say—

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" appropriate fund " means—

- (a) in relation to Great Britain, the National Insurance Fund;
- (b) in relation to Northern Ireland, the Northern Ireland National Insurance Fund;

" enactment " includes an enactment of the Parliament of Northern Ireland;

" relevant insurance provisions " means the Insurance Acts other than—

- (a) sections 7, 58 and 83(1) of the National Insurance Act 1965 ; and
- (b) sections 7, 57 and 81(1) of the National Insurance Act (Northern Ireland) 1966,

and, except in so far as may be provided by any Order in Council or regulations made under the Insurance Acts after the passing of this Act, all Orders in Council and regulations made or having effect as if made under those Acts, whether made before or after the passing of this Act.

## SCHEDULE 12

Section 45.

### TRANSFERS OF HARBOUR UNDERTAKINGS.

#### *Capital allowances.*

- 1 (1) There shall be made to or on the transferee in accordance with section 56 of the Finance Act 1965 (capital allowances) all such allowances and charges as would, if the transferor had continued to carry on the trade, have fallen to be made to or on it under that section, and the amount of any such allowance or charge shall be computed as if the transferee had been carrying on the trade since the transferor had begun to do so and as if everything done to or by the transferor had been done to or by the transferee.
- (2) No sale or transfer which on the transfer of the trade is made by the transferor to the transferee of any assets in use for the purposes of the trade shall be treated as giving rise to any such allowance or charge.

#### *Annual value of trade premises.*

- 2 For the purposes of Schedule 8 to the Finance Act 1963 (transitional allowances for annual value of trade premises) any occupation of land for the purposes of the trade by the transferor shall be treated as having been the occupation of the transferee.

#### *Terminal losses.*

- 3 The transferor shall not be entitled to relief under section 59 of the Finance Act 1965 in respect of the trade.

#### *Chargeable gains.*

- 4 (1) The transferee shall be entitled to relief from corporation tax under section 55(1) and, where applicable, section 82(4) of the Finance Act 1965 for any amount for which the transferor would have been entitled to claim relief in respect of allowable losses if it had continued to carry on the trade.

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- (2) For the purposes of Part III of the Finance Act 1965 any asset transferred on the transfer of the trade shall be deemed to be for a consideration such that no gain or loss accrues to the transferor on its transfer; and for the purposes of Part II of Schedule 6 to that Act the transferee shall be treated as if the acquisition by the transferor of any asset so transferred had been the transferee's acquisition thereof.

*Exclusion of transitional relief on cessation of trade.*

- 5 The transferor shall not be entitled to relief under section 87 of the Finance Act 1965 in respect of the trade.

SCHEDULE 13

Section 53.

REPEALS.

**PART I**

BETTING AND GAMING REPEALS

Chapter	Short Title	Extent of Repeal
1963 c. 3.	The Betting Duties Act 1963.	<p>In section 1(2), paragraph (i) and the words " (ii) in any other case ".</p> <p>In section 2(1), the words " derived from the pool betting duty ".</p> <p>In section 2(2)(a), subparagraphs (ii) and (iii).</p> <p>In section 2(4), the words " by way of pool betting ".</p> <p>Section 4.</p> <p>In Schedule 1, paragraphs 7 and</p> <p>Schedule 2.</p>
1964 c. 49.	The Finance Act 1964.	<p>In section 7(1), the words "and the bookmakers' licence duty ".</p> <p>In section 7(1)(a), the words from " which " to " cases ", the words " ' 10 per cent.' and ", the word " respectively ", the words "' 5 per cent.' and</p>

The above repeals, except those in section 2 of the Betting Duties Act 1963, shall not have effect in relation to any period falling or bet made before 24th October 1966.

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Chapter	Short Title	Extent of Repeal
		" , and the word " and " where it appears at the end of the paragraph. Section 7(1)(b).

The above repeals, except those in section 2 of the Betting Duties Act 1963, shall not have effect in relation to any period falling or bet made before 24th October 1966.

## PART II

### OTHER CUSTOMS AND EXCISE REPEALS

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. and 1 Eliz. 2. c. 44.	The Customs and Excise Act 1952.	In section 14(1), the words " in any port ". In section 17(1), the words " in any port or customs airport " and " at that port or airport ". In section 29(1), the words " by sea or air ". In section 284(2), the words " on the water or in the air ".
1963 c. 25.	The Finance Act 1963.	Section 9.
1965 c. 25.	The Finance Act 1965.	Section 4.

## PART III

### FRIENDLY SOCIETIES REPEALS

Chapter	Short Title	Extent of Repeal
59 & 60 Vict. c. 25.	The Friendly Societies Act 1896.	The proviso to section 8(1). Section 41(1)
11 & 12 Geo. 6. c. 39.	The Industrial Assurance and Friendly Societies Act 1948.	Section 5.
15 & 16 Geo. 6. and 1 Eliz. 2. c. 10.	The Income Tax Act 1952.	In section 440(1) the words from " which is precluded " to " by way of annuity ".
4 & 5 Eliz. 2. c. 54.	The Finance Act 1956.	In section 26, subsections (3) and (4).

*Act of the Parliament of Northern Ireland*

All the provisions of this Part of this Schedule shall extend to Northern Ireland.

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Chapter	Short Title	Extent of Repeal
12 & 13 Geo. 6. c. 22.	The Industrial Assurance and Friendly Societies Act (Northern Ireland) 1948.	Section 5.

All the provisions of this Part of this Schedule shall extend to Northern Ireland.

#### PART IV

#### INVESTMENT AND INITIAL ALLOWANCES REPEALS

Chapter	Short Title	Extent of Repeal
2 & 3 Eliz. 2. c. 44.	Finance Act 1954.	Section 16. Schedule 2.
4 & 5 Eliz. 2. c. 54.	The Finance Act 1956.	Section 15. In section 16(2), the words "investment or ".
5 & 6 Eliz. 2. c. 49.	The Finance Act 1957.	Section 15. In section 16(1) and (3), the words " or investment". In Schedule 3, in paragraph 2, the words " or investment".
7 & 8 Eliz. 2. c. 58.	The Finance Act 1959.	Sections 21 and 22. Schedules 4 and 5.
8 & 9 Eliz. 2. c. 44.	The Finance Act 1960.	In section 72(1), the words " (including investment allowances) " and the proviso. In section 72(6), the words " other than an investment allowance ". Section 72(10). In section 72(13), the words from the beginning to " aforesaid ".
1963 c. 25.	The Finance Act 1963.	Section 33. In section 36(1), the words from " and section " onwards. In section 40(1), the word "investment ".

The above repeals shall not affect allowances in respect of expenditure incurred before 17th January 1966 or in respect of such expenditure as is referred to in section 35(2) of this Act.

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Chapter	Short Title	Extent of Repeal
<a href="#">1965 c. 25.</a>	The Finance Act 1965.	<p>In section 56, the words " (including investment allowances)".</p> <p>In section 63, the words " including section 16 of the Finance Act 1954 (investment allowances) ".</p> <p>In section 85(6)(b)(ii) the words " investment allowances or" and the words " investment or ".</p> <p>In Schedule 6, in paragraph 6(4)(a) the words " an investment allowance or ".</p> <p>In Schedule 14, in paragraph 1(5), the words " (but not any investment allowance) " and, in paragraph 6(3), the words " exclusive of any investment allowance".</p>

The above repeals shall not affect allowances in respect of expenditure incurred before 17th January 1966 or in respect of such expenditure as is referred to in section 35(2) of this Act.

**PART V**

## FREE DEPRECIATION REPEALS

Chapter	Short Title	Extent of Repeal
<a href="#">1963 c. 25.</a>	The Finance Act 1963.	Sections 38 and 39.

The above enactments shall continue to have effect for the purposes of section 38(7) of the Finance Act 1963, including that provision as applied by section 39(3) of that Act.

**PART VI**

## MISCELLANEOUS REPEALS

Chapter	Short Title	Extent of Repeal
<a href="#">15 &amp; 16 Geo. 6. and 1 Eliz. 2. c. 10.</a>	The Income Tax Act 1952.	<p>In section 249(1) the words from " after deducting " to the end of the subsection.</p> <p>In section 351(1)(c) the word " periodical".</p>

The repeal in section 6(1) of the Post Office Act 1953 shall have effect on the coming into force of section 48 of this Act.

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Chapter	Short Title	Extent of Repeal
1 & 2 Eliz. 2. c. 36.	The Post Office Act 1953.	Paragraph 4 in Part I of Schedule 17 as respects dividends paid (in the sense of section 89(4) of the Finance Act 1965) after 5th April 1966.
10 & 11 Eliz. 2. c. 44.	The Finance Act 1962.	The proviso to section 6(1). Section 12(3)(c). Section 15(6).
1965 c. 25.	The Finance Act 1965.	Section 12(3). Section 22(4)(c). In section 37(3)(b) the words "acquired on or after that date". In section 49(6) the words "and the Resolution is agreed to by the House" and the words "and agreed to"; and in section 49(7) the words from "and all enactments" to the end of the subsection. Section 64(2)(b). In section 69, in subsection (5) the words from "and the exclusion" to the end of the subsection and in subsection (7) the words from "but notwithstanding" to the end of the subsection. Section 82 as respects any gain or loss accruing after the end of the year 1965-66. In Schedule 7 paragraph 4(6). In Schedule 18, paragraph 10, the words from "and the powers conferred" to the end of the paragraph.

The repeal in section 6(1) of the Post Office Act 1953 shall have effect on the coming into force of section 48 of this Act.