



Income and Corporation Taxes Act 1970

1970 CHAPTER 10

PART VI

SCHEDULE D

CHAPTER II

CASES I TO VI: INCOME TAX: BASIS OF ASSESSMENT ETC.

Case III

119 Assessment on preceding year basis

Subject to sections 120 and 121 below, income tax under Case III of Schedule D shall be computed on the full amount of the income arising within the year preceding the year of assessment, and shall be paid on the actual amount of the said income, without any deduction.

120 Special rules for fresh income

- (1) Income tax under Case III of Schedule D shall, in the following cases, be computed on the following amounts, and paid on those actual amounts without any deduction—
- (a) as respects the year of assessment in which the income first arises, on the full amount of the income arising within that year,
 - (b) where the income first arose on some day in the year preceding the year of assessment other than the 6th April, on the amount of the income of the year of assessment, and
 - (c) where the income first arose on the 6th April in the year preceding the year of assessment, or on some day in the year next before the year preceding the year of assessment other than the 6th April, and the person charged so requires by notice in writing given to the inspector at any time within six years after the end of the year of assessment, on the amount of the income of that year.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (2) Where subsection (1)(c) above applies, and income tax charged otherwise than in accordance with that provision has been paid, any amount overpaid shall be repaid.
- (3) If at any time a person acquires a new source of any income in respect of which he is chargeable under Case III of Schedule D, or an addition to any source of any such income, then, for the year of assessment in which income first arises from the source or addition and the two following years of assessment, income tax in respect of the income from the source or addition shall, notwithstanding section 128 below (assessment of Case III income in one sum), be computed separately, and subsection (1) above shall apply to the computation thereof.
- (4) If at any time interest on a debt ceases to be payable subject to deduction of income tax, subsection (3) above shall apply as if the debt were a new source of income acquired by the creditor at that time.

121 Special rules where source of income ceases

- (1) Subject to the provisions of this section, if in any year of assessment a person charged or chargeable to income tax in respect of any income chargeable under Case III of Schedule D ceases to possess any particular source of any such income, or any part of any such source, the following provisions shall apply to the tax in respect of the income from that source or part—
 - (a) notwithstanding section 128 below (assessment of Case III income in one sum), the tax shall for that year, and (if necessary) for the preceding year, be computed separately,
 - (b) subject to paragraph (c) below, the tax shall for that year be computed on the amount of the income arising within the year (instead of the income arising within the preceding year), and shall for that preceding year also be computed on the amount of the income arising within it if greater than the amount on which tax is to be computed for that preceding year apart from this provision, and
 - (c) if no income arose within those two years, and the person charged or chargeable makes a claim under this section not later than two years after the end of them, then, subject to subsection (3) below—
 - (i) paragraphs (a) and (b) above shall apply to the year of assessment in which income did last arise and the year preceding it as, apart from this paragraph, they would apply to the year in which he ceases to possess the source or part and the year preceding it, and
 - (ii) tax shall not for the year of assessment following that in which income did last arise be chargeable on the amount of the income so arising.
- (2) If at any time interest on a debt begins to be payable subject to deduction of income tax, subsection (1) above shall apply as if the debt were a source of income which the creditor ceased to possess at that time.
- (3) A person shall not be entitled by virtue of subsection (1)(c) above to make a claim under this section in respect of any source of income, or any part of such a source, more than eight years after the end of the year of assessment in which income last arose from that source; but a person possessing a source of income chargeable to income tax under Case III of Schedule D, and having possessed it for six consecutive years of assessment without any income arising from it, shall be entitled, if income did arise

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

from it in the year preceding those six years, to make a claim under this section not later than two years after the end of those six years, and, if he does so—

- (a) subsection (1) above shall apply as if he had ceased to possess the source of income immediately before the end of those six years, and
 - (b) section 120(3) above shall apply (in relation to later years of assessment) as if he had acquired the source as a new source immediately after the end of those six years.
- (4) There shall be made all such adjustments, whether by way of repayment of tax, assessment or otherwise, as may be necessary to give effect to this section.
- (5) A person's executors or administrators may make any claim under this section which he might have made, if he had not died, in respect of any source of income, or part of such a source, which he ceased to possess before his death, and may also make a claim under this section in respect of sources of income which he ceased to possess by dying ; and after a person's death—
- (a) any tax paid by him and repayable by virtue of a claim under this section (whether made by him or by his executors or administrators) shall be repaid to his executors or administrators, and
 - (b) any additional tax chargeable by virtue of such a claim shall be assessed and charged on his executors or administrators, and shall be a debt due from and payable out of his estate.