



# Finance Act 1927

## 1927 CHAPTER 10

### PART I

#### CUSTOMS AND EXCISE

#### **1 Duty on tea**

The customs duty payable on tea until the first day of August, nineteen hundred and twenty-seven, under section one of the Finance Act, 1926, shall, subject to the provisions of section eight of the Finance Act, 1919 (which relates to imperial preferential rates) continue to be charged, levied and paid until the first day of August, nineteen hundred and twenty-eight, that is to say—

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Tea	the lb.	fourpence.
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#### **2 Additional medicine duties**

The additional excise duties which were imposed by section eleven of the Finance (No. 2) Act, 1915, upon medicines liable to duty and which were continued by section two of the Finance Act, 1926, until the first day of August, nineteen hundred and twenty-seven, shall continue to be charged on and after that date until Parliament otherwise determines.

#### **3 Exemption of motor tyres from customs duty to cease**

The exemption in respect of tyres which is given by section three of the Finance Act, 1925, from the customs duty thereby charged on the accessories and component parts of motor cars, motor bicycles and motor tricycles shall be deemed to have ceased as from the twelfth day of April, nineteen hundred and twenty-seven.

#### **4 Amendment with respect to duty on cinematograph films**

For the purpose of the customs duty charged on cinematograph films by section three of the Finance Act, 1925, the expression blank film " shall include, and as from the twelfth day of April, nineteen hundred and twenty-seven, be deemed to have included, all photographic sensitised sheets or strips of celluloid or other similar material which are of a length of not less than twelve feet, whatever the width of the sheets or strips may be, and duty shall be charged on any such sheets or strips in proportion to their width.

#### **5 Increased duties on wines**

- (1) As from the twenty-fifth day of April, nineteen hundred and twenty-seven, there shall, in lieu of the customs duties theretofore payable on wines, be charged, levied and paid on wines imported into the United Kingdom, in the case of wines of the descriptions specified in the first column of the table contained in Part I of the First Schedule to this Act, and not being Empire products, duties at the rates respectively specified in the second column of that table, and in the case of wines of the descriptions specified in the first column of the table contained in Part II of the said Schedule, and being Empire products, duties at the rates respectively specified in the second column of that table.
- (2) Section eight of the Finance Act, 1919 (which relates to imperial preferential rates) shall have effect as though the duties charged by this section in respect of wines being Empire products were reduced rates of duties specified in the second column of the Second Schedule to that Act, and section seven of the Finance Act, 1926, shall have effect as though the duties charged by this section had been in force immediately before the first day of July, nineteen hundred and twenty-six.
- (3) Subsection (2) of section eight of the Customs and Inland Revenue Act, 1890 (which provides that wine rendered sparkling in warehouse is to be deemed to be sparkling wine for the purpose of a certain duty imposed on sparkling wine) shall apply for the purpose of the duty imposed on sparkling wine by this section as it applied for the purpose of the duty mentioned in that subsection.
- (4) In this section the expression " wine" includes the lees of wine, and the expression " Empire products " means such Empire products as are entitled to a preferential rate under section eight of the Finance Act, 1919.

#### **6 Excise duty on sweets**

- (1) As from the twenty-fifth day of April, nineteen hundred and twenty-seven, there shall be charged, levied and paid on sweets sent out from the premises of a maker of sweets for sale an excise duty at the rate of one shilling for every gallon.
- (2) The Commissioners may make regulations generally for securing and collecting the excise duty payable under this section and for prohibiting the manufacture for sale of sweets except by persons having made entry for the purpose, and provision may be made by any such regulations for applying to the manufacture of sweets for sale or to the duty thereon the provisions of any enactments relating to the brewing of or the duty on beer, and for relieving from duty sweets intended for exportation or shipment as stores or sent out to the premises of another maker of sweets for sale.
- (3) If any person acts in contravention of or fails to comply with any regulation made under this section, the article in respect of which the offence is committed shall be

forfeited and the person committing the offence shall be liable in respect to each offence to an excise penalty of fifty pounds.

## **7 Duties and drawbacks on tobacco**

- (1) As from the twelfth day of April, nineteen hundred and twenty-seven, in lieu of the customs duties theretofore payable on tobacco, there shall, subject to the provisions of section eight of the Finance Act, 1919, be charged, levied and paid on tobacco imported into the United Kingdom the duties specified in Part I of the Second Schedule to this Act.
- (2) As from the twelfth day of April, nineteen hundred and twenty-seven, there shall, in lieu of the excise duties theretofore payable on tobacco, be charged, levied and paid on tobacco grown in the United Kingdom the duties specified in Part II of the Second Schedule to this Act.
- (3) The drawback allowed under section one of the Tobacco Act, 1863, on tobacco exported from the United Kingdom or deposited in a bonded or King's warehouse, shall, in cases where it is shown that the increased duties imposed by this section have been paid, be allowed at the rates set out in Part III of the Second Schedule to this Act instead of at the rates set out in Part III of the Second Schedule to the Finance Act, 1918, but subject to the provisions affecting allowance of drawback contained in the Schedule to the Finance Act, 1904.

## **8 Increased duty on matches**

- (1) As from the twelfth day of April, nineteen hundred and twenty-seven, there shall, in lieu of the customs duties theretofore payable on matches, be charged, levied and paid on matches imported into the United Kingdom the duties specified in Part I of the Third Schedule to this Act.
- (2) As from the twelfth day of April, nineteen hundred and twenty-seven, there shall, in lieu of the excise duties theretofore payable on matches, be charged, levied and paid on matches manufactured in the United Kingdom the excise duties specified in Part II of the Third Schedule to this Act.
- (3) Subsections (4) and (5) of section three of the Finance (New Duties) Act, 1916, shall apply for the purpose of the duties under this section as they apply for the purpose of the duties under that section.

## **9 Customs duty on translucent or vitrified pottery**

- (1) During a period of five years beginning on the nineteenth day of April, nineteen hundred and twenty-seven, there shall be charged, levied and paid on the importation into the United Kingdom of any translucent pottery or vitrified pottery, which is either an article of a description commonly used in connection with the serving of food or drink or a component part of such an article, a customs duty at the rate of one pound and eight shillings for every hundredweight thereof.
- (2) Subsections (2), (3) and (4) of section one of the Safeguarding of Industries (Customs Duties) Act, 1925, shall apply to the goods chargeable with duty under this section and to the duty imposed by this section as they apply to the articles chargeable with duty under that Act and to the duties imposed by that Act.

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## **10 Time for payment of beer duty**

Section nine of the Finance Act, 1926 (which gives power to the Commissioners to defer the time for payment of beer duty for a period not exceeding one month from the fifteenth day of the month succeeding the month in which duty was charged) shall cease to have effect, and section sixteen of the Inland Revenue Act, 1880, shall accordingly have effect as originally enacted.

## **11 Alteration of duties on certain licences for mechanically-propelled vehicles**

- (1) As from the first day of January, nineteen hundred and twenty-eight, section thirteen of the Finance Act, 1920 (which imposes duties of excise in respect of mechanically-propelled vehicles) shall have effect as if paragraphs 4 and 5 of the Second Schedule to the Finance Act, 1920, were amended in the manner specified in the Fourth Schedule to this Act.
- (2) No duty shall be payable under the said section thirteen in respect of vehicles used for no purpose other than the haulage of lifeboats and the conveyance of the necessary gear of the lifeboats which are being hauled.

## **12 Rebate of duty in case of licences taken out for certain motor vehicles in 1927**

If any person, having been the holder of a licence for a mechanically-propelled vehicle taken out in the year nineteen hundred and twenty-seven, and charged with duty under paragraph 5 of the Second Schedule to the Finance Act, 1920, produces on or before the thirty-first day of January, nineteen hundred and twenty-eight, to the council of the county or county borough with which the vehicle was registered at the time (as the case may be) of the expiration of the licence, or of the surrender or transfer thereof by him, a statutory declaration to the effect—

- (a) that during a specified period, which must in the case of a licence taken out before the passing of this Act be a period beginning on some date subsequent to the thirtieth day of April, nineteen hundred and twenty-seven, and ending on the date of the expiration, surrender, or transfer, as the case may be, of the licence, and in the case of a licence taken out after the passing of this Act be the period during which the licence was held by the person making the declaration, the vehicle was (within the meaning of the said paragraph 5 as that paragraph will have effect on and after the first day of January, nineteen hundred and twenty-eight,) used solely by him for the purpose of the conveyance of the produce of, or of articles required for the purposes of, the agricultural land which he occupied;
- (b) that he was during the specified period a person engaged in agriculture;
- (c) that the vehicle was during the specified period registered in his name;

he shall be entitled to be repaid by the council by way of allowance in respect of the duty paid for the licence the following amount in respect of each complete month comprised in the specified period—

- (i) in the case of a licence taken out for one quarter of the year only or for any less period, a sum equal to one-third of the difference between the duty payable under the said paragraph 5 on a quarterly licence for the vehicle and the duty which would have been payable on such a licence if the vehicle had been chargeable with duty under the scale contained in the paragraph (c) set out in the Fourth Schedule to this Act;

- (ii) in the case of any other licence a sum equal to one-twelfth of the difference between the full annual duty payable on the licence and the full annual duty which would have been payable on the licence if the vehicle had been chargeable with duty under the scale aforesaid.

### **13 Extension of s.16 of Finance Act, 1921**

Section sixteen of the Finance Act, 1921 (which empowers the Commissioners to make regulations with respect to the manufacture, &c, of power methylated spirits and with respect to the use, &c, of spirits to be used in the manufacture of such methylated spirits) shall have effect as though for the references therein to power methylated spirits there were substituted references to methylated spirits of any kind.

### **14 Provisions with respect to certain processes of distillation**

- (1) Where the Commissioners are satisfied that some process of manufacture carried on by any person involving the distillation of a fermented liquor is primarily directed to the production of some article other than spirits, they may direct that (subject to compliance with such conditions for the protection of the revenue in respect of proof or security or otherwise as they may think proper to impose, whether by regulations or otherwise) such of the provisions of any enactment relating to the manufacture of, or manufacturers of, spirits as may be specified in the direction shall not in the case of that person apply to that process or to premises where that process is carried on, or that, subject as aforesaid, any such provisions shall in the case of that person apply to that process or to any such premises only with such modifications as may be specified in the direction.
- (2) If any person in whose case a direction is given by the Commissioners under this section acts in contravention of or fails to comply with any regulations made under this section which are applicable in his case or with any conditions imposed under this section in his case, he shall be liable to an excise penalty of fifty pounds.

### **15 Amendment as to allowances in respect of spirits**

- (1) The expression "spirits" in section one of the Revenue Act, 1906 (which provides for the payment of an allowance in respect of spirits used in art manufacture, &c), shall include methylic alcohol so purified or prepared as to be chargeable with duty under Part I of the Spirits Act, 1880, and the allowance under that section shall be payable accordingly.
- (2) Section three of the Customs and Inland Revenue Act, 1885 (which provides for the payment of an allowance on British spirits exported or used in warehouse), shall have effect as though the reference therein to spirits distilled included a reference to spirits manufactured by any process whatsoever.
- (3) If the Treasury are satisfied, as respects spirits manufactured by some process in the case of which some of the general enactments relating to the manufacture of, or manufacturers of, spirits do not apply or apply only subject to modifications, that an allowance in the case of such spirits at the rate payable under section three of the Customs and Inland Revenue Act, 1885, or section one of the Revenue Act, 1906, would in the case of such spirits be excessive, the Treasury may direct that the amount of the said allowance shall in the case of such spirits be reduced to such an amount as appears to them to be reasonable in the circumstances of the case.

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*Status: This is the original version (as it was originally enacted).*

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**16 Power to make regulations requiring returns with respect to importation, & c, of certain alcohols**

- (1) The Commissioners may, in so far as it seems to them expedient so to do for the purpose of protecting the revenue arising from the customs or excise duties on spirits, make regulations, requiring importers, manufacturers, sellers or users of propyl, butyl or amyl alcohol, or of any of the isomeric forms of such alcohols, to furnish returns containing such particulars as may be prescribed by the regulations in respect of the importation, manufacture, sale or use by any such persons of any of the said articles, and provision may be made by any such regulations for requiring persons by whom and premises on which any such articles are manufactured to be registered.
- (2) If any person acts in contravention of or fails to comply with any regulation made under this section, he shall in respect of each offence be liable to an excise penalty of ten pounds.

**17 Bottling of spirits in warehouse**

Spirits, whether British or foreign, to be bottled in a warehouse may, instead of being bottled in such bottles and packed in such cases as are allowed by any enactment in force at the commencement of this Act, be bottled in such bottles and packed in such cases as may be allowed by regulations to be made by the Commissioners.

**18 Reduction of betting duty in case of bets made under certain conditions on sporting events**

- (1) Where a person while attending a meeting at which a sporting event is to be decided makes with a bookmaker so attending a bet on any sporting event of the same kind, the betting duty chargeable under Part II of the Finance Act, 1926, in respect of the bet shall be a sum equal to two per centum of the amount paid, or offered or promised to be paid, to or to the order or for the use of the bookmaker.
- (2) In this section the expression " sporting event " means any race, game, match, or any like event.

**19 Paper to be used as material for yarn exempted from duty on wrapping paper**

Where it is proved to the satisfaction of the Commissioners of Customs and Excise that any paper liable to duty under section eleven of the Finance Act, 1926, as being packing or wrapping paper is imported after the date of the passing of this Act, solely for the purpose of being spun into yarn, the Commissioners shall, subject to such conditions (if any) as they think necessary for the safeguarding of the revenue, allow that paper to be imported free of duty or repay any duty paid on importation, as the case may be,

## PART II

### INCOME TAX

#### *Charge of Tax and Miscellaneous*

#### **20 Income tax and super-tax for 1927-28**

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

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

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

Subsection (2) of section one hundred and fifty-seven of the Income Tax Act, 1918 (which provides that in the cases to which that subsection applies income tax shall be payable in two equal instalments), shall cease to have effect so far as it relates to tax chargeable under Schedule A, other than any tax so chargeable in respect of income which is, or is to be treated as, earned income.

#### **22 Amendment as to relief from tax in respect of losses**

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

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

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

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profession or vocation or in respect of that income as they apply for the purpose of computing income tax in respect of the profits or gains or income mentioned in that subsection.

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

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

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

**25 Payment of income tax on certain copyright royalties by deduction**

- (1) Where the usual place of abode of the owner of a copyright is not within the United Kingdom, Rule 21 of the General Rules shall apply to any payment of or on account of any royalties or sums paid periodically for or in respect of that copyright as it applies to annual payments not payable out of profits or gains brought into charge.
- (2) In this section the expression "copyright" does not include a copyright in any dramatic work being a cinematograph production, or in any artistic work being a photograph intended to be used, for the purpose of the exhibition of pictures or other optical effects by means of a cinematograph or other similar apparatus.
- (3) This section shall apply to all payments of or on account of any royalties or sums made on or after the first day of July, nineteen hundred and twenty-seven, for or in respect of any such copyright as aforesaid, and to any payments made between the eleventh day of April, nineteen hundred and twenty-seven, and the said first day of July on account of any such royalties or sums payable in respect of any matter arising on or after the said first day of July.
- (4) In this section the expression "owner of a copyright" includes a person who, notwithstanding that he has assigned a copyright to some other person, is entitled to receive periodical payments in respect of that copyright, and the reference to royalties or sums paid periodically for or in respect of a copyright shall not include royalties or sums paid in respect of copies of works which are shown to the satisfaction of the Special Commissioners to have been exported from the United Kingdom for distribution outside the United Kingdom.
- (5) Rule 23 of the General Rules shall be extended so as to apply to all payments to which this section applies.

**26 Amendment of Rule 21 of General Rules**

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



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

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

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

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

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

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

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

(1) Where in any year of assessment a person sustains a loss in any transaction, whether he was engaged therein solely or in partnership, being a transaction of such a nature that, if any profits had arisen therefrom, he would have been liable to be assessed in respect thereof under Case VI of Schedule D, he may claim that the amount of the loss sustained by him shall, as far as may be, be deducted from or set off against the amount of any profits or gains arising from any transaction in respect of which he is assessed for that year under the said Case VI, and that any portion of the loss for which relief is not so given shall, as far as may be, be carried forward and deducted from or set off against the amount of any profits or gains arising from any transaction in respect of which he is assessed under the said Case VI for any of the six following years of assessment.

(2) In the application of this section to a loss sustained by a partner in a partnership the expression " the amount of any profits or gains arising from any " transaction in respect of which he is assessed " shall be taken to mean in respect of any year such portion

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of the amount on which the partnership is assessed under Case VI in respect of any transaction as he would be required under the Income Tax Acts to include in a return of his total income for that year.

- (3) Any relief under this section by way of the carrying forward of the loss shall be given as far as possible from the first subsequent assessment in respect of any such profits or gains as aforesaid for any year within the said six following years, and, so far as it cannot be so given, then from the next such assessment and so on.
- (4) The provisions of this section shall extend so as to apply to a loss sustained in the year ending on the fifth day of April, nineteen hundred and twenty-seven.

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

- (1) If a person who is assessable to income tax for the year 1927-28 or the year 1928-29 in respect of the profits or gains of a trade, profession or vocation (whether carried on by him solely or in partnership) which, was set up and commenced after the sixth day of April, nineteen hundred and twenty-three, proves—

- (a) that in any year earlier than the year 1926-27, or than the year which would under the provisions of section thirty-four of the Finance Act, 1926, be taken to be the year preceding the year 1927-28, he sustained a loss (to be computed in like manner as profits or gains under the Rules applicable to Cases I and II of Schedule D) in the trade, profession or vocation; and
- (b) that that loss would, if Part IV of the Finance Act, 1926, had not passed, have been taken into account in the period upon the average of which the profits or gains of the trade, profession or vocation would have been calculated for the purposes of the assessment either for the year 1927-28 or for both the said years 1927-28 and 1928-29,

he may claim that an amount equal to one-third of that loss shall, as far as may be and subject to the provisions of this section, be deducted

- (i) from the amount on which he is assessed in respect of the profits or gains of the trade, profession or vocation for the year 1927-28, or
- (ii) both from that amount and from the amount on which he is so assessed for the year 1928-29, if the loss would have been taken into account in the period upon the average of which the profits or gains of the trade, profession or vocation would have been calculated for the purpose of the assessment for that last-mentioned year:

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

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

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

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

Provided that—

- (i) where under the said section thirty-three, as applied by this section, a loss falls to be deducted from or set off against any such income for any year of assessment, the deduction or set off shall be made in the first place against that part, if any, of the income in respect of which the individual has been or is liable to be assessed to tax for that year; and
  - (ii) where any loss, or any part of a loss, falls to be deducted from or set off against any part of the income from which tax was deductible by the company, the individual shall on giving notice in writing to the surveyor not later than twelve months after the end of the year of assessment to which the claim relates, be entitled to claim an appropriate repayment of tax, and the provisions of the Income Tax Acts relating to claims for repayment of tax in respect of any allowance or deduction shall, subject to any necessary modification, apply to claims for repayment under this section.
- (2) This section in its application to the year of assessment in which a business is transferred as aforesaid shall have effect as if for the reference to the year of assessment throughout which the individual is the beneficial owner of the shares and throughout which the company carries on business there were substituted a reference to the period from the date of transfer to the fifth day of April next following.

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

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

#### *Provisions relating to Super-tax*

### **31 Amendment of 12 & 13 Geo. 5 c.17 s.21**

- (1) Subsection (1) of section twenty-one of the Finance Act, 1922, shall have effect as if at the end thereof there were added as a new paragraph the following:—

“For the purpose of this subsection any such sum as is hereinafter described shall be regarded as income available for distribution among the members of the company and not as having been applied or being applicable to the current requirements of the company's business or to such other requirements as may be necessary or advisable for the maintenance and development of that business, that is to say:—

- (a) Any sum expended or applied, or intended to be expended or applied, out of the income of the company, otherwise than in pursuance of an obligation entered into by the company before the fourth day of August, nineteen hundred and fourteen—
  - (i) in or towards payment for the business, undertaking or property which the company was formed to acquire or which was the first business, undertaking or property of a substantial character in fact acquired by the company ; or
  - (ii) in redemption or repayment of any share or loan capital or debt (including any premium on such share or loan capital or debt) issued or incurred in or towards payment for any such business, undertaking or property, or issued or incurred for the purpose of raising money applied or to be applied in or towards payment therefor; or

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- (iii) in meeting any obligations of the company in respect of the acquisition of any such business, undertaking or property:
- (b) Any sum expended or applied, or intended to be expended or applied, in pursuance or in consequence of any fictitious or artificial transaction.”

Provided that the addition to the said section twenty-one of the foregoing new paragraph shall not operate so as to make the said section apply as respects any company unless it appears to the Special Commissioners, not only that income of the company has been or is to be expended or applied for one or more of the purposes mentioned in the said paragraph, but also that the company has not in fact distributed a reasonable part of its actual income in such a manner as to render the amount distributed liable to be included in the statements to be made by the members of the company of their total income for the purposes of super tax.

- (2) Subsection (1) of the said section twenty-one shall have effect as if after the words " apportioned among the members," there were inserted the words " and super-tax shall be assessed and charged under the " provisions of this section in respect of the sum so " apportioned after deducting in the case of each " member any amount which has been distributed to " him by the company in respect of the said year or " period in such manner that the amount distributed " falls to be included in the statement of total income " to be made by that member for the purposes of " super-tax.
- (3) In subsection (6) of the said section twenty-one, for the words from the beginning thereof down to and including the words " beneficial owner of shares in the company " there shall be substituted the following :—

“This section shall apply to any company which is under the control of not more than five persons and which is not a subsidiary company or a company in which the public are substantially interested.

For the purpose of this subsection—

A company shall be deemed to be a subsidiary company if, by reason of the beneficial ownership of shares therein, the control of the company is in the hands of a company not being a company to which the provisions of this section apply, or of two or more companies none of which is a company to which those provisions apply;

A company shall be deemed to be a company in which the public are substantially interested if shares of the company (not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits) carrying not less than twenty-five per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and are at the end of the year or other period for which the accounts of the company have been made up as aforesaid beneficially held by, the public (not including a company to which the provisions of this section apply) and any such shares have in the course of such year or other period been the subject of dealings on a stock exchange in the United Kingdom and the shares have been quoted in the official list of such a stock exchange.

The expression ' company' means a company within the meaning of the Companies (Consolidation) Act, 1908.”

- (4) Where an order has been made or a resolution passed for the winding-up of a company to which the said section twenty-one applies, the income of the company for the period

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from the end of the last year or other period for which accounts of the company have been made up to the date of the order or resolution for winding up shall, for the purposes of the said section, be deemed to be income of that period available for distribution to the members of the company, and, as respects that period and the next preceding year or other preceding period or periods ending within that next preceding year for which accounts have been made up, the said section shall apply as if the words " within "a reasonable time " in subsection (1) of the said section were omitted therefrom.

- (5) Any notice required under the provisions of the said section twenty-one to be served upon a company may, where the company is in liquidation, be served upon the liquidator of the company, and the liquidator shall be responsible for doing all matters or things required to be done by or on behalf of the company, and the liquidator shall be responsible for the due payment of any super-tax payable by or recoverable from the company under the provisions of the said section.
- (6) The income apportioned to a member of a company for the period from the end of the last year or other period for which accounts have been made up to the date of the order or resolution for winding up shall, for the purposes of super-tax, be deemed to have been received by him on the date of that order or resolution.
- (7) The following shall be substituted for paragraph 5 of the First Schedule to the Finance Act, 1922 :—

- “5 (a) Where the Special Commissioners have—
- (i) issued a notice requiring any company to furnish them with particulars under paragraph 4 of this schedule as respects any year or other period; or
  - (ii) given a direction under subsection (1) of section twenty-one of this Act as respects any year or other period in relation to any company to which no such notice has been issued as respects that year or period;
- the directors of the company, if they are of opinion that there has not been and will not be any avoidance of the payment of super-tax through failure to distribute to the members of the company a reasonable part of its income for that year or period, may make a statutory declaration to that effect stating the facts and circumstances upon which their opinion is based ;
- (b) In any case where such a statutory declaration as aforesaid is sent to the Special Commissioners within twenty-eight days of the issue of such a notice or the giving of such a direction as aforesaid the Special Commissioners shall not, unless they see reason to the contrary, take any further action in the matter;
  - (c) If in any such case the Commissioners see reason to the contrary they shall send to the Board of Referees a certificate to that effect, together with the said statutory declaration, and shall at the same time transmit a copy of the certificate and of the statutory declaration to the Commissioners of Inland Revenue;
  - (d) The Commissioners of Inland Revenue may at any time within twenty-eight days after receiving the copy of the certificate and the copy of the statutory declaration submit to" the Board of Referees a counter-statement with reference to the matter;

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- (e) The Board of Referees shall in any such case take into consideration the declaration, and the certificate, and the counter-statement, if any, and shall determine whether there is or is not a prima facie case for proceeding in the matter;
  - (f) The determination of the Board of Referees under this paragraph shall be final and conclusive, and, where the Board of Referees determines that there is a prima, facie case for proceeding, the notice or direction aforesaid shall have effect as if it had been issued or given on the date on which notice of the determination of the Board is given to the company.”
- (8) The following shall be substituted for paragraph 9 of the First Schedule to the Finance Act, 1922—
- “9           The income apportioned to a member of a company so far as assessable and chargeable to super-tax under section twenty-one of this Act shall for the purposes of that tax be deemed to have been received by him on the date to which the accounts of the company for the year or period were made up or, if an application in that behalf is made by the company to the Special Commissioners at any time within the period limited by this Schedule for giving notice of appeal against the direction to the Special Commissioners, on such date as those Commissioners determine to be just, having regard to the dates on which distributions of income have been made by the company, and so as to avoid, as far as possible, the inclusion for the purposes of super-tax for any year of income referable to more than one year.”

### **32       Application of 12 & 13 Geo.5 c.17 s.21 to interconnected companies**

- (1) Where a member of a company (in this section referred to as "the first company"), the income of which for any year or period has been deemed to be the income of its members and has been the subject of an apportionment (in this section referred to as "the original apportionment") under section twenty-one of the Finance Act, 1922, is itself a company (in this section referred to as " the second company ") to which the provisions of that section apply, the excess of the amount so apportioned to the second company over the amount, if any, which has been received by the second company out of the income as aforesaid of the first company in such manner as would, in the case of an individual, render the amount so received liable to be included in the statement of his income for the purposes of supertax, shall for the purposes of the said section be deemed to be income of the members of the second company and shall be apportioned among them in accordance with their respective interests in that company, and the provisions of the said section shall, with any necessary modifications, apply accordingly.
- (2) The second company shall, on being required by notice in writing to that effect given to it by the Special Commissioners, furnish the Commissioners with a statement showing the names and addresses and particulars of the respective interests of all its members as on the last day of the year or other period the income of which formed the subject of the original apportionment, and the income apportioned as aforesaid to the members of the second company shall, for the purposes of supertax, be deemed to have been received by those members on the date on which the income apportioned as aforesaid to the members of the first company is deemed to have been received by them.

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- (3) Any super-tax chargeable by reference to the provisions of the said section twenty-one in respect of the amount of the income of the first company apportioned to any member of the second company shall be assessed upon that member in the name of the first company, and shall, subject to the provisions of the said section as to payment by the member, be payable by the first company, and the provisions of the said section as to the assessment, collection and recovery of super-tax chargeable in respect of the income of a company apportioned to any member thereof shall, with any necessary modifications, apply accordingly.
- (4) Where a member of any such second company as aforesaid is itself a company to which the said section twenty-one applies, the income apportioned to it under the foregoing provisions of this section shall in turn be deemed to be the income of its members and apportioned to them, for purposes of assessment to super-tax, in accordance with their respective interests, and so on successively where any member to whom income of a company has been apportioned is itself a company to which the said section applies, so that successive apportionments shall in like manner be made until the entire amount of the income which was apportioned under the provisions of this section among the members of the second company has been apportioned to persons other than a company to which the said section applies, and the said section shall with any necessary modifications apply to such successive apportionments and to the furnishing of statements and to the assessment, collection and recovery of super-tax in respect of income apportioned thereunder, and, in particular, the date on which any such income is to be deemed to have been received by the member to whom it is apportioned shall be the date mentioned in subsection (2) of this section, and any super-tax which is chargeable in respect of income apportioned to a member being an individual shall be assessed and charged upon that member in the name of the first company.

### **33 Provisions for preventing avoidance of super-tax by sales cum dividend, & c**

- (1) Any individual upon whom notice is served by the Special Commissioners requiring him to furnish a statement of and particulars relating to any assets in which, at any time during the period specified in the notice, he has had any beneficial interest, and in respect of which, within such period, either no income was received by him, or the income received by him was less than the sum to which the income would have amounted, if the income from such assets had accrued from day to day and been apportioned accordingly, shall, whether an assessment to super-tax in respect of his total income has or has not been made for the relevant year or years of assessment, furnish such a statement and such particulars in the form and within the time (not being less than twenty-eight days) required by the notice.
- (2) The Special Commissioners may serve further notices whenever they consider it necessary for the purposes of this section until complete particulars have been furnished to their satisfaction.
- (3) If it appears to the Special Commissioners by reference to all the circumstances in relation to the assets of any such individual (including circumstances with respect to sales, purchases, dealings, contracts, arrangements, transfers, or any other transactions relating to such assets) that the individual has thereby avoided or would avoid more than ten per cent. of the amount of the super-tax for any year which would have been payable in his case if the income from those assets had been deemed to accrue from day to day and had been apportioned accordingly and the income so deemed to have been apportioned to him had been treated as part of his total income from all sources



for the purposes of super-tax, then those assets shall be deemed to be assets to which subsection (4) of this section applies.

- (4) For the purposes of assessment to super-tax in the case of any such individual, the income from any assets to which this subsection applies shall be deemed to accrue from day to day, and in the case of the sale or transfer of any such assets by or to him shall be deemed to have been received as and when it is deemed to have accrued:

Provided that an individual shall not be liable to be assessed to super-tax under this section in respect of any such income if he proves to the satisfaction of the Special Commissioners that the avoidance of supertax was exceptional and not systematic, and that there was not in his case in any of the three next preceding years any such avoidance of super-tax as is described in the provisions of the last preceding subsection.

- (5) If any individual fails to furnish any statement or particulars required under this section, or if the Special Commissioners are not satisfied with any statement or particulars furnished under this section, they may make an estimate of the amount of the income which, under the foregoing provisions of this section, is to be deemed to form part of his total income for the purposes of super-tax.
- (6) If any individual without reasonable excuse fails to furnish any statement or particulars required under this section, he shall be liable to a penalty not exceeding fifty pounds, and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.
- (7) For the purposes of this section, the expression " assets " means—
- (a) stocks or securities entitled to interest or dividend at a fixed rate only, not being stocks or securities the interest or dividend on which is dependent on the earnings of a company; and
  - (b) any other stocks or securities and any shares, if transactions in relation thereto have been effected by the individual otherwise than through a stock exchange in the United Kingdom and by a transfer on which duty has been paid at the rate of one pound per cent. under the heading " Conveyance or Transfer on Sale " in the First Schedule to the Stamp Act, 1891.

#### **34 Relief from super-tax where income attributable to a period exceeding a year is received in a year**

If, on an application made by any individual for the purpose, either at the time of making his return for the purposes of super-tax for any year or within the time limited for appealing against the assessment upon him to super-tax for that year, the applicant proves to the satisfaction of the Special Commissioners—

- (a) that, as respects any assets, in consequence of the operation of the provisions of the Income Tax Acts which require that for purposes of super-tax any income which is chargeable with income tax by way of deduction shall be deemed to be income of the year in which it is receivable, the income from those assets, as estimated for the purposes of super-tax for that year, represents more than the income which would be attributable to a period of one full year if the income were deemed to have accrued from day to day ; and
- (b) that, in consequence, the amount of super-tax payable by him for that year exceeds by more than five per cent. the amount of the supertax which would have been payable by him for that year if the amount of his income from those assets had not exceeded the amount which would be attributable to a period

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of one full year if the income from those assets were deemed to have accrued from day to day;

the Special Commissioners shall charge him to super-tax, or adjust his liability to super-tax, for that year and any succeeding year so as to give such relief as may be just, having regard to all the circumstances and in particular to the amount of any liability or additional liability to super-tax which would have arisen for any preceding year or years if—

- (i) the income from such assets as aforesaid were deemed to have accrued from day to day and to have been apportioned accordingly; and
- (ii) the income so deemed to have been apportioned to him had been treated as part of his total income for the purposes of super-tax.

### **35 Relief from super-tax in case of purchases cum dividend**

If, on an application made by any individual, either at the time of making his return for the purposes of super-tax for any year or within the time limited for appealing against the assessment upon him to super-tax for that year, the applicant proves to the satisfaction of the Special Commissioners that, in consequence of the sale or transfer to him of any assets, the amount of super-tax payable by him for that year exceeds by more than ten per cent. the amount of the super-tax which would have been payable by him for that year if the income from those assets and from any assets sold or transferred by him were deemed to have accrued from day to day, then, for the purposes of any assessment to super-tax in the case of that individual for that year, the income from all such assets as aforesaid shall be deemed to have accrued from day to day and to have been received by him as and when it is deemed to have accrued.

### **36 Supplemental provisions**

- (1) Any income arising in respect of any assets which for any of the purposes of the last three preceding sections of this Act is deemed to have accrued from day to day or which is to be computed as if it were income that accrued from day to day shall—
  - (a) if payable in respect of any stated period, be deemed to have accrued from day to day during that period; and
  - (b) if not payable in respect of any stated period, be deemed to have accrued from day to day during the period of twelve months next preceding the date on which that income was declared payable, or during the period between the last previous declaration of a dividend, (not being a dividend expressed to be an interim dividend in respect of a stated period) payment of interest, or other yield or produce of such asset and the date aforesaid, whichever period is less.
- (2) The provisions of the Income Tax Acts relating to appeals against assessments to super-tax, including the provisions relating to the statement of a case for the opinion of the High Court on a point of law, shall, with any necessary modifications, apply for the purposes of the last three preceding sections of this Act.

### **37 Application of last six preceding sections**

The provisions of the last six preceding sections of this Act shall apply for the purposes of assessment to super-tax for the year 1928-29.

### PART III

#### AMENDMENT WITH RESPECT TO METHOD OF CHARGING ADDITIONAL INCOME TAX ON HIGHER INCOME, BASIS OF ASSESSMENT UNDER SCHEDULE E., &C

#### **38 Charge of income tax at standard rate and at higher rates in respect of income above certain amount**

- (1) Income tax for the year 1928-29 and every subsequent year shall, instead of being charged at a single rate, be charged at a standard rate and, in the case of an individual whose total income from all sources exceeds a stated amount, at a rate or rates exceeding the standard rate in respect of any part or parts of his income in excess of that amount, and where income tax is so charged for any year the following provisions shall have effect, subject to the other provisions of this Part of this Act—
- (a) all such enactments relating to income tax as were in force immediately before the commencement of this Part of this Act shall, in so far as they relate to income tax (not including supertax) have effect as if income tax were charged for that year at the standard rate only, and in the case of an individual whose total income exceeds the stated amount, the amount of the income tax so charged shall, so far as that income tax is borne by him in respect of his income, be deemed to be an instalment at the standard rate of the amount of income tax for which he is chargeable for that year ;
  - (b) where the amount of income tax payable by an individual for that year in respect of his total income is greater than the amount which would have been payable by him in respect thereof if income tax had been chargeable at the standard rate only, the difference between those two amounts (in this Part of this Act referred to as " sur-tax ") shall be computed, assessed, charged, collected and paid as a deferred instalment of income tax according to the provisions of this Part of this Act relating to sur-tax;
- and super-tax shall not be charged for the year 1929-30 or any subsequent year.
- (2) The expression " total income" in relation to any person means the total income of that person from all sources estimated, as the case may be, either in accordance with the provisions of the Income Tax Acts as they apply to income tax chargeable at the standard rate or in accordance with those provisions as they apply to sur-tax.

#### **39 Provisions with respect to income tax chargeable by way of deduction**

- (1) Such of the provisions of the Income Tax Acts as provide that income tax may be deducted from any payment at the rate or rates of tax in force during the period through which the payment was accruing due, or that there may be deducted from any dividend the tax appropriate thereto, or that a proportionate deduction of the tax charged shall be allowed by any person out of any produce or value payable to him, shall have effect as if they provided that tax may be deducted or shall be allowed at the standard rate for the year in which the amount payable becomes due :
- Provided that this subsection shall not—
- (a) apply to the deduction to be made under Rule 1 of No. VIII in Schedule A.; or
  - (b) affect the first proviso to Rule 4 of the said No. VIII relating to deductions in Scotland.
- (2) In estimating under the Income Tax Acts the total income of any person, any income which is chargeable with income tax by way of deduction at the standard rate in force

for any year shall be deemed to be income of that year, and any deductions which are allowable on account of sums payable under deduction of income tax at the standard rate in force for any year out of the property or profits of that person shall be allowed as deductions in respect of that year, notwithstanding that the income or sums, as the case may be, accrued or will accrue in whole or in part before or after that year.

- (3) Where a person is required to be assessed and charged with income tax in respect of any property, profits or gains out of which he makes any payment in respect of any annual interest, annuity or other annual sum, or any royalty or other sum in respect of the user of a patent, he shall, in respect of so much of the property, profits or gains as is equal to the said payment and may be deducted in computing his total income, be charged at the standard rate only.

#### **40 Substitution of reliefs by way of deductions from tax for reliefs by way of deductions from assessable income, & c**

- (1) The enactments set out in Part I of the Fifth Schedule to this Act in so far as they provide for relief from income tax either by means of a deduction from assessable income or from the amount of earned income or from the amount of total income, shall, subject to the amendments specified in the third column of the said Part I, have effect as if they provided for relief from income tax by means of a deduction from the amount of income tax with which any individual is chargeable equal to tax at the standard rate on the amount of the deduction from income to which he would have been entitled under the said provisions:

Provided that the amount of any deduction under this subsection shall be subject to such adjustment as may be proper in any case where relief is given in respect of Dominion income tax.

- (2) Every individual shall, in substitution for the relief under section twenty-three of the Finance Act, 1920, be entitled to have the amount of the income tax which remains chargeable on him in respect of his total income after there has been made any deduction of tax to which he is entitled under subsection (1) of this section reduced by a further deduction equal to one-half of the amount so remaining chargeable or equal to one-half the tax at the standard rate on two hundred and twenty-five pounds, whichever is the less :

Provided that, where an individual has received relief from United Kingdom income tax in respect of Dominion income tax, the deduction to be made under this subsection shall not be less than it would have been if no such relief had been given, but nothing in this subsection shall affect any adjustment required to be made under subsection (3) of section twenty-seven of the Finance Act, 1920 (which provides for an adjustment where relief in respect of Dominion income tax has been allowed in respect of any part of the income of any individual at a rate greater than the rate appropriate to his case).

- (3) Where under the provisions of the Income Tax Acts an individual is entitled to claim relief from income tax (other than relief in respect of life insurance premiums), by repayment or otherwise, in respect of any amount which is paid or borne by him out of his income or which is allowable or may be deducted therefrom, or in respect of any reduction of an assessment relating to his income or any part thereof, or in respect of any adjustment or set off with regard to a loss, and claims that relief for any year of assessment, any relief granted shall not extend so as to make the total income tax paid or payable by that individual for that year less than it would have been if the amount in respect of which relief is claimed had been deducted in computing his total income

for that year and the amount of any other deductions or reliefs to which he is entitled for that year had been determined accordingly.

- (4) Any reference in any provision of the Income Tax Acts to any allowance or deduction which is replaced by a relief under this section shall be construed reference to such last-mentioned relief.

#### **41 Provisions with respect to making and determination of claims**

- (1) A claim for a deduction of tax under the last preceding section of this Act shall be delivered to the surveyor and shall be made in such form as the Commissioners of Inland Revenue may direct.
- (2) Where the surveyor objects to any such claim it shall be heard and determined by the commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of the Income Tax Acts relating to a statement of a case for the opinion of the High Court on a point of law shall apply.
- (3) Subject to the provisions of this section, all the provisions of the Income Tax Acts relating to claims for any allowance or deduction shall, with any necessary modifications, apply to claims to which this section relates:

Provided that nothing in this section shall affect the provisions of section twenty of the Finance Act, 1926 (which relates to the making of claims by certain individuals who are not resident in the United Kingdom).

#### **42 Provisions as to date of payment, assessment, & c of sur-tax**

- (1) Sur-tax shall be due and payable as a deferred instalment of income tax on or before the first day of January next after the end of the year of assessment for which it is payable, except that sur-tax or any part of any sur-tax included in an assessment which is signed and allowed on or after the said first day of January shall be deemed to be due and payable on the day next after the day on which the assessment is signed and allowed.
- (2) Sur-tax shall be assessed and charged by the Special Commissioners, and, notwithstanding anything in the Income Tax Acts providing for the separate assessment of income arising from different sources, shall be assessed and charged in one sum.
- (3) The Special Commissioners may make an assessment or additional assessment in respect of sur-tax during any time within the year of assessment or within the period allowed by the Income Tax Acts for the making of assessments and additional assessments in respect of income tax charged at the standard rate, and section twenty-four of the Finance Act, 1923 (which provides for relief in respect of error or mistake) shall, with any necessary modifications, apply to sur-tax as it applies to tax charged under an assessment under Schedule D.
- (4) Where an assessment to income tax made at the standard rate has under the provisions of the Income Tax Acts become final and conclusive for any year, the assessment shall also be final and conclusive for the purpose of estimating total income for the purpose of sur-tax for that year, and no allowance or adjustment of liability on the ground of diminution of income or loss shall be taken into account in estimating the total income for that purpose, unless that allowance or adjustment has been previously

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made in respect of the income tax charged at the standard rate on an application under the special provisions of the Income Tax Acts relating thereto.

- (5) For the purpose of charging sur-tax, there shall be deducted from the total income of an individual in the service of the Crown abroad, any such sum as the Treasury may allow for expenses which, in their opinion, are necessarily incidental to the discharge of the functions of his office, and for which an allowance has not already been made.
- (6) Relief from United Kingdom income tax in respect of Dominion income tax shall not be taken into account in computing sur-tax, but shall be given from income tax charged or chargeable at the standard rate.
- (7) Assessments in respect of sur-tax shall be subject to appeal to the Special Commissioners except on such matters as under subsection (4) of this section are to be regarded as having been finally and conclusively determined, and all the provisions of the Income Tax Acts relating—
  - (a) to persons who are to be chargeable with income tax at the standard rate and to assessments to such tax;
  - (b) to appeals against such assessments;
  - (c) to the collection and recovery of such tax;
  - (d) to cases to be stated for the opinion of the High Court;
 shall, so far as they are applicable, apply to the charge, assessment, collection and recovery of sur-tax, and the Special Commissioners shall, for the purpose of assessment of sur-tax, have any powers of a surveyor and, for the purpose of the representation of the Crown on any appeal before the Special Commissioners, any person nominated in that behalf by the Commissioners of Inland Revenue shall have the same power at, and upon the determination of, the appeal as a surveyor has at, and upon the determination of, any appeal relating to income tax at the standard rate.
- (8) The Commissioners of Inland Revenue may make regulations for the purpose of carrying into effect the provisions of this Act relating to sur-tax.
- (9) If an application is made for the purpose in such manner and form as may be prescribed by the Commissioners of Inland Revenue, by either a husband or wife, before the sixth day of July in the year next following the year of assessment:—
  - (a) Sur-tax for that year shall be assessed, charged and recovered on the income of the husband and on the income of the wife as if they were not married, and all the provisions of this Act with respect to the assessment, charge and recovery of sur-tax, and the penalties for failure to make a return, shall apply as if they were not married; and
  - (b) The income of the husband and wife shall be treated as one in estimating total income for the purposes of sur-tax, and the amount of sur-tax payable in respect of the total income shall be divided between the husband and wife in proportion to the amounts of their respective incomes and the total amount payable shall not be less than it would have been if an application had not been made under this section.

The Special Commissioners may require returns to be made at any time for the purpose of this subsection.

- (10) Subject to the provisions of this Part of this Act, all the provisions of the Income Tax Acts which are in force as from the date of the commencement of this Part of this Act (other than Part II of the Income Tax Act, 1918), shall, in so far as they relate to super-tax or to any matter or thing touching super-tax, continue to have effect and be

construed as relating also to sur-tax and to any similar matter or thing touching sur-tax, and as if, in the case of any individual liable to sur-tax, a return which he has been required to make under subsection (1) of the next following section of this Act were a return which he had been required to make of his total income for the purposes of super-tax.

#### **43 Power to require returns of income from all sources**

- (1) The provisions of the Income Tax Acts which direct that persons shall prepare and deliver statements of profits or gains shall be extended so as to require any individual upon whom a particular notice is served for that purpose to prepare and deliver within the time limited by such notice a true and correct return in the prescribed form of all the sources of his income and of the amount derived from each source for the year preceding the year of assessment, computed in accordance with the provisions of the Income Tax Acts, as amended by this Act:

Provided that the computation of income shall be made by reference to the year preceding the year of assessment and not- by reference to any other year or period.

- (2) Any particular notice which under the provisions of the Income Tax Acts (including subsection (1) of this section) may be given to any person requiring him to prepare and deliver any such lists, declarations, statements or returns as are required by the Income Tax Acts to be delivered (other than a notice requiring the delivery of a statement of the annual value of lands and tenements for the purposes of assessment under Schedule A or Schedule B) shall be given by the surveyor and not by the assessor, and any list, declaration, statement or return which the person to whom the notice is given is required to make shall be delivered to the surveyor, but nothing in this subsection shall affect the operation of section one hundred and seventeen of the Income Tax Act, 1918 (which relates to the powers of assessors for public departments).
- (3) Any such lists, declarations, statements and returns as are referred to in subsections (1) and (2) of this section shall be in such form as the Commissioners of Inland Revenue shall prescribe, and in prescribing forms under this subsection the Commissioners shall have regard to the desirability of securing, as far as may be possible, that no person shall be required to make more than one return annually of the sources of his income and the amounts derived therefrom.
- (4) Subject to the provisions contained in this section, all the provisions of the Income Tax Acts (including the provisions of any Regulations made under those Acts) relating to the delivery of lists, declarations, statements and returns to the assessor (including the provisions relating to penalties) shall, with any necessary modifications, apply to lists, declarations, statements and returns required by this section to be delivered to the surveyor and any such lists, declarations, statements and returns shall be made available to the General, Additional or Special Commissioners and their respective clerks, and, whenever necessary, to the assessors for the preparation and making of assessments.

#### **44 Special provisions as to returns in connection with sur-tax, & c**

- (1) It shall be the duty of every individual who, for any year of assessment, is chargeable to income tax in respect of any part of his total income at a rate exceeding the standard rate to give notice that he is so chargeable to the Special Commissioners before the thirtieth day of September next following the end of that year.

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- (2) In any case in which it appears to the Special Commissioners that the particulars contained in any return made by any person, whether acting on his own behalf or as representing an incapacitated, non-resident, or deceased person, are insufficient to enable them to assess and charge sur-tax or that any person has failed to make a return, the Special Commissioners may serve upon him, in manner prescribed by regulations under this Part of this Act, a notice requiring him to make a return of his total income or of the total income of the incapacitated, non-resident, or deceased person, as the case may be, and every person so required shall, whether he is or is not chargeable with sur-tax, make such a return in the form and within the time required by the notice.
- (3) If any person fails to make any such return when so required or if the Special Commissioners are not satisfied with any return made by him, they may make an assessment of sur-tax according to the best of their judgment, and if any person, without reasonable excuse, fails to make any such return as aforesaid or give any notice required by subsection (1) of this section, he shall be liable to a penalty not exceeding fifty pounds, and after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the default continues.
- (4) Notwithstanding anything in this Part of this Act, section one hundred and thirty-two of the Income Tax Act, 1918 (which contains provisions against fraudulent practices) shall apply for the purposes of sur-tax as it applies for purposes of income tax at the standard rate, subject to the modification that for the words " the general commissioners for the division in which " he has been charged, or if he has not been charged, " then for any division in which he is chargeable" there shall be substituted the words " the Special Com- " missioners."

#### **45 Basis of assessment for Schedule E, & c**

- (1) Subject to the provisions of this section, Rule 1 of the Rules applicable to Schedule E shall be construed as if for the words " for the year of assessment" there were substituted the words " and shall " be computed on the amount of all such salaries, fees, " wages, perquisites or profits whatsoever therefrom for " the year preceding the year of assessment " :

Provided that nothing in this section shall affect the basis of assessment—

- (a) in any case falling within section seventeen of the Finance Act, 1923, which provides for income tax on leave pay, etc., to be chargeable under Schedule E ; or
  - (b) in the case of any office or employment held or exercised occasionally or intermittently in the United Kingdom by a person who is not continuously resident there; or
  - (c) in the case of the half-yearly assessments on weekly wage earners employed by way of manual labour.
- (2) Any deduction from emoluments allowed under the provisions of the Income Tax Acts for the purpose of computing an assessment to income tax under Schedule E shall be made by reference to the amount paid or borne for the year or portion of the year upon the emoluments of which the computation is made.
  - (3) Any person who was assessed and charged under Schedule E for the year 1927-28 in respect of any office or employment or of any annuity, pension or stipend and was so assessed and charged on the amount of the emoluments for that year shall, on giving notice in writing to the surveyor not later than the thirtieth day of June, nineteen



hundred and twenty-nine, be entitled to require that any assessment under Schedule E for the year 1928-29 in respect of that office or employment or that annuity, pension or stipend shall be reduced to the amount of the emoluments for that last-mentioned year, if that amount is less than the amount of the emoluments of the preceding year, and thereupon the assessment shall be so reduced and any tax overpaid shall be repaid:

Provided that, where an assessment under Schedule E has been reduced for the year 1928-29 under the provisions of this subsection, the assessment under that Schedule for the year 1929-30 in respect of the office or employment or the annuity, pension or stipend shall be made on the amount of the emoluments thereof for that last-mentioned year.

- (4) In the case of income tax chargeable under Schedule E in respect of any office or employment held by any person, or any annuity, pension or stipend to which any person is entitled—
- (i) income tax shall be computed, as respects the year of assessment in which the person first holds the office or employment, or becomes entitled to the annuity, pension or stipend, on the amount of his emoluments for that year;
  - (ii) where the person first held the office or employment, or became entitled to the annuity, pension or stipend, on some day in the year preceding the year of assessment other than the sixth day of April, income tax shall be computed on the amount of the emoluments for the year of assessment;
  - (iii) where the person first held the office or employment, or became entitled to the annuity, pension or stipend, on the sixth day of 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 sixth day of April, he shall be entitled, on giving notice in writing to the surveyor within twelve months after the end of the year of assessment, to require that his emoluments shall be charged on the amount thereof for that year and if the tax charged has been paid, any tax overpaid shall be repaid.
- (5) Where in any year of assessment a person ceases to hold an office or employment or to be entitled to an annuity, pension or stipend chargeable under Schedule E, tax shall be charged for that year on the amount of his emoluments for the period beginning on the sixth day of April in that year and ending on the date of the cessation, and, if tax has been charged otherwise than in accordance with this provision, any tax overpaid shall be repaid, or an additional assessment may be made, as the case may require, and if the emoluments for the year ending on the fifth day of April in the year preceding the year of assessment in which the cessation occurs exceed the amount on which tax has been charged for that preceding year in respect of the office, employment, annuity, pension or stipend, an additional assessment may be made so that tax shall be charged for that preceding year on the amount of the emoluments for the said year ending on the fifth day of April.
- (6) In the case of the death of a person in whose case, if he had not died, tax would, under the provisions of the last preceding subsection, have become chargeable for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators, and shall be a debt due from and payable out of his estate.
- (7) Where any person has ceased to hold an office or employment under a railway company or has ceased to be entitled to any pension paid by a railway company, such part of any tax assessed and charged upon the company under Rule 7 of the Rules applicable to Schedule E in respect of that office, employment or pension as cannot be deducted out of emoluments shall be collected and levied from that person or from his

executors or administrators, as the case may be, as if he or they had been chargeable and charged with the said tax.

- (8) Section twenty-four of the Finance Act, 1923 (which provides for relief in respect of error or mistake), shall apply to tax charged under an assessment to income tax made under Schedule E as it applies to tax charged under an assessment to income tax made under Schedule D.
- (9) Rules 2, 3 and 5 of the Rules applicable to Schedule E shall cease to have effect as regards assessments under that Schedule in the case of which the basis of assessment is affected by this section.
- (10) In this section the expression " emoluments " means all salaries, fees, wages, perquisites or profits or gains whatsoever arising from an office or employment, or the amount of any annuity, pension or stipend, as the case may be.

#### **46 Minor amendments**

The amendments set out in Part II of the Fifth Schedule to this Act, being amendments consequential on the foregoing provisions of this Part of this Act, shall be made in sections twenty-five and twenty-seven of the Finance Act, 1920, and the amendments specified in the second column of Part III of the said Fifth Schedule (which are further consequential amendments or amendments which relate to minor details) shall be made in the provisions of the enactments specified in the first column of that Part of that Schedule.

#### **47 Construction and commencement of Part III and repeal**

- (1) The provisions of the Income Tax Acts shall, in relation to matters dealt with in this Part of this Act, have effect subject to the provisions of this Part of this Act and shall, so far as inconsistent therewith, cease to have effect, and subject as aforesaid this Part of this Act shall be construed as one with the Income Tax Acts.
- (2) The provisions of this Part of this Act shall, except as otherwise expressly provided, come into operation on the sixth day of April, nineteen hundred and twenty-eight, but shall not apply to any duties of income tax or super-tax granted by Parliament before the commencement of this Part of this Act or to any super-tax for the year 1928-29 or to any enactment or matter touching any such duties or any such supertax, and all enactments relating to income tax or super-tax which are in force immediately before the commencement of this Part of this Act shall continue to have effect in relation to any such duties or any such super-tax as if this Part of this Act had not passed, notwithstanding that those enactments are inconsistent with the provisions of or are expressly repealed by this Part of this Act.
- (3) Subject to the provisions of this Act the enactments set out in Part I of the Sixth Schedule to this Act shall be repealed to the extent mentioned in the third column of that Schedule as from the dates respectively mentioned therein.

## PART IV

### MISCELLANEOUS AND GENERAL

#### **48 Amount of New Sinking Fund (1923) for 1926-27**

The amount of the New Sinking Fund (1923) shall, as respects the current financial year, be increased by the sum of fifteen million pounds, and section thirty-two of the Finance Act, 1923, shall, as respects that year, have effect accordingly.

#### **49 Transfer of sum from Road Fund to Exchequer**

There shall, in accordance with the directions of the Treasury, be transferred to the Exchequer from the Road Fund constituted under the Roads Act, 1920, a sum representing the amount of the cash balance and investments which were on the thirty-first day of March, nineteen hundred and twenty-seven, standing to the credit of that fund: Provided that such sum shall not exceed twelve million pounds.

#### **50 Continuance during current financial year of s.58 of 10 and 11 Geo.5 c.18**

Section fifty-eight of the Finance Act, 1920 (which provides that amounts applied out of revenue in paying off debt are to be deemed expenditure within the meaning of sections four and five of the Sinking Fund Act, 1875), shall apply in relation to the current financial year as it applied in relation to the financial year ending on the thirty-first day of March, nineteen hundred and twenty-one.

#### **51 Relief under s. 16 of Finance Act, 1907, in connection with certain settled property to cease**

Section sixteen of the Finance Act, 1907 (which provides that settled property to which subsection (2) of section twelve of the Finance Act, 1900, applies, instead of being aggregated with other property to a limited extent only under the said section twelve, shall, in the case of persons dying on or after the nineteenth day of April, nineteen hundred and seven, be treated as an estate by itself), shall be repealed so far as relates to persons dying after the commencement of this Act:

Provided that, where an interest in expectancy within the meaning of Part I. of the Finance Act, 1894, in any property has before the eleventh day of April, nineteen hundred and twenty-seven, been bona fide sold or mortgaged for full consideration in money or money's worth, then no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would have been payable if this section had not passed, and in the case of a mortgage any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee.

#### **52 Provisions with respect to relief from double taxation in certain cases where succession duty is payable in Northern Ireland**

Where the Commissioners of Inland Revenue are satisfied that, under a settlement of which the forum of administration is in Northern Ireland, succession duty has been paid, or is payable, in Northern Ireland in respect of any settled, personal or movable property by reason of the death of a person dying on or after the twenty-second day of November, nineteen hundred and twenty-one, a sum equal to the amount of that duty

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shall be allowed from the legacy duty or succession duty payable in Great Britain in respect of that property on the same death.

**53 Authorisation of disclosure of information in connection with taxes to officers of Northern Ireland Government**

The obligation as to secrecy imposed by any enactment with regard to any tax placed under the care and management of the Commissioners of Inland Revenue shall not prevent the disclosure by any authorised officer of those Commissioners to any authorised officer of the Government of Northern Ireland of information necessary for the purpose of determining the liability of any person to any tax or the title of any person to repayment or allowance of any tax placed under the care and management of the Ministry of Finance for Northern Ireland.

**54 Amendment of s.12 of Finance Act, 1898**

- (1) Section twelve of the Finance Act, 1898 (which grants an exemption from land tax), shall have effect as if for the words "for that year" where they firstly and secondly occur in the said section as amended by section sixty-three of the Finance Act, 1920, there were substituted the words " for the year ending on " the fifth day of April in the year for which the land " tax is assessed."
- (2) This section shall have effect as respects the year ending on the twenty-fourth day of March, nineteen hundred and twenty-nine, and every subsequent year.

**55 Relief from capital and transfer stamp duty in case of reconstructions or amalgamations of companies**

- (1) If in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any companies it is shown to the satisfaction of the Commissioners of Inland Revenue that there exist the following conditions, that is to say—
  - (a) that a company with limited liability is to be registered, or that since the commencement of this Act a company has been incorporated by letters patent or Act of Parliament, or the nominal share capital of a company has been increased;
  - (b) that the company (in this section referred to as " the transferee company") is to be registered or has been incorporated or has increased its capital with a view to the acquisition either of the undertaking of, or of not less than ninety per cent. of the issued share capital of, any particular existing company;
  - (c) that the consideration for the acquisition (except such part thereof as consists in the transfer to or discharge by the transferee company of liabilities of the existing company) consists as to not less than ninety per cent. thereof—
    - (i) where an undertaking is to be acquired, in the issue of shares in the transferee company to the existing company or to holders of shares in the existing company; or
    - (ii) where shares are to be acquired, in the issue of shares in the transferee company to the holders of shares in the existing company in exchange for the shares held by them in the existing company;
 then, subject to the provisions of this section,—

- (A) The nominal share capital of the transferee company, or the amount by which the capital of the transferee company has been increased, as the case may be, shall, for the purpose of computing the stamp duty chargeable in respect of that capital, be treated as being reduced by either—
- (i) an amount equal to the amount of the share capital of the existing company in respect of which stamp duty has been paid, or, in the case of the acquisition of a part of an undertaking, equal to such proportion of the said share capital as the value of that part of the undertaking bears to the whole value of the undertaking; or
  - (ii) the amount to be credited as paid up on the shares to be issued as such consideration as aforesaid,
- whichever amount is the less; and
- (B) Stamp duty under the heading " Conveyance or Transfer on Sale " in the First Schedule to the Stamp Act, 1891, shall not be chargeable on any instrument made for the purposes of or in connection with the transfer of the undertaking or shares, nor shall any such duty be chargeable under section twelve of the Finance Act, 1895, on a copy of any Act of Parliaments or on any instrument vesting, or relating to the vesting of, the undertaking or shares in the transferee company:

Provided that—

- (a) no such instrument shall be deemed to be duly stamped unless either it is stamped with the duty to which it would but for this section be liable or it has in accordance with the provisions of section twelve of the Stamp Act, 1891, been stamped with a particular stamp denoting either that it is not chargeable with any duty or that it is duly stamped; and
  - (b) in the case of an instrument made for the purposes of or in connection with a transfer to a company within the meaning of the Companies (Consolidation) Act, 1908, the provisions of paragraph (B) of this subsection shall not apply unless the instrument is either—
    - (i) executed within a period of twelve months from the date of the registration of the transferee company or the date of the resolution for the increase of the nominal share capital of the transferee company, as the case may be; or
    - (ii) made for the purpose of effecting a conveyance or transfer in pursuance of an agreement which has been filed, or particulars of which have been filed, with the registrar of companies within the said period of twelve months,
- (2) For the purposes of a claim for exemption under paragraph (B) of subsection (1) of this section, a company which has, in connection with a scheme of reconstruction or amalgamation, issued any unissued share capital shall be treated as if it had increased its nominal share capital.
- (3) A company shall not be deemed to be a particular existing company within the meaning of this section unless it is provided by the memorandum of association of, or the letters patent or Act incorporating, the transferee company that one of the objects for which the company is established is the acquisition of the undertaking of, or shares in, the existing company, or unless it appears from the resolution, Act or other authority for the increase of the capital of the transferee company that the increase is authorised for the purpose of acquiring the undertaking of, or shares in, the existing company.

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- (4) In a case where the undertakings of or shares in two or more companies are to be acquired, the amount of the reduction to be allowed under this section in respect of the stamp duty chargeable in respect of the nominal share capital or the increase of the capital of a company shall be computed separately in relation to each of those companies.
- (5) Where a claim is made for exemption under this section, the Commissioners of Inland Revenue may require the delivery to them of a statutory declaration in such form as they may direct, made in England by a solicitor of the Supreme Court or in Scotland by an enrolled law agent, and of such further evidence, if any, as the Commissioners may reasonably require.
- (6) If—
- (a) where any claim for exemption from duty under this section has been allowed, it is subsequently found that any declaration or other evidence furnished in support of the claim was untrue in any material particular, or that the conditions specified in subsection (1) of this section are not fulfilled in the reconstruction or amalgamation as actually carried out; or
  - (b) where shares in the transferee company have been issued to the existing company in consideration of the acquisition, the existing company within a period of two years from the date, as the case may be, of the registration or incorporation, or of the authority for the increase of the capital, of the transferee company ceases, otherwise than in consequence of reconstruction, amalgamation or liquidation, to be the beneficial owner of the shares so issued to it; or
  - (c) where any such exemption has been allowed in connection with the acquisition by the transferee company of shares in another company, the transferee company within a period of two years from the date of its registration or incorporation or of the authority for the increase of its capital, as the case may be, ceases, otherwise than in consequence of reconstruction, amalgamation or liquidation, to be the beneficial owner of the shares so acquired;
- the exemption shall be deemed not to have been allowed, and an amount equal to the duty remitted shall become payable forthwith, and shall be recoverable from the transferee company as a debt due to His Majesty, together with interest thereon at the rate of five per cent. per annum in the case of duty remitted under paragraph (A) of subsection (1) of this section from the date of the registration or incorporation of the transferee company or the increase of its capital, as the case may be, and in the case of duty remitted under paragraph (B) of the said subsection from the date on which it would have become chargeable if this Act had not passed.
- (7) If in the case of any scheme of reconstruction or amalgamation the Commissioners of Inland Revenue are satisfied that at the proper time for making a claim for exemption from duty under subsection (1) of this section there were in existence all the necessary conditions for such exemption other than the condition that not less than ninety per cent. of the issued share capital of the existing company would be acquired by the transferee company, the Commissioners may, if it is proved to their satisfaction that not less than ninety per cent. of the issued capital of the existing company has under the scheme been acquired within a period of six months from the earlier of the two following dates, that is to say—
- (a) the last day of the period of one month after the first allotment of shares made for the purposes of the acquisition; or

(b) the date on which an invitation was issued to the shareholders of the existing company to accept shares in the transferee company;  
and on production of the instruments on which the duty paid has been impressed, direct repayment to be made of such an amount of duty as would have been remitted if the said condition had been originally fulfilled.

(8) In this section, unless the context otherwise requires—

References to the undertaking of an existing company include references to a part of the undertaking of an existing company :

The expression " shares " includes stock.

## **56 Provision as to stamp duty on powers of attorney**

No instrument chargeable with stamp duty under the heading " Letter or Power of Attorney, and " Commission, Factory, Mandate, or other instrument in " the nature thereof" in the First Schedule to the Stamp Act, 1891, shall be charged with duty more than once by reason only that more persons than one are named in the instrument as donors or donees (whether jointly, severally or otherwise), of the powers thereby conferred or that those powers relate to more than one matter.

## **57 Construction, short title, application and repeal**

- (1) Part I. of this Act so far as it relates to duties of customs shall be construed together with the Customs (Consolidation) Act, 1876, and any Acts amending that Act, and the said Part I. so far as it relates to duties of excise shall be construed together with the Acts which relate to the duties of excise and the management of those duties, and the expression " the Commissioners" in the said Part I. means the Commissioners of Customs and Excise.
- (2) Part II of this Act shall be construed together with the Income Tax Acts.
- (3) Any reference in this Act to any enactment shall be construed as a reference to that enactment as amended by any subsequent enactment, including this Act.
- (4) This Act may be cited as the Finance Act, 1927.
- (5) Such of the provisions as relate to matters with respect to which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.
- (6) The enactments set out in Part II. of the Sixth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.