



# Finance Act 1968

## CHAPTER 44

### FINANCE ACT 1968

#### PART I

##### CUSTOMS AND EXCISE

- 1 Spirits, wine, British wine and tobacco
- 2 Hydrocarbon oils
- 3 Reduction in customs duty on goods from Republic of Ireland and abolition of customs duty on hops etc.
- 4 Duties relating to betting or gaming
- 5 Purchase tax
- 6 Customs control of persons entering or leaving the United Kingdom
- 7 Power to provide, in relation to persons entering the United Kingdom, for reliefs from customs duty and purchase tax and for a simplified computation of duty and tax
- 8 Vehicles excise duty: increase of rates
- 9 Vehicles excise duty: trade licences for vehicle testing
- 10 Continuation of powers under s. 9 of Finance Act 1961

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##### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

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- 12 Surtax rates for 1967-68
- 13 Charge of corporation tax for financial year 1967
- 14 Alterations in personal reliefs
- 15 Aggregation with income of parents of investment, etc income of unmarried infants not regularly working
- 16 Life policies, life annuity contracts and capital redemption policies

- 17 Small maintenance payments
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- 21 Tax consequences of dealings in know-how
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- 23 Stock dividend options
- 24 Shortfall in distributions of close company: amendment as respects time limit for dividends
- 25 Dividends paid out of pre-1966-67 profits
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- SCHEDULE 5 — Enforcement of Duties Relating to Betting or Gaming

### *Protection of officers*

- 1 Where an officer takes any action in pursuance of instructions...

### *Keeping by bookmaker of record of authorised agents*

- 2 (1) The provisions of this paragraph shall apply to a...

### *Form in which books, etc., are to be kept*

- 3 The books, records and accounts kept in pursuance of paragraph...

### *Power for officers to remain on premises*

- 4 Where an officer has entered on any premises, being premises...

### *Penalties*

- 5 Paragraphs 4 to 6 of the said Schedule 1 shall...

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### *Interpretation*

- 6 In this Schedule, the following expressions have the following meanings...

#### SCHEDULE 6 — Amendments to Part I of Schedule 1 to Purchase Tax Act 1963

- 1 For any reference to 11% or 16 ½ % there...
- 2 Except in the following places, namely, Groups 1, 2, 4,...
- 3 In the following places namely, paragraph (b) of Group 1,...
- 4 In Group 14, paragraph (2) of the exemptions shall be...
- 5 In Group 17, for the words " Articles not comprised...
- 6 After Group 19 there shall be inserted the following:— GROUP...
- 7 For Group 24 there shall be substituted the following:— GROUP...
- 8 In Group 30, in paragraph (a), for the words "comprised...
- 9 For Group 31 there shall be substituted the following:— GROUP...
- 10 For Group 32, there shall be substituted the following:— GROUP...

#### SCHEDULE 7 — Vehicles Excise Duty

PART I — RATES OF DUTY SUBSTITUTED FOR RATES IN PART II OF SCHEDULE 1 TO ACT OF 1962

PART II — RATES OF DUTY SUBSTITUTED FOR RATES IN PART II OF SCHEDULE 3 TO ACT OF 1962

PART III — RATES OF DUTY SUBSTITUTED FOR RATES IN PART II OF SCHEDULE 4 TO ACT OF 1962

PART IV — RATES OF DUTY SUBSTITUTED FOR RATES IN PART II OF SCHEDULE 5 TO ACT OF 1962

#### SCHEDULE 8 — Aggregation of infants' investment, etc. income

##### *General rules about aggregation*

- 1 (1) Subject to the provisions of this Schedule, income to...
- 2 Income of an infant falling to be treated as income...

##### *Exclusion of aggregation where infant in legal custody of third party*

- 3 Paragraph 1 above shall not apply to any income so...

##### *Special rules for non-residents*

- 4 (1) Where, in the case of any income falling within...

##### *Provisions as to certain payments involving tax reliefs*

- 5 (1) Where income of an infant for any period is...

##### *Right of parent to recover tax on infant's income*

- 6 (1) Where income of an infant is treated by virtue...

##### *Repayments by parents*

- 7 Where income of an infant is treated as income of...

##### *Loss relief*

- 8 (1) A claim for relief under section 341 of the...

*Duty of trustees to give information*

9 A trustee shall, on being so required in writing by...

*Adopted children*

10 In this Schedule "parent" means, in the case of...

SCHEDULE 9 — Life Policies, Life Annuity Contracts and Capital Redemption Policies

PART I — LIFE POLICIES: QUALIFICATION FOR RELIEF UNDER S.219 OF THE INCOME TAX ACT 1952

*General rules applicable to whole life and term assurances*

1 (1) Subject to the following provisions of this Part of...

*General rules applicable to endowment assurances*

2 (1) Subject to the following provisions of this Part of...

*Special types of policy*

*(i) Friendly Society policies*

3 A policy issued by any friendly society, or branch of...

*(ii) Industrial Assurance policies*

4 (1) A policy issued in the course of an industrial...

*(iii) Family income policies and mortgage protection policies*

5 (1) The following provisions apply to any policy which is...

*Other special provisions*

*(i) Exceptional mortality risk*

6 For the purpose of determining whether any policy is a...

*(ii) Connected policies*

7 Where the terms of any policy provide that it is...

*(iii) Premiums paid out of sums due under previous policies*

8 (1) Where, in the case of a policy under which...

*(iv) Substitutions, variations &c*

9 (1) Where one policy (hereafter referred to as "the...

10 (1) Subject to the provisions of this paragraph, where the...

PART II — PROVISIONS CHARGING TAX ON GAINS

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*Meaning of "chargeable event", and computation of gain arising*

*(i) Life policies*

- 11 (1) Subject to the provisions of this paragraph, in this...  
12 (1) On the happening of a chargeable event in relation...

*(ii) Life annuity contracts*

- 13 (1) Subject to sub-paragraphs (2) and (3) below, in this...  
14 (1) On the happening of a chargeable event in relation...

*(iii) Capital redemption policies*

- 15 (1) Subject to sub-paragraph (2) below, in this Part of...  
16 (1) The provisions of paragraph 12 above, except sub-paragraph (3)...

*Method of charging gain to tax*

- 17 (1) Where, under the preceding provisions of this Schedule, a...

*Relief where gain charged directly to surtax*

- 18 (1) The following provisions of this paragraph shall have effect...

*Right of individual to recover tax from trustees*

- 19 (1) Where an amount is included in an individual's income...

PART III — SUPPLEMENTARY PROVISIONS

*Duty of insurers, etc. to certify qualifying policies,  
and to give information about chargeable events*

- 20 (1) Subject to sub-paragraph (3) below, where a policy of...

*Interpretation*

- 21 In this Schedule "assignment", in relation to Scotland, means...

SCHEDULE 10 — Cash Basis etc.

*Allowable deductions*

- 1 (1) In computing the charge to tax in respect of...  
2 (1) In computing the charge to tax in respect of...

*Transfer of right to receive a payment*

- 3 (1) Subject to sub-paragraph (2) below, in the case of...

*Work in progress*

- 4 (1) It is hereby declared that where work in progress...

*Earned income relief*

- 5 Where an individual is chargeable to tax by virtue of...

*Election for charge to tax at time of discontinuance or change of basis*

- 6 (1) Where any sum chargeable to tax by virtue of...

*Company surtax*

- 7 Subsections (4) and (5) of section 33 of the Finance...

*Partnerships*

- 8 (1) Section 19 of this Act shall apply as follows...

SCHEDULE 11 — Quoted Securities held on 6th April 1965: Election for Pooling at value on that date

- 1 (1) If a person so elects, quoted securities covered by...

*Election by principal company of group*

- 2 (1) In the case of companies which at the relevant...

*Pooling at value on 6th April 1965: exchange of securities etc.*

- 3 (1) Where a person who has made only one of...

*Underwriters*

- 4 No election under this Schedule shall cover quoted securities comprised...

SCHEDULE 12 — Capital Gains

PART I — CAPITAL GAINS TAX AND CORPORATION TAX

*Exemption for tangible movables which are wasting assets*

- 1 (1) Subject to the provisions of this paragraph, no chargeable...

*Exemption for private residences*

- 2 (1) Section 29 of the Finance Act 1965 shall not...

*Replacement of business assets*

- 3 (1) This paragraph has effect as respects Class I of...

*Death of heir of entail or proper liferenter*

- 4 (1) The provisions of Part III of the Finance Act...

*Election for valuation on 6th April 1965*

- 5 (1) An election under paragraph 25(1) of Schedule 6 to...

*Land in Great Britain : election excluding valuation at current use value*

- 6 In section 33(3) of the Finance Act 1967 after "...

*Duration of leases*

- 7 (1) In ascertaining for the purposes of Part III of...

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*Disposal of debts*

8 (1) In paragraph 11 of Schedule 7 to the Finance...

*Government securities issued at a discount*

9 In Schedule 9 to the Finance Act 1965 after the...

*Exclusion of short-term gains accruing to trustees*

10 (1) This paragraph has effect as respects a gain accruing...

*Short-term gains on disposals only partly derived from relevant acquisitions*

11 (1) This paragraph has effect where— (a) after 10th April...

*Exclusion of short-term gains : supplemental*

12 (1) Paragraph 10 above, and sub-paragraphs (2), (3) and (4)...

*Administration: non-resident trading in United Kingdom*

13 The Table at the end of paragraph 1(3) of Schedule...

*Commencement*

14 Except as otherwise provided, this Part of this Schedule has...  
PART II — COMPANIES

*Company amalgamations and reconstructions*

15 (1) Paragraph 7 of Schedule 7 to the Finance Act...

*Transfer of business to a company*

16 Paragraph 8 of Schedule 7 to the Finance Act 1965...

*Dividend-stripping: receipt of dividend by member of a group*

17 (1) This paragraph has effect where section 65(3) of the...

*Company ceasing to be member of a group*

18 (1) If a company (in this paragraph called the chargeable...

*Shares in subsidiary member of a group*

19 (1) This paragraph has effect if a company (in this...

*Loss on disposal of shares etc. attributable to depreciable transaction in a group*

20 (1) This paragraph has effect as respects a disposal after...

*Disposal or acquisition outside a group of companies*

21 (1) In paragraph 4 of Schedule 13 to the Finance...

*Non-resident group of companies*

22 (1) This paragraph has effect for the purposes of section...



*Supplemental*

23 (1) For the purposes of this Part of this Schedule—...

SCHEDULE 13 — Short Term Capital Gains

*Exemption for tangible movables which are wasting assets*

1 (1) Chargeable assets for the purposes of Case VII of...

*Company amalgamations and reconstructions*

2 Paragraph 13(1) of Schedule 9 to the Finance Act 1962...

*Husband and wife dealing in shares, etc.*

3 (1) Where, in the case of a man and his...

*Husband and wife dealing in shares etc.: sale at a loss and reacquisition*

4 (1) Where, in the case of a man and his...

*Construction and commencement*

5 (1) Except as otherwise provided, this Schedule has effect as...

SCHEDULE 14 — Estate Duty : Gifts, etc.

*Substitution of seven years for five years*

1 List of enactments amended Customs and Inland Revenue Act 1881...

*Consequential amendments*

2 (1) In section 38(2)(a) of the Customs and Inland Revenue...

*Benefits from companies*

3 (1) In section 46(2) of the Finance Act 1940 for...

*Surrender of title to benefits from a company : graduation of charge*

4 (1) In section 65(1) of the Finance Act 1960 for...

SCHEDULE 15 — Special Charge: Trusts

*Income out of capital, etc.*

1 (1) The investment income of an individual arising under a...

*Recovery of charge from trustees*

2 (1) If the person originally chargeable has not paid the...

3 (1) If the person originally Chargeable has paid the whole...

4 If at any time after the expiration of thirty days...

5 The amount with which a person answerable for a trust...

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

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*Income derived from another trust*

- 6 (1) This paragraph has effect where all or part of...

*Notice to persons answerable for a trust*

- 7 (1) The person originally chargeable shall not be entitled to...

*Application of trust property in payment of charge*

- 8 (1) The powers of a trustee or tenant for life...

*Foreign trusts*

- 9 (1) If it is shown to the satisfaction of the...

*Limitation of liability of trustees*

- 10 (1) Where on a claim against a trustee or tenant...

*Interpretation*

- 11 (1) The following provisions have effect for the interpretation of...  
12 (1) For the said purposes "the person answerable" for a...  
13 (1) In this Schedule, unless the context otherwise requires— a...

SCHEDULE 16 — Special Charge: Close Companies

*Special apportionments*

- 1 Subject to paragraph 2 below— (a) any apportionment under Part...  
2 (1) In the case of any company—  
3 (1) Notice of any apportionment (including any sub-apportionment) of  
the...

*Recovery of special charge from company*

- 4 (1) This paragraph has effect where the special charge falls...

SCHEDULE 17 — Selective Employment Tax—Areas for Hotel etc. Refund

SCHEDULE 18 — Premium Savings Bonds : New Terms

- 1 Premium Savings Bonds are a Government Security and are eligible...  
2 Premium Saving Bonds (Series B) (hereinafter called Bonds) will be...  
3 The purchaser will be required to fill in an application...  
4 Bonds are not transferable either during the lifetime or on...  
5 There will be a monthly prize fund which will be...  
6 A draw will be held each week to allot from...  
7 A Bond will be eligible for inclusion in the first...  
8 Each £1 unit Bond will have one chance in each...  
9 Notwithstanding the provisions of paragraph 7 above any Bond  
purchased...  
10 The monthly prize fund will be allocated in prizes of...  
11 The serial numbers of Bonds which are allotted prizes will...  
12 All matters relating to the method and conduct of the...  
13 The purchase price of a Bond is repayable in full...  
14 For the purposes of this Prospectus a Bond shall be...

- 15 The Treasury reserve the right by giving not less than...
- 16 If the Treasury give notice under paragraph 15 above to...

SCHEDULE 19 — Social Services Agreement Between Treasury and Ministry of  
Finance for Northern Ireland

SCHEDULE 20 — Repeals

- PART I — CUSTOMS AND EXCISE REPEALS
- PART II — DOUBLE TAXATION RELIEF REPEALS
- PART III — CAPITAL GAINS REPEALS
- PART IV — ESTATE DUTY REPEALS
- PART V — EXCHANGE CONTROL REPEALS
- PART VI — MISCELLANEOUS REPEALS