



# Finance Act 1970

## 1970 CHAPTER 24

### PART I

#### CUSTOMS AND EXCISE

#### **1 Alteration of general betting duty and repeal of betting premises licence duty**

- (1) The general betting duty in respect of any bet made on or after 27th April 1970 shall—
  - (a) if it is an on-course bet, be of an amount equal to 5. per cent, of the amount staked, and
  - (b) if it is not an on-course bet, be of an amount equal to 6. per cent, of the amount staked.
- (2) Where it is shown to the satisfaction of the Commissioners that a bookmaker has laid off the whole or any part of an on-course bet made with him by making an on-course bet (in this subsection called a "hedging" bet), being a dutiable bet made in the course of the same meeting, and on the same contingency, as the first-mentioned bet, and that both the bookmaker making, and the person accepting, the hedging bet have complied with such conditions as the Commissioners think fit to impose for the protection of the revenue, the first-mentioned bet shall, up to the amount staked by the hedging bet, be exempt from general betting duty, and the Commissioners shall remit or repay duty accordingly.

In giving relief under this subsection, in no circumstances may any part of the amount staked by a hedging bet be brought into account more than once.

This subsection applies to bets made on or after 27th April 1970.

- (3) In this section an "on-course bet" means a bet made in the course of a meeting—
  - (a) with a bookmaker present at the meeting, or
  - (b) by means of a totalisator situated on premises forming part of the track,where—
  - (i) the person making the bet (that is to say the person originating the bet and not any agent or intermediary) is present at the meeting, or

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- (ii) the bet is made by a person carrying on a bookmaking business acting as a principal (and not acting as agent for, or on behalf of, some other person).
- (4) For the purposes of this section—
  - (a) "dutiabie bet" means a bet to which section 12(1) of the Finance Act 1966 (application of general betting duty) applies,
  - (b) "meeting" means any occasion on any one day on which events take place on any track,
  - (c) expressions defined by section 15(6) of the Finance Act 1966 shall have the same meanings in this section.
- (5) As from 27th April 1970 section 2(4) of the Finance Act 1969 (betting premises licence for off-course betting) shall cease to have effect.
- (6) On application made to the proper officer in respect of a betting premises licence for a period falling partly after 27th April 1970 the duty paid or payable on the licence shall, subject to subsection (7) below, be repaid or remitted to the following extent—
  - (a) five-twelfths of the duty on the licence, if the period of validity of the licence began before 1st January 1970,
  - (b) five-ninths of the duty on the licence, if the period of validity of the licence began in 1970, but before 1st April 1970,
  - (c) five-sixths of the duty on the licence, if the period of validity of the licence began after 31st March 1970,
 and any amount so repayable shall be paid to the person who is the holder of the licence on 27th April 1970.
- (7) If, under arrangements made by the Commissioners, the holder of a betting premises licence was allowed to pay the duty on the licence by twelve monthly instalments payable on the first day of each month, subsection (6) above shall not apply, but all duty first becoming payable under the arrangements after April 1970 shall be remitted.
- (8) Where subsection (6) or subsection (7) above applies, the amount of any penalty under paragraph 9(a), and the amount of any duty on a licence under paragraph 9(b), of Schedule 8 to the Finance Act 1969 shall be adjusted accordingly.

## **2 Gaming licence duty**

- (1) There shall be charged a duty of excise on a licence (to be known as a gaming licence) authorising the use of premises specified in the licence for the purpose of gaming by way of any game to which this section for the time being applies.
- (2) A gaming licence shall be a licence for the period from 1st October in any year to 31st March in the following year, or from 1st April in any year to 30th September in that year (all dates inclusive).
- (3) The amount of the duty under this section on a gaming licence in respect of any premises shall be determined in accordance with the Table in, and the other provisions of, Schedule 1 to this Act.
- (4) Without prejudice to subsections (5) and (6) of this section, the games to which this section applies are baccarat, punto banco, big six, blackjack, boule, chemin de fer, chuck-a-luck, craps, crown and anchor, faro, faro bank, hazard, poker dice, pontoon, French roulette, American roulette, trente et quarante, vingt-et-un, and wheel of fortune.

- (5) The Treasury may by order made by statutory instrument add to the games mentioned in subsection (4) of this section any game not for the time being mentioned therein if it appears to the Treasury proper so to do for the protection of the revenue, having regard to the character of the game and the circumstances in which it is played; but a statutory instrument containing an order under this subsection shall be laid before the Commons House of Parliament after being made, and the order shall cease to have effect at the end of twenty-eight days after the day on which it was made (but without prejudice to anything previously done under the order or to the making of a new order) unless at some time before the end of those twenty-eight days the order is approved by resolution of that House ; and, in reckoning for the purposes of this subsection any period of twenty-eight days, no account shall be taken of any time during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than four days.
- (6) Any reference in this section or in any order under subsection (5) thereof to a particular game shall be taken to include a reference to any game (by whatever name called) which is essentially similar to that game; and in proceedings relating to the gaming licence duty under the excise Acts an averment in any process that a particular game is essentially similar to another particular game shall, until the contrary is proved, be sufficient evidence that it is so.
- (7) Gaming taking place on any premises at a time when no licence is in force as respects those premises under the Gaming Act 1968 shall not require the authority of a gaming licence under this section.
- (8) Subject to subsection (7) above, all gaming taking place after 30th September 1970 by way of any game to which this section for the time being applies shall require the authority of a gaming licence under this section, and as respects gaming after that date section 13 of the Finance Act 1966 (which is superseded by this section) shall cease to have effect.
- (9) Part II of Schedule 1 to this Act shall have effect for supplementing the provisions of this section (in that Schedule called " the principal section ").
- (10) In this section and in the said Schedule—  
    " gaming " has the same meaning as in the Gaming Act 1968, and  
    " premises " includes any place and any means of transport.

### **3 Gaming machines**

- (1) No more than one gaming machine licence shall be in force at any time as respects the gaming machines on any premises, except that there may be one ordinary gaming machine licence as respects the gaming machines chargeable at the lower rate, and one ordinary gaming machine licence as respects the gaming machines chargeable at the higher rate.
- (2) In accordance with subsection (1) above, in ascertaining whether there has been a contravention of section 5(11) of the Finance Act 1969 (failure to take out appropriate licence) in respect of any premises, two (but not more than two) ordinary gaming machine licences may be taken into account if one relates only to machines chargeable at the lower rate, and the other to machines chargeable at the higher rate, and in other cases only one licence may be taken into account.

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- (3) The proper officer may, in such manner as the Commissioners may direct, and without any additional payment, amend a gaming machine licence by substituting different premises for those in respect of which it is for the time being in force, but—
- (a) this subsection shall not be taken as authorising any amendment affecting the number or descriptions of gaming machines authorised by the licence, and
  - (b) in the case of an ordinary licence, the proper officer must be satisfied that there is no other licence in force as respects the new premises, except where the transfer is of a licence relating only to machines chargeable at the lower rate, or the higher rate, and the licence already in force relates only to machines chargeable at the other rate.
- (4) Section 5(2) of the Finance Act 1969 shall be amended as follows.

For the words from ' a " penny machine "' to the end of the subsection substitute ' a " penny machine " is a gaming machine which, in order to be played once, requires the insertion of—

- (a) a single new penny, or
- (b) a single new halfpenny, or
- (c) a single penny,

and which cannot be played in any other way.'

#### **4 Tobacco substitutes**

- (1) Notwithstanding anything in Part V of the Customs and Excise Act 1952 (which relates to tobacco and, in particular, imposes prohibitions on the manufacture, use, sale and possession of substances resembling tobacco), the Commissioners may make regulations authorising the manufacture of tobacco substitutes and their use in the production of cigarettes, pipe tobacco, cigars and other products intended for smoking or, though not so intended, customarily made from tobacco (all of which products are in the following provisions of this section referred to as " products for smoking " ).
- (2) Subject to the provisions of regulations under this section—
- (a) the duties of excise on tobacco shall be charged on tobacco substitutes manufactured in the United Kingdom as if the substitutes were unmanufactured tobacco;
  - (b) the duties of customs on tobacco shall be charged on the importation of tobacco substitutes as if the substitutes were tobacco; and
  - (c) for the purpose of any enactment relating to drawback on tobacco, tobacco substitutes shall be deemed to be tobacco.
- (3) Regulations under this section may provide that, subject to such exceptions as may be specified in the regulations, no person shall manufacture tobacco substitutes unless he holds a licence for the purpose expiring on such day in each year as may be so specified; and there shall be charged on any such licence a duty of excise of £10.
- (4) Without prejudice to the generality of subsection (1) above, regulations under this section may—
- (a) apply in relation to tobacco substitutes, subject to such modifications as may be specified in the regulations but otherwise as they apply in relation to tobacco, any provisions contained in Part V of the Customs and Excise Act 1952 ;

- (b) regulate the manufacture of tobacco substitutes and prohibit the importation of tobacco substitutes (whether or not forming part of products for smoking) containing any ingredient the use of which in the manufacture of tobacco substitutes is prohibited by the regulations ;
  - (c) contain provisions for the protection of the revenue,  
including provisions corresponding to those which, by virtue of section 177 or section 179 of the said Act of 1952, may be contained in regulations under those sections relating to the manufacture and growing of tobacco;
  - (d) require the deposit of tobacco substitutes in a warehouse in such cases as may be specified in the regulations ;
  - (e) in order to secure a comparable treatment of tobacco and tobacco substitutes for the purposes of duties of customs and excise, provide in such cases as may be so specified for reductions in the amount of duty which would otherwise be payable on tobacco substitutes by virtue of subsection (2) above ; and
  - (f) contain provisions for the exemption, remission or repayment of duty in respect of tobacco substitutes in such cases as may be so specified.
- (5) The Commissioners may by regulations provide that—
- (a) in order to secure that tobacco does not bear a double duty of customs or excise by virtue of any provision made by or under this section, the amount of duty which would otherwise be payable in respect of tobacco shall be reduced in accordance with, and in such cases as may be specified in, the regulations; and
  - (b) where any tobacco refuse or tobacco stalks is or are delivered to a manufacturer of tobacco substitutes, the amount of any drawback payable shall be reduced in accordance with, and in such cases as may be specified in, the regulations.
- (6) Any person contravening or failing to comply with any provision of regulations under this section shall be liable to a penalty of £200, and any article in respect of which, or found on premises in respect of which, the offence was committed shall be liable to forfeiture.
- (7) Subject to subsection (8) below, in this section " tobacco substitutes " means substances (including substances containing or manufactured from tobacco) of a kind which are, or in the opinion of the Commissioners may be, used in substitution wholly or partly for tobacco in the manufacture of products for smoking.
- (8) Notwithstanding anything in subsection (7) above, the following substances are not " tobacco substitutes" for the purposes of this section, namely—
- (a) substances which by virtue of paragraphs (a) to (e) of section 176(1) of the Customs and Excise Act 1952 may be used in manufacturing tobacco ;
  - (b) any substance which, by virtue of the said section 176(1), is permitted by the Commissioners to be used in manufacturing tobacco and which is used in accordance with such conditions and restrictions applicable to that use as may have been imposed under that section; and
  - (c) substances which in the opinion of the Commissioners are intended solely for use in the manufacture of products commonly known as herbal smoking mixtures or herbal cigarettes.

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## 5 Miscellaneous amendments of law relating to customs and excise

The provisions of Schedule 2 to this Act shall have effect, being provisions—

- (a) relating to duties of customs and excise and drawback on tobacco; and
- (b) modifying customs procedures in relation to standing deposits and the use of computers ;

and in that Schedule " the Act of 1952 " means the Customs and Excise Act 1952.

## 6 Angostura bitters

(1) On the importation of the aromatic flavouring essence commonly known, and in this section referred to, as angostura bitters, the Commissioners may, subject to such conditions as they see fit to impose, direct the bitters to be treated for the purposes of section 1 of the Finance Act 1964 (duties of customs and excise on spirits) as not being spirits.

(2) Angostura bitters shall be deemed not to be spirits for the purposes of—

- (a) Part IV of the Customs and Excise Act 1952, other than section 172 of that Act (ascertainment of strength, etc. of spirits); and
- (b) the Licensing (Scotland) Act 1959, the Licensing Act 1964 and any other enactment (whether passed before or after the commencement of this Act) in which " spirits " has the same meaning as in either of those Acts;

and accordingly angostura bitters shall be treated as a non-intoxicating drink for the purposes of the enactments specified in paragraph (b) above.

## 7 Decimal currency: customs and excise

(1) This subsection has effect as respects the enactments specified in subsection (2) below (which mention amounts of money in the old currency the equivalent of which in the new currency consist of or include inconvenient fractions of a new penny).

The Treasury may by order substitute for any amount so mentioned the nearest lesser amount, expressed in the new currency, which appears to them suitable and convenient.

(2) The said enactments are—

Schedule 5 to the Finance Act 1969 and section 181(1) of the Customs and Excise Act 1952 (tobacco; duty, drawback and allowance).

Section 4 of the Finance Act 1951 as amended by section 4 of the Finance Act 1963 (duties on matches).

So much of Schedule 3 to the Finance Act 1969 as relates to wine exceeding 42 degrees proof spirit.

Table 2 in Schedule 1 to the Finance Act 1964 (imported perfumed spirits).

Section 104 of the Customs and Excise Act 1952 (export of British compounded spirits).

(3) An order made under this section shall not have effect from a date earlier than the appointed day.

(4) If and so far as an order made under this section amends any of the rates of drawback in Table 3 in Schedule 5 to the Finance Act 1969 (tobacco), the rate of drawback as so amended shall apply (from the date when the amendment has effect) to all tobacco

on which duty has been paid at the appropriate rate in the said Schedule 5 either as originally enacted, or as amended by an order under this section.

- (5) In section 273(3) of the Customs and Excise Act 1952 (odd fractions of a penny) for the words " a penny " substitute " a new penny ".

This subsection shall come into force on the appointed day, and shall extend to the Isle of Man.

- (6) An order under this section—
- (a) may include such consequential, supplementary or transitional provisions as the Treasury think fit, and
  - (b) may be revoked or varied by a subsequent order.
- (7) An order under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (8) In this section " the appointed day ", " the new currency " and " the old currency " have the meanings given by section 16(1) of the Decimal Currency Act 1969.

## **8 Hover vehicles: relief from duty on oils**

In Schedule 2 to the Finance Act 1966 (application of Customs and Excise Act 1952 to hover vehicles) for paragraph 4(2) substitute—

“(2) Section 204 of the said Act (relief from duty of oils used as fuel for ships in home waters) shall apply as if references to ships included references to hover vehicles; and in that section " pleasure yacht", " voyage ", " reland " and other expressions shall be construed accordingly.”

## **9 Amendments relating to vehicles excise duty etc.**

- (1) In section 6 of the Vehicles (Excise) Act 1962 (in this section referred to as " the 1962 Act") in subsection (1)(g) (which exempts from vehicles excise duty invalid carriages not exceeding six hundredweight unladen) for the word " six " there shall be substituted the word " eight ".
- (2) In section 12(1) of the 1962 Act (vehicles for which trade licences may be issued) after paragraph (ii) there shall be inserted the words “or
- (iii) in the case of a motor trader who is a manufacturer of mechanically propelled vehicles, for all vehicles kept and used by him solely for purposes of conducting research and development in the course of his business as such a manufacturer”.
- (3) In section 12(10) of the 1962 Act, in the definition of " recovery vehicle", which was inserted by paragraph 2 of Part II of Schedule 12 to the Finance Act 1969, for the words from " on which " to " designed primarily " there shall be substituted the words " on which there is mounted, or which is drawing, or which is carrying as part of its equipment, apparatus designed for raising a disabled vehicle wholly or partly from the ground or for drawing a disabled vehicle when so raised, and which is not used ".
- (4) Subject to subsection (5) below, for the purpose of calculating any amount due on or after 15th February 1971 from or to any person under any provision of the 1962

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Act, section 12 of the Finance Act 1967 (additional liability for keeping unlicensed vehicle) or the Vehicle and Driving Licences Act 1969, any fraction of a new penny in that amount shall be disregarded ; and accordingly section 9(3) of the 1962 Act and so much of section 8(3) of the said Act of 1969 as relates to disregarding fractions of a penny shall on that day cease to have effect.

- (5) Subsection (4) above shall not apply for the purpose of calculating any amount due under any provision of section 2(2) or section 12.(5) of the 1962 Act relating to the duty on a vehicle licence or trade licence for a period of less than a year.
- (6) This section shall come into force on 1st September 1970.

## **10 Continuation of powers under section 9 of Finance Act 1961**

The period after which orders of the Treasury made under section 9 of the Finance Act 1961 may not be made or continue in force (which, by section 1(1)(Z>) of the Finance Act 1969, was extended until the end of August 1970) shall extend until the end of August 1971 or such later date as Parliament may hereafter determine.

## **PART II**

### INCOME TAX AND CORPORATION TAX

## **CHAPTER I**

### GENERAL

## **11 Charge of income tax for 1970-71**

- (1) Income tax for the year 1970-71 shall be charged at the standard rate of 41-25 per cent, and, in the case of an individual whose total income exceeds £2,500, at such higher rates in respect of the excess over £2,000 as Parliament may hereafter determine.
- (2) Accordingly, in section 3(1) of the Taxes Act (effect of Act charging tax at a standard rate and, in the case of an individual whose total income exceeds a stated amount, at a higher rate or rates in respect of any part or parts of his income in excess of that amount) the words " in excess of that amount" shall be omitted.

## **12 Surtax rates for 1969-70**

- (1) Subject to subsection (2) below, income tax for the year 1969-70 shall be charged, in the case of an individual whose total income exceeded £2,500, at a rate, for every £1 of each part specified in the following Table of the excess of that income over £2,000, equal to the standard rate for that year plus the additional rate so specified for that part.

TABLE

<i>Part of excess</i>	<i>Additional rate</i>
The first £500	10%
The next £500	12.5%



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<i>Part of excess</i>	<i>Additional rate</i>
The next £1,000	17.5%
The next £1,000	22.5%
The next £1,000	27.5%
The next £2,000	32.5%
The next £2,000	37.5%
The next £2,000	42.5%
The next £3,000	47.5%
The remainder	50%

- (2) An individual whose total income for the year 1969-70 did not exceed £2,681 shall be entitled to have the surtax chargeable by virtue of subsection (1) above reduced to an amount equal to 40 per cent, of the difference between his total income and £2,500.
- (3) By reason of subsection (1) above, in section 2(1) of the Income Tax Act 1952 (effect, for years preceding 1970-71, of Act charging tax at a standard rate and, in the case of an individual whose total income exceeds a stated amount, at a higher rate or rates in respect of any part or parts of his income in excess of that amount), the words " in excess of that amount" shall be omitted.

### **13 Charge of corporation tax for financial year 1969**

Corporation, tax shall be charged for the financial year 1969 at the rate of 45 per cent.

### **14 Alterations of personal reliefs**

- (1) For the year 1970-71 and subsequent years of assessment, Chapter II of Part I of the Taxes Act (personal reliefs) shall have effect subject to the following amendments:—
- (a) in section 8 (married and single relief)—
- in subsection (1)(a) (married), for the reference to £375 there shall be substituted a reference to £465,
  - in subsection (1)(b) (single), for the reference to £255 there shall be substituted a reference to £325,
  - in subsection (2) (wife's earned income relief), for the reference to £255 there shall be substituted a reference to £325, and
  - in subsection (3) (amount of married relief in year of marriage), for the words "reduced by £10 for each month of the year ending before the date of the marriage " there shall be substituted " reduced, for each month of that year ending before the date of the marriage, by one-twelfth of the amount by which it exceeds the sum specified in paragraph (b) of that subsection ".
- (b) section 22 (reduced rate relief) shall cease to have effect, and, in section 5 (introductory), for the reference to sections 6 to 22 there shall be substituted a reference to sections 6 to 21;
- (c) in section 7 (relief for persons over 65 with small incomes)—
- for the references to £425 and £680 (income limits for exemption) there shall be substituted references to £475 and £740,

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- (ii) for the reference to £265 (the excess over those limits beyond which relief by reduction of tax is excluded) there shall be substituted a reference to £255, and
  - (iii) for the reference to nine-twentieths (the fraction governing relief by reduction of tax) there shall be substituted a reference to 50 per cent.;
  - (d) in section 6(2) (relief for small incomes), for the reference to £710 (the income limit for marginal relief) there shall be substituted a reference to £750, and for the reference to one-half (the fraction governing marginal relief) there shall be substituted a reference to 55 per cent.;
  - (e) in section 16 (relief for dependent relative), for the reference in subsection (1) to £245 (lower income limit of dependent relative) there shall be substituted a reference to £260, for the references in subsections (1) and (2) to £320 (the normal higher income limit) there shall be substituted references to £335, and for the reference in subsection (2) to £355 (the higher income limit where the claimant is a woman other than a married woman living with her husband) there shall be substituted a reference to £370 ; and
  - (f) in section 14(1)(a) (additional relief for widows and others in respect of children: relief excluded in the case of a woman who is not a widow unless in full time occupation or totally incapacitated), the words from " except that it does not apply " to " physical or mental infirmity " shall be omitted.
- (2) The amounts of tax deductible or repayable under section 204 of the Taxes Act (pay as you earn) before 6th July 1970 shall be deemed not to have been affected by the provisions of subsection (1) above other than paragraph (e), but this subsection shall not prevent any necessary correction being made on or after that day by adjusting subsequent deductions or repayments under that section, or, if need be, by an assessment.

## **15 Increase in initial allowances for industrial buildings**

- (1) In relation to capital expenditure incurred, at any time within the period beginning on 6th April 1970 and ending on 5th April 1972, on the construction of a building or structure in such circumstances that a person becomes entitled to an initial allowance within the meaning of section 1 of the Capital Allowances Act 1968, for the words " three-twentieths " in subsection (2) of that section (the rate of allowance) there shall be substituted—
- (a) in a case falling within subsection (2) below, the words " two-fifths " ; and
  - (b) in any other case, the words " three-tenths ".
- (2) The higher rate of initial allowance specified in subsection (1)(a) above applies if the building or structure concerned is situated in an area which is a development area or an intermediate area—
- (a) on the date on which the capital expenditure is incurred ; or
  - (b) if the contract under which the capital expenditure is incurred was entered into on or after 6th April 1970, on the date on which that contract was entered into; or if the building or structure concerned is situated in Northern Ireland.
- (3) For the purposes of subsection (2) above—
- " development area " has the same meaning as in Part I of the Local Employment Act 1960; and
  - " intermediate area " has the same meaning as in the Local Employment Act 1970.

- (4) Expenditure shall not be treated for the purposes of this section as having been incurred after the date on which it was in fact incurred by reason only of section 1(6) of the Capital Allowances Act 1968 (expenditure incurred before trade began) or section 5(1) of that Act (purchase of unused buildings and structures).

## **16 Public transport undertakings**

- (1) In computing for any accounting period (whether beginning before or after the commencement of this Act) the profits chargeable to corporation tax of a Passenger Transport Executive or of the London Transport Executive, there shall be left out of account—
- (a) any amounts paid to Passenger Transport Executives in pursuance of precepts issued under section 13 of the Transport Act 1968 ;
  - (b) any grants made to the London Transport Executive by the Greater London Council under section 3(1)(a) of the Transport (London) Act 1969.
- (2) In computing the profit or loss of a Passenger Transport Executive in its trade in the first accounting period ending after 5th April 1970, the Executive shall be treated as having incurred a loss equal to the aggregate of the income tax losses and allowances (as defined in subsection (3) below) of each local authority whose interests in a transport undertaking (in this section referred to in relation to the local authority as "the transferred undertaking ") were transferred to the Executive by virtue of an order under section 17 of the Transport Act 1968; and section 177(1) of the Taxes Act (set-off of losses against trading income in succeeding accounting periods) shall apply accordingly.
- (3) For the purposes of subsection (2) above the income tax losses and allowances of a local authority means the following losses and allowances attributable to the transferred undertaking namely—
- (a) those losses (if any) which were incurred in or before the year 1965-66 in carrying on the undertaking and which, apart from any provision of the Finance Act 1965 (and in particular section 66, which exempted a local authority from income tax and corporation tax) would have been available to the local authority for set-off for tax purposes in the following year of assessment against income arising from the undertaking; and
  - (b) so much of the allowances which by virtue of section 323 of the Income Tax Act 1952 were in the year 1965-66 available as a deduction in charging the profits or gains of the transferred undertaking for that year as, apart from any such provision as is referred to in paragraph (a) above, would have been available as such a deduction in the following year of assessment.
- (4) The provisions of Schedule 3 to this Act shall have effect in consequence of the transfer, under Part III of the Transport (London) Act 1969 of the property, rights, liabilities and functions of the London Transport Board to the London Transport Executive and London Country Bus Services Limited (being the subsidiary of the National Bus Company which is "the designated company " for the purposes of that Act).

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## **17 Interest relief: loans for purchase or improvement of land**

In section 57 of the Taxes Act (loans for purchase or improvement of land) after subsection (3) (restriction of relief on overdraft interest on money applied in improving land) insert—

“(3A) Subsection (3) above shall not apply where the loan is applied in improving land which is—

- (a) farm land or market garden land, or
- (b) woodlands which are managed on a commercial basis and with a view to the realisation of profits,

and in this subsection the definitions of " farm land " and " market garden land " in section 526(5) of this Act shall apply as if references to the United Kingdom included references to the Republic of Ireland”,

and paragraph 9(8) and (9) of Schedule 4 to this Act shall have effect for the purpose of making a corresponding amendment in section 19 of the Finance Act 1969.

## **18 Miscellaneous amendments of income tax and corporation tax law**

Schedule 4 to this Act (which contains amendments of the Taxes Act and of the Capital Allowances Act 1968) shall have effect.

## **CHAPTER II**

### OCCUPATIONAL PENSION SCHEMES

## **19 Conditions for approval of schemes**

(1) The Board shall approve any retirement benefits scheme for the purposes of this Chapter if the scheme satisfies all of the prescribed conditions, that is to say the conditions set out in subsection (2) below, and the conditions as respects benefits in Part I of Schedule 5 to this Act.

(2) The said conditions are—

- (a) that the scheme is bona fide established for the sole purpose of providing relevant benefits in respect of service as an employee (as defined in this Chapter), being benefits payable to, or to the widow, children or dependants or personal representatives of, the employee,
- (b) that the scheme is recognised by the employer and employees to whom it relates, and that every employee who is, or has a right to be, a member of the scheme has been given written particulars of all essential features of the scheme which concern him,
- (c) that there is a person resident in the United Kingdom who will be responsible for the discharge of all duties imposed on the administrator of the scheme under this Chapter,
- (d) that the employer is a contributor to the scheme,
- (e) that the scheme is established in connection with some trade or undertaking carried on in the United Kingdom by a person resident in the United Kingdom,
- (f) that, where the employer is a company, no service of a person, in whatever capacity, rendered by him while he is a controlling director of the company is taken into account for any of the purposes of the scheme,

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- (g) that in no circumstances, whether during the subsistence of the scheme or later, can any amount be paid by way of repayment of an employee's contributions under the scheme.
- (3) If in the opinion of the Board the facts concerning any scheme or its administration cease to warrant the continuance of their approval of the scheme, they may at any time by notice in writing to the administrator withdraw their approval on such grounds, and from such date, as may be specified in the notice.
- (4) Where an alteration has been made in a retirement benefits scheme, the scheme shall, for the purposes of this Chapter, be deemed to have become a new scheme coming into being on the date of the alteration, and accordingly no approval given as respects the scheme before the alteration shall apply after the date of the alteration:  

Provided that this subsection shall not apply to an alteration approved by the Board. "
- (5) For the purpose of determining whether a retirement benefits scheme, so far as it relates to a particular class or description of employees, satisfies or continues to satisfy the prescribed conditions that scheme shall be considered in conjunction with any other retirement benefits scheme or schemes relating to employees of that class or description, and, if those conditions are satisfied in the case of both or all of those schemes taken together, they shall be taken to be satisfied in the case of each of them but otherwise those conditions shall be taken to be satisfied in the case of none of them.
- (6) No approval shall be given as respects any period before 6th April 1970.

## **20 Discretionary approval**

- (1) The Board may, if they think fit, having regard to the facts of a particular case, and subject to such conditions, if any, as they think proper to attach to the approval, approve a retirement benefits scheme for the purposes of this Chapter notwithstanding that it does not satisfy one or more of the prescribed conditions.
- (2) The Board may in particular approve by virtue of this section a scheme—
  - (a) which exceeds the limits imposed by the prescribed conditions as respects benefits for less than 40 years' service, or
  - (b) which exceeds the limits imposed by the prescribed conditions as respects benefits payable on the death of the employee, and in particular which provides a pension for the employee's widow, or
  - (c) which provides for the return in certain contingencies of employees' contributions, or
  - (d) which relates to a trade or undertaking carried on only partly in the United Kingdom, and by a person not resident in the United Kingdom.
- (3) In applying this section to an existing scheme the Board shall exercise their discretion, in such cases as appear to them appropriate, so as—
  - (a) to preserve benefits earned or rights arising out of service before approval under this Chapter or before the date on which section 23 of this Act comes into force, whichever is the earlier, and
  - (b) to preserve any rights to death-in-service benefits conferred by rules of the scheme in force on 26th February 1970.

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

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## **21 Certain approved schemes: exemptions and reliefs**

- (1) This section has effect as respects—
- (a) any approved scheme which is shown to the satisfaction of the Board to be established under irrevocable trusts, or
  - (b) any other approved scheme as respects which the Board, having regard to any special circumstances, direct that this section shall apply,
- and any scheme which is for the time being within paragraph (a) or (b) above is in this Chapter referred to as an " exempt approved scheme ".
- (2) Exemption from income tax shall, on a claim being made in that behalf, be allowed in respect of income derived from investments or deposits if, or to such extent as the Board are satisfied that, it is income from investments or deposits held for the purposes of the scheme.
- (3) Any sum paid by an employer by way of contribution under the scheme shall for the purposes of Case I or II of Schedule D, and of the provisions of Chapter I of Part ) (II of the Taxes Act relating to expenses of management, be allowed to be deducted as an expense, or expense of management, incurred in the chargeable period in which the sum is paid:
- Provided that—
- (a) the amount of an employer's contributions which may be so deducted shall not exceed the amount contributed by him under the scheme in respect of employees in a trade or undertaking in respect of the profits of which the employer is assessable to tax (that is to say United Kingdom income tax or corporation tax),
  - (b) a sum not paid by way of an ordinary annual contribution shall for the purposes of this subsection be treated, as the Board may direct, either as an expense incurred in the chargeable period in which the sum is paid, or as an expense to be spread over such period of years as the Board think proper.
- (4) Any ordinary annual contribution paid under the scheme by an employee shall, in assessing tax under Schedule E, be allowed to be deducted as an expense incurred in the year of assessment in which the contribution is paid.
- (5) Relief shall not be given under section 19 or 20 of the Taxes Act (life assurance premiums and other payments) in respect of any payment in respect of which an allowance can be made under subsection (4) above.
- (6) There shall be exempt from tax chargeable under Case VII of Schedule D any gain accruing to a person from his acquisition and disposal of investments if, or to such extent as the Board are satisfied that, the investments are or were held by him or on his behalf for the purposes of the scheme.
- (7) For the purposes of capital gains tax a gain shall not be a chargeable gain where it accrues to a person on his disposal of investments if, or to such extent as the Board are satisfied that, those investments were held by him or on his behalf for the purposes of the scheme.
- (8) Nothing in this section shall be construed as affording relief in respect of any sums to be brought into account under section 314 of the Taxes Act (pension business of insurance companies).

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- (9) This section has effect only as respects income arising or gains accruing or contributions paid at a time when the scheme is an exempt approved scheme.
- (10) Neither section 208 nor 209 of the Taxes Act (relief for superannuation funds and statutory pension schemes) shall apply as respects an exempt approved scheme, and the said section 208 shall cease to have effect on 6th April 1972 or such later date as the Treasury may by order in a statutory instrument made before 6th April 1972 appoint.
- (11) Neither subsection (1) nor subsection (2) of section 220 of the Taxes Act (which will be superseded by section 23 of this Act) shall apply to an approved scheme.

## **22 Certain statutory schemes: exemptions and reliefs**

- (1) This section has effect as respects any statutory scheme established under a public general Act.
- (2) Any contribution paid under the scheme by any officer or employee shall, in assessing tax under Schedule E, be allowed to be deducted as an expense incurred in the chargeable period for which the contribution is paid and relief shall not be given under section 19 or 20 of the Taxes Act in respect of any contribution allowable as a deduction under this subsection.
- (3) This section has effect subject to section 210 of the Taxes Act (disallowance of contributions for widows' and other pensions).
- (4) This section shall come into force on such date as the Treasury may by order in a statutory instrument appoint.

## **23 Taxation in respect of certain schemes**

- (1) Subject to the provisions of this Chapter, where, pursuant to a retirement benefits scheme, the employer in any year of assessment pays a sum with a view to the provision of any relevant benefits for any employee of that employer, then (whether or not the accrual of the benefits is dependent on any contingency)—
  - (a) the sum paid, if not otherwise chargeable to income tax as income of the employee, shall be deemed for all the purposes of the Income Tax Acts to be income of that employee for that year of assessment and assessable to tax under Schedule E, and
  - (b) where the payment is made under such an insurance or contract as is mentioned in section 19 of the Taxes Act, relief, if not otherwise allowable, shall be given to that employee under the said section 19 in respect of the payment to the extent, if any, to which such relief would have been allowable to him if the payment had been made by him and the insurance or contract under which the payment is made had been made with him.
- (2) Subject to the provisions of this Chapter, where—
  - (a) the circumstances in which any relevant benefits under a retirement benefits scheme are to accrue are not such as will render the benefits assessable to income tax under Schedule E as emoluments of the employee in respect of whom the benefits are paid, and
  - (b) the provision of those benefits is not, or is not fully, secured by the payment of sums by the employer with a view to the provision of those benefits,

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then (whether or not the accrual of the benefits is dependent on any contingency) an amount equal to the cost, estimated in accordance with subsection (3) below, of securing the provision by a third person of the benefits or, as the case may be, of the benefits so far as not already secured by the payment of such sums as are mentioned in subsection (1) above, shall be deemed for all purposes of the Income Tax Acts to be income of the employee for the year or years of assessment specified in the said subsection (3) and assessable to income tax under Schedule E.

- (3) The cost referred to in subsection (2) above shall be estimated either—
- (a) as an annual sum payable in each year of assessment in which the scheme in question is in force or the employee is serving, up to and including the year of assessment in which the benefits accrue or there ceases to be any possibility of the accrual thereof, or
  - (b) as a single sum payable in the year of assessment in which falls the date when the employee acquired the right to the relevant benefits, or the date when he acquired the right to any increase in the relevant benefits,
- as may be more appropriate in the circumstances of the case.
- (4) Where the employer pays any sum as mentioned in subsection (1) above in relation to more than one employee, the sum so paid shall, for the purpose of that subsection, be apportioned among those employees by reference to the separate sums which would have had to be paid to secure the separate benefits to be provided for them respectively, and the part of the sum apportioned to each of them shall be deemed for that purpose to have been paid separately in relation to that one of them.
- (5) Any reference in this section to the provision for an employee of relevant benefits includes a reference to the provision of benefits payable to that employee's wife or widow, children, dependants or personal representatives.
- (6) This section shall come into force on 6th April 1972 or such later date as the Treasury may appoint by order in a statutory instrument made before 6th April 1972, and shall so come into force both for schemes set up before the date so appointed and schemes set up later.

## **24 Exceptions from charge to tax under last preceding section**

- (1) Neither subsection (1) nor subsection (2) of the last preceding section shall apply where the retirement benefits scheme in question is—
- (a) an approved scheme, or
  - (b) a statutory scheme, or
  - (c) a scheme set up by a Government outside the United Kingdom for the benefit, or primarily for the benefit, of its employees.
- (2) Neither subsection (1) nor subsection (2) of the last preceding section shall apply for any year of assessment where, apart from those subsections, the employee is not assessable to tax for that year under Case I or II of Schedule E in respect of the emoluments of his employment.
- (3) Where, in respect of the provision for an employee of any relevant benefits, a sum has been deemed to be income of his by virtue either of subsection (1) or subsection (2) of the last preceding section, and subsequently the employee proves to the satisfaction of the Board that no payment in respect of, or in substitution for, the benefits has been made and that some event has occurred by reason of which no such payment will be



made, and makes application for relief under this subsection within six years from the time when that event occurred, the Board shall give relief in respect of tax on that sum by repayment or otherwise as may be appropriate; and if the employee satisfies the Board as aforesaid in relation to some particular part of the benefits but not the whole thereof, the Board may give such relief as may seem to them just and reasonable.

## **25 Definition of retirement benefits scheme**

- (1) In this Chapter " retirement benefits scheme " means, subject to the provisions of this section, a scheme for the provision of benefits consisting of or including relevant benefits, but does not include any national scheme providing such benefits.
- (2) References in this Chapter to a scheme include references to a deed, agreement, series of agreements, or other arrangements providing for relevant benefits notwithstanding that it or they relates or relate only to—
  - (a) a small number of employees, or to a single employee, or
  - (b) the payment of a pension starting immediately on the making of the arrangements.
- (3) The Board may, if they think fit, treat a retirement benefits scheme relating to employees of two or more different classes or descriptions as being for the purposes of this Chapter two or more separate retirement benefits schemes relating respectively to such one or more of those classes or descriptions of those employees as the Board think fit.
- (4) For the purposes of this section, and of any other provision of this Chapter—
  - (a) employees may be regarded as belonging to different classes or descriptions if they are employed by different employers, and
  - (b) a particular class or description of employee may consist of a single employee, or any number of employees, however small.

## **26 Interpretation and supplemental**

- (1) In this Chapter, except where the context otherwise requires—
  - " administrator " in relation to a retirement benefits scheme means the person or persons resident in the United Kingdom having the management of the scheme;
  - " approved scheme " means a retirement benefits scheme for the time being approved by the Board for the purposes of this Chapter ;
  - " controlling director " means a director of a company, the directors whereof have a controlling interest therein, who is the beneficial owner of, or able either directly or through the medium of other companies or by any other indirect means to control, more than five per cent, of the ordinary share capital of the company;
  - " director " in relation to a company includes—
    - (a) in the case of a company the affairs whereof are managed by a board of directors or similar body, a member of that board or similar body,
    - (b) in the case of a company the affairs whereof are managed by a single director or similar person, that director or person,
    - (c) in the case of a company the affairs whereof are managed by the members themselves, a member of that company, and includes a person who is to be or has been a director;

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" employee "—

- (a) in relation to a company, includes any officer of the company, any director of the company and any other person taking part in the management of the affairs of the company, and
- (b) in relation to any employer, includes a person who is to be or has been an employee, and " employer " and other cognate expressions shall be construed accordingly;

" exempt approved scheme " has the meaning given by section 21(1) of this Act;

" pension " includes annuity ;

" relevant benefits " means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death, or in anticipation of retirement, or, in connection with past service, after retirement or death, or to be given on or in anticipation of or in connection with any change in the nature of the service of the employee in question, except that it does not include any benefit which is to be afforded solely by reason of the disablement by accident of a person occurring during his service or of his death by accident so occurring and for no other reason ;

" service " means service as an employee of the employer in question and other expressions, including " retirement ", shall be construed accordingly ;

" statutory scheme " means a retirement benefits scheme established by or under any enactment—

- (a) the particulars of which are set out in any enactment, or in regulations made under any enactment, or
- (b) which has been approved as an appropriate scheme by a Minister or government department (including a Northern Ireland Minister or government department).

- (2) Any reference in this Chapter to the provision of relevant benefits, or of a pension, for employees of an employer includes a reference to the provision thereof by means of a contract between the administrator or the employer and a third person.
- (3) Schedule 5 to this Act shall have effect for supplementing this Chapter, which is there referred to as the principal Chapter, and that Schedule shall be construed as one with this Chapter.

### PART III

#### MISCELLANEOUS

##### *Capital gains*

#### 27 **Mergers: exemption from charge on company ceasing to be a member of a group**

The following section shall be inserted after section 278 of the Taxes Act (charge to corporation tax on company ceasing to be a member of a group in respect of assets previously acquired by a transfer within the group)—

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**“278A Exemption from charge under s. 278 in the case of certain mergers.**

- (1) Subject to the following provisions of this section, section 278 above shall not apply in a case where—
  - (a) as part of a merger, a company (in this section referred to as " company A ") ceases to be a member of a group of companies (in this section referred to as " the A group "); and
  - (b) it is shown that the merger was carried out for bona fide commercial reasons and that the avoidance of liability to tax was not the main or one of the main purposes of the merger.
- (2) In this section " merger " means an arrangement (which in this section includes a series of arrangements)—
  - (a) whereby one or more companies (in this section referred to as " the acquiring company " or, as the case may be, " the acquiring companies ") none of which is a member of the A group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business which, before the arrangement took effect, was carried on by company A; and
  - (b) whereby one or more members of the A group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business or each of the businesses which, before the arrangement took effect, was carried on either by the acquiring company or acquiring companies or by a company at least 90 per cent, of the ordinary share capital of which was then beneficially owned by two or more of the acquiring companies; and
  - (c) in respect of which the conditions in subsection (4) below are fulfilled.
- (3) For the purposes of subsection (2) above, a member of a group of companies shall be treated as carrying on as one business the activities of that group.
- (4) The conditions referred to in subsection (2)(c) above are—
  - (a) that not less than 25 per cent, by value of each of the interests acquired as mentioned in paragraphs (a) and (b) of subsection (2) above consists of a holding of ordinary share capital, and the remainder of the interest, or as the case may be of each of the interests, acquired as mentioned in the said paragraph (b) consists of a holding of share capital (of any description) or debentures or both; and
  - (b) that the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in subsection (2)(a) above is substantially the same as the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in subsection (2) (b) above; and
  - (c) that the consideration for the acquisition of the interest or interests acquired by the acquiring company or acquiring companies as mentioned in subsection (2)(a) above, disregarding any part of that consideration which is small by comparison with the total, either consists of, or is applied in the acquisition of, or consists partly of and as to the balance is applied in the acquisition of, the interest or interests acquired by members of the A group as mentioned in subsection (2) (b) above ;

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and for the purposes of this subsection the value of an interest shall be determined as at the date of its acquisition.

- (5) Notwithstanding the provisions of section 272(1)(a) above, references in this section to a company include references to a company resident outside the United Kingdom.”

## **28 Extension of class of securities exempt from tax on capital gains**

- (1) For the purpose of section 41 of, and Schedule 18 to, the Finance Act 1969 and of section 270 of the Taxes Act (gilt-edged securities exempt from tax on capital gains: consequential charge on short-term disposals etc. by companies) in the expression "stocks and registered bonds", in each place where it occurs in those provisions, the word "registered" shall be, and shall be deemed always to have been, omitted.
- (2) All such adjustments of tax shall be made, whether by way of discharge or repayment or by way of assessment, as may be required in consequence of this section.

### *Mineral royalties*

## **29 Taxation of mineral royalties**

- (1) Subject to the following provisions of this section, a person resident or ordinarily resident in the United Kingdom who in any year of assessment or accounting period is entitled to receive mineral royalties under a mineral lease or agreement shall be treated—

- (a) for purposes of income tax (including surtax), or as the case may be for purposes of corporation tax on profits exclusive of chargeable gains, as if the total of the mineral royalties receivable by him under that lease or agreement in that year or period and any management expenses available for set-off against those royalties in that year or period were each reduced by one half; and
- (b) for purposes of Part III of the Finance Act 1965, or as the case may be for purposes of corporation tax on chargeable gains, as if there accrued to him in that year or period a chargeable gain equal to the relevant fraction of the total of the mineral royalties receivable by him under that lease or agreement in that year or period;

and this section shall have effect notwithstanding any provision of section 156(1) of the Taxes Act (rent etc. payable in connection with mines, quarries and similar concerns) making the whole of certain kinds of mineral royalties chargeable to tax under Schedule D, but without prejudice to any provision of that section providing for any such royalties to be subject to deduction of income tax under Part II of the Taxes Act.

- (2) For the purposes of subsection (1)(a) above, "management expenses available for set-off" against royalties means—
- (a) where section 158 of the Taxes Act (expenses of owners of mineral rights) applies in respect of the royalties, any sums brought into account under subsection (1) of that section in determining the amount of the repayment of income tax in respect of those royalties or, as the case may be, deductible from those royalties under subsection (2) of that section in computing the income of a company for purposes of corporation tax; and

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- (b) if the royalties are chargeable to tax under Schedule A, any sums deductible under Part III of the Taxes Act as payments made in respect of management of the property concerned, including amounts of betterment levy treated as such payments under paragraph 6 of Schedule 4 to that Act;
- and if neither paragraph (a) nor paragraph (b) above applies, the reference in subsection (1)(a) above to management expenses available for set-off shall be disregarded.
- (3) The relevant fraction referred to in subsection (1)(b) above in relation to the mineral royalties receivable under a mineral lease or agreement—
- (a) shall be one half if betterment levy was not chargeable in respect of the grant of that lease or agreement and has not subsequently become chargeable on any renewal, extension or variation of the mineral lease or agreement ;
- (b) shall be determined in accordance with Part I of Schedule 6 to this Act if, on the last disposition affecting the lease or agreement and giving rise to an assessment to betterment levy, betterment levy was chargeable under Case B within the meaning of Part III of the Land Commission Act 1967; and
- (c) in any other case shall be determined in accordance with regulations made by the Board by statutory instrument, and any such regulations shall secure, so far as practicable, that account is taken of any betterment levy chargeable in respect of a disposition affecting the mineral lease or agreement on a basis comparable with that in the said Part I;
- and notwithstanding anything in the enactments relating to the computation of chargeable gains, the amount of the chargeable gain treated as accruing to any person by virtue of subsection (1)(b) above shall be the whole amount calculated in accordance with that subsection, and accordingly no reduction shall be made on account of expenditure incurred by that person or of any other matter whatsoever.
- (4) Where subsection (1) above applies in relation to mineral royalties receivable under a mineral lease or agreement by a person not chargeable to corporation tax in respect of those royalties, then in so far as the amount of income tax paid, by deduction or otherwise, by him in respect of those mineral royalties in any year of assessment exceeds the amount of income tax, exclusive of surtax, for which he is liable in respect of those royalties by virtue of subsection (1)(a) above.—
- (a) the amount of the excess shall in the first instance be set against the tax for which he is chargeable by virtue of subsection (1)(b) above ; and
- (b) on the making of a claim in that behalf, he shall be entitled to repayment of tax in respect of the balance of that excess.
- (5) The provisions of Part II of Schedule 6 to this Act shall have effect in relation to capital losses which accrue during the currency of a mineral lease or agreement.
- (6) In this section and in Schedule 6 to this Act, references to mineral royalties refer only to royalties receivable on or after 6th April 1970, and the expression " mineral royalties" means so much of any rents, tolls, royalties and other periodical payments in the nature of rent payable under a mineral lease or agreement as relates to the winning and working of minerals; and the Board may by regulations made by statutory instrument—
- (a) provide whether, and to what extent, payments made under a mineral lease or agreement and relating both to the winning and working of minerals and to other matters are to be treated as mineral royalties; and

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- (b) provide for treating the whole of such payments as mineral royalties in cases where the extent to which they relate to matters other than the winning and working of minerals is small.
- (7) In this section and in Schedule 6 to this Act—
- " minerals " means all minerals and substances in or under land which are ordinarily worked for removal by underground or surface working, but excluding water, peat, top-soil and vegetation ; and
  - " mineral lease or agreement " means—
    - (a) a lease, profit a prendre, licence or other agreement conferring a right to win and work minerals in the United Kingdom ;
    - (b) a contract for the sale, or a conveyance, of minerals in or under land in the United Kingdom; and
    - (c) a grant of a right under section 1 of the Mines (Working Facilities and Support) Act 1966, other than an ancillary right within the meaning of that Act.
- (8) A statutory instrument made in the exercise of any power conferred on the Board by this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (9) In the application of this section to Northern Ireland—
- (a) paragraphs (a) to (c) of subsection (3) above shall not apply but the relevant fraction referred to in subsection (1)(b) above shall be one half;
  - (b) references to mineral royalties include references—
    - (i) to periodical payments of compensation under section 29 or section 35 of the Mineral Development Act (Northern Ireland) 1969 or under section 4 of the Petroleum (Production) Act (Northern Ireland) 1964; and
    - (ii) to periodical payments made as mentioned in section 37 of the said Act of 1969 or under section 55(4)(b) of that Act or under section 11 of the said Act of 1964 (payments in respect of minerals to persons entitled to a share of royalties under section 13(3) of the Irish Land Act 1903); and
  - (c) in the application of this section to any such payments as are referred to in paragraph (b) above, subsection (5) above shall be omitted, and references in any other provision of this section to the mineral lease or agreement under which mineral royalties are payable shall be construed as references to the enactment under which the payments are made.

### *Estate duty*

## **30 Rate of interest on estate duty**

- (1) Subject to the provisions of this section, the rate of interest payable under the following enactments namely—
- (a) section 18 of the Finance Act 1896 (general provision for interest on death duties);
  - (b) subsection (3) of section 17 of the Law of Property Act 1925 and subsection (6) of section 73 of the Land Registration Act 1925 (interest on

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death duties becoming immediately payable on a conveyance or disposition of land which overrides the charge for duty), shall, as regards interest accruing after the passing of this Act, be three per cent., instead of two per cent., per annum.

- (2) The Treasury may by order from time to time increase or reduce the rate of interest payable under the enactments referred to in subsection (1) of this section; and any such order may correspondingly increase or reduce the rate of interest payable under any other enactments relating to estate duty.
- (3) The power of the Treasury to make orders under this section shall be exercisable by statutory instrument; and any statutory instrument made by virtue of this section shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

### **31 Minor amendments as to discretionary trusts**

- (1) For the purposes of head (iii) of the substituted section 2(1)(b) (that is, the paragraph substituted by section 36 of the Finance Act 1969 for paragraph (b) of section 2(1) of the Finance Act 1894)—
  - (a) the deceased shall be treated as having benefited as a result of the discretion therein referred to if any of the income with respect to which that discretion was exercisable was paid to him or applied for his benefit; and
  - (b) property shall not be treated as having ceased to be subject to the trust by reason of any payment or application of such income ;and paragraphs (b) to (e) of subsection (3) of section 37 of the Finance Act 1969 shall apply for the purpose of determining whether income was paid or applied as mentioned in paragraph (a) or (b) above as they apply for determining the part of the property to be treated as passing in a case where less than the whole of the income was paid or applied to or for the benefit of the deceased.
- (2) Any reference in paragraph (b) or (c) of the said subsection (3) to a sum paid to or applied for the benefit of a person shall include a reference to property transferred to him or applied for his benefit or, as the context requires, to the value (at the date of the transfer or application) of such property.
- (3) In paragraph 9 of Part II of Schedule 17 to the Finance Act 1969 (relief for charities under the substituted section 2(1)(M), after the words " seven years " there shall be inserted the words " except those occurring in the descriptions of the material period for the purposes of paragraphs (aa), (bb) and (cc) of head (iii) ".
- (4) In paragraph 7 of Part II of Schedule 17 to the Finance Act 1969 (quick succession relief under s. 30 of the Finance Act 1958 in respect of settled property passing under head (iii) or (iv) of the substituted section 2(1)(b)) the words " subsisting at the date of the earlier death " shall be omitted ; and so much of paragraph 3(4) of Schedule 8 to the Finance Act 1958 as excludes relief under the said section 30 by reference to a death after the end of the settlement shall not apply to a case falling within the said paragraph 7.
- (5) No relief shall be allowed under the said section 30 by virtue of the said paragraph 7 in a case where the property passes both on the earlier and on the later death under head (iii) of the substituted section 2(1)(b) and the relevant period (as defined by subsection (3) of section 37 of the Finance Act 1969) is the same in relation to each of those deaths.

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- (6) This section applies (and except as regards any such earlier death as is referred to in the said paragraph 7 applies only) in relation to deaths occurring after 14th April 1970.

### *Stamp duties*

## **32 Abolition of certain stamp duties, and amendments as to rates and other matters**

The provisions of Schedule 7 to this Act shall have effect, being—

- (a) in the case of those in Part I of that Schedule, provisions abolishing, or consequential on the abolition of, certain stamp duties,
- (b) in the case of those in Part II of that Schedule, provisions making general amendments of or in connection with the enactments relating to stamp duties, and
- (c) in the case of those in Part III of that Schedule, special provisions required for the purposes of those enactments in connection with the introduction of the new currency provided for by the Decimal Currency Act 1967.

## **33 Composition by stock exchanges in respect of transfer duty**

- (1) The Commissioners may enter into an agreement with, or with persons acting on behalf of, any recognised stock exchange for the composition, in accordance with the provisions of this section, of the stamp duty chargeable under or by reference to the heading " Conveyance or Transfer on Sale " in Schedule 1 to the Stamp Act 1891 on such instruments as may be specified in the agreement, being instruments executed for the purposes of stock exchange transactions as defined in section 4(1) of the Stock Transfer Act 1963.

In this subsection " recognised stock exchange " means the Stock Exchange, London, and any other stock exchange declared by an order in force under section 4 of the Stock Transfer Act 1963 to be a recognised stock exchange for the purposes of that Act.

- (2) An agreement under this section shall provide—
- (a) for every instrument to which the agreement relates to bear on its face an indication of the amount of stamp duty chargeable thereon,
  - (b) for the issue in respect of every such instrument, by or on behalf of the stock exchange, of a certificate (which may relate to more than one such instrument) to the effect that stamp duty to the amount so indicated has been, or will be, accounted for to the Commissioners,
  - (c) for the delivery to the Commissioners, by or on behalf of the stock exchange, of periodical accounts in respect of instruments to which the agreement relates, giving such particulars with respect thereto as may be specified in the agreement, and
  - (d) for the payment to the Commissioners, by or on behalf of the stock exchange and on the delivery of any such account, of the aggregate amount of the stamp duty chargeable as mentioned in subsection (1) above on instruments to which the agreement relates during the period to which the account relates ;
- and any such agreement may contain such other terms and conditions as the Commissioners think proper.
- (3) For the purposes of any agreement under this section, the form of brokers transfer provided for by section 1(2) of the Stock Transfer Act 1963 may be used in connection



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

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with any transaction notwithstanding that the particulars referred to in that provision could be inserted in the stock transfer there referred to.

- (4) An instrument to which an agreement under this section relates and in respect of which a certificate to the effect mentioned in subsection (2)(b) above has been issued by or on behalf of the stock exchange in question shall be treated for the purposes of the Stamp Act 1891 as stamped with the amount of duty indicated on the face of the instrument.
- (5) A stock exchange or person making default in delivering any account required by an agreement under this section, or in paying any amount in accordance with such an agreement, shall be liable to a fine not exceeding £50 for any day during which the default continues; and, in addition, every amount payable under such an agreement shall bear interest at the rate of 5 per cent, per annum, recoverable by Her Majesty, from the due date for delivery of the account by reference to which it is payable until the actual date of payment.
- (6) Except in so far as the context otherwise requires, any reference to a stamp in section 9 or 10 of the Stamp Duties Management Act 1891 (allowances for spoiled stamps) shall include a reference to any indication of an amount of stamp duty on the face of any instrument to which an agreement under this section relates.

#### *Other provisions*

### **34 Savings banks interest rates**

- (1) The Treasury may by order made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of either House of Parliament, increase—
  - (a) the rate specified in section 5 of the Post Office Savings Bank Act 1954 of the interest payable to depositors in the National Savings Bank in respect of ordinary deposits;
  - (b) the maximum rate specified in section 15 of the Trustee Savings Banks Act 1969 of the interest payable to depositors by the trustees of a trustee savings bank in respect of ordinary deposits ;
  - (c) the maximum rate specified in section 414(3)(a) of the Income and Corporation Taxes Act 1970 for the interest payable on deposits in a savings bank maintained under a local Act for the Treasury to certify a bank or department for the purposes of that section;and any order made under this section may be varied or revoked by a subsequent order so made (but not so as to reduce any rate specified in any of the said enactments below the figure at which it stood when this Act was passed).
- (2) An order under subsection (1)(a) above, so far as it relates to interest for a period before 1st January 1972, may be made so as to apply only as respects deposits in accounts not closed before that date, or so as to make different provision for such deposits, and other deposits.
- (3) In section 34(2) of the Trustee Savings Bank Act 1969 the words " and not exceeding £3 13s. Od. per cent, per annum " (limit on rate of interest payable by Fund for the Banks for Savings) shall cease to have effect.
- (4) This section, and the repeal made by this Act in the said section 34(2), shall extend to the Isle of Man and the Channel Islands.

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

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### **35 Loans to Government of Northern Ireland**

- (1) For the purposes of any expenditure which in the opinion of the Treasury is of a capital nature the Treasury may issue out of the National Loans Fund and advance to the Exchequer of Northern Ireland by way of loan any sum or sums not exceeding in the aggregate the limit specified in subsection (2) below.
- (2) Until an order is made under this subsection the limit referred to in subsection (1) above is £50 million, but the Treasury may, on not more than three occasions, by order made by statutory instrument increase or further increase that limit by such sum, not exceeding £50 million, as may be specified in the order.
- (3) The Treasury shall not make an order under subsection (2) above unless a draft of the order has been approved by a resolution of the Commons House of Parliament.
- (4) Loans made under subsection (1) above shall be repaid at such times and by such methods, and interest thereon shall be paid at such rates and at such times, as may from time to time be determined by the Treasury ; and all sums paid in or towards the discharge of the principal of or interest on any such loans shall be paid into the National Loans Fund.
- (5) After the commencement of this Act no further advances shall be made under section 2 of the Miscellaneous Financial Provisions Act 1950 (which, as amended by section 57 of the Finance Act 1969, provides for loans to the Government of Northern Ireland subject to a limit of £170 million on the total amount outstanding by way of principal).

### **36 Citation, interpretation, construction, extent and repeals**

- (1) This Act may be cited as the Finance Act 1970.
- (2) In this Act—
  - (a) except where the context otherwise requires, " the Board " means the Commissioners of Inland Revenue,
  - (b) " the Taxes Act" means the Income and Corporation Taxes Act 1970,
  - (c) " the Management Act " means the Taxes Management Act 1970.
- (3) Part I of this Act (except section 9) shall be construed as one with the Customs and Excise Act 1952.
- (4) Part II of this Act, so far as it relates to income tax, shall be construed as one with the Income Tax Acts and, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts.
- (5) Part III of this Act, so far as it relates to stamp duties, shall be construed as one with the Stamp Act 1891.
- (6) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment, including this Act.
- (7) Except as otherwise expressly provided such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.
- (8) The enactments mentioned in Schedule 8 to this Act (which include enactments which are spent or otherwise unnecessary) are hereby repealed to the extent mentioned in the

third column of that Schedule, but subject to any provision in relation thereto made at the end of any Part of that Schedule.