

SCHEDULES

SCHEDULE 6

AMENDMENTS CONSEQUENTIAL ON NEW METHOD OF CHARGING TAX

PART I

AMENDMENT OF INCOME AND CORPORATION TAXES ACT 1970

1 The Income and Corporation Taxes Act 1970 shall be amended in accordance with the following provisions of this Part of this Schedule.

2 For section 3 there shall be substituted the following section:—

“3 Charge at basic rate of certain income deducted from total income.

Where a person is required to be assessed and charged with income tax in respect of any property, profits or gains out of which he makes any payment in respect of—

- (a) any annuity or other annual payment (not being interest); or
- (b) any royalty or other sum in respect of the user of a patent; or
- (c) any rent, royalty or other payment which, by section 156 or 157 of this Act (mining etc., rents and royalties) is declared to be subject to deduction of tax under Part II of this Act as if it were a royalty or other sum paid in respect of a patent;

he shall, in respect of so much of the property, profits or gains as is equal to the payment and may be deducted in computing his total income, be charged at the basic rate.”

3 In section 4 in subsection (1) the words “other than surtax” shall be omitted and for subsection (3) there shall be substituted the following subsection:—

“(3) Except as otherwise provided by the Income Tax Acts, any income tax charged at a rate other than the basic rate on income from which income tax has been deducted (otherwise than under section 204 of this Act) or is treated as having been deducted shall be due and payable on or before 6th July following the end of the year for which it is assessed, except that any such tax included in an assessment made later than 6th June following the end of that year shall be due and payable at the expiration of thirty days from the issue of the notice of assessment.”

4 In section 5 for the words “6 to 21 ” there shall be substituted the words “7 to 21 ”.

5 In section 8—

- (a) in subsection (1)(a) for the words following sub-paragraph (ii) there shall be substituted the words “to a deduction of £600 from his total income ”;
- (b) in subsection (1)(b) for the words from “from ” to the end there shall be substituted the words “of £420 from his total income ”;

- (c) in subsection (2) for the words from “by an amount” to “£325” there shall be substituted the words “by the amount of that earned income or by £420”.
- 6 In section 10—
- (a) in subsection (1) for the words from “the amount” to “standard rate on ” there shall be substituted the words “his total income of ”;
- (b) in subsection (3)(a) for “£205 ” there shall be substituted “£265 ”.
- (c) in subsection (3)(b) for “£180” there shall be substituted “£235 ”, and
- (d) in subsection (3)(c) for “£155 ” there shall be substituted “£200 ”.
- 7 In section 12(1)—
- (a) for the words from “from the amount” to “£75 ” there shall be substituted the words “of £100 from his total income ”, and
- (b) in paragraph (iii) of the proviso the words “of tax ” shall be omitted.
- 8 In section 13 for the words from “from the amount” to the end there shall be substituted the words “of £100 from his total income ”.
- 9 In section 14—
- (a) in subsection (2) for the words from “from the amount” to the end there shall be substituted the words “of £130 from his total income ”;
- (b) in subsection (3) for “£100” there shall be substituted “£130 ”.
- 10 In section 16—
- (a) in subsection (1) for “£387” there shall be substituted “£412 ” and for the words from “from the amount” to “on £75 ” there shall be substituted the words “of £100 from his total income ”;
- (b) for “£75 ” wherever it occurs in the proviso to subsection (1) or in subsections (2) and (3) there shall be substituted “£100 ”;
- (c) in subsection (2) for “£387” there shall be substituted “£412 ”, for “£422” there shall be substituted “£457 ” and for “£110 ” there shall be substituted “£145 ”.
- 11 In section 17 for the words from “from the amount” to “£40 ” there shall be substituted the words “of £55 from his total income ”.
- 12 In section 18—
- (a) in subsection (1) the words “seven-ninths of”, in the first place where they occur, shall be omitted and for the words from “from the amount ” to “seven-ninths of ” there shall be substituted the words “from his total income equal to £130 reduced by ”;
- (b) in subsection (2) the words “seven-ninths of” in the first place where they occur shall be omitted and for the words from “from the amount ” to “seven-ninths of ” there shall be substituted the words “from his total income of £260 reduced by ”;
- (c) in subsection (4)(b) for “£100 ”, in both places, there shall be substituted “£130 ”;
- (d) in subsection (4)(c) for “£200 ”, in both places, there shall be substituted “£260 ”.
- 13 In section 30—
- (a) in subsection (1) the words from “whether an assessment” to “years of assessment” shall be omitted ;

- (b) in subsection (3) for the words “the amount of the surtax for any year which would have been payable in his case ” there shall be substituted the words “what would have been his excess liability for any year ” and the words “for the purposes of surtax ” shall be omitted ;
- (c) at the end of subsection (3) there shall be added the words " In this subsection ' excess liability' means the excess of liability to income tax over what it would be if all income tax were charged at the basic rate to the exclusion of any other rate ";
- (d) in subsection (4) for the words from the beginning to “such individual” there shall be substituted the words “For the purpose of assessing any individual to tax in pursuance of this section ” for the words “assessed to surtax ” there shall be substituted the words “assessed to tax ” and for the words “avoidance of surtax ” (in both places) there shall be substituted the words “avoidance of tax ”;
- (e) in subsection (5) the words “for the purposes of surtax ” shall be omitted.
- 14 In section 33(1) and (2) for the words “sections 30 to 32 ” there shall be substituted the words “section 30 ”.
- 15 In section 34(1) for the words following the paragraphs and preceding the proviso there shall be substituted the words " the said sum shall be treated for the purpose of computing the said individual's total income as received by him after deduction of income tax from a corresponding gross amount; and—
- (i) no assessment shall be made on the individual in respect of income tax at the basic rate on that amount but he shall be treated as having paid income tax at the basic rate on that amount or, if his total income is reduced by any deductions, on so much of that amount as is part of his total income as so reduced ;
- (ii) no repayment shall be made of income tax treated by virtue of paragraph (i) above as having been paid ; and
- (iii) the said amount shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax."
- 16 In section 36—
- (a) in subsection (1) for the word “surtax” there shall be substituted the words “the excess amount of the income tax ” and at the end of the subsection there shall be added the words " In this section ' the excess amount' means so much of the income tax payable in respect of the beneficiary's income as exceeds what would be the amount thereof if all income tax were chargeable at the basic rate to the exclusion of any other rate ";
- (b) in subsection (2) for the words “any surtax ” there shall be substituted the words “the whole or part of the excess amount of the income tax ” and for the words “the said surtax ” (in both places) there shall be substituted the words “the excess amount or any part thereof ”;
- (c) in subsection (3) for the words “the said surtax” there shall be substituted the words “the excess amount or any part thereof ”;
- (d) in subsection (4) for the word “surtax ” there shall be substituted the word “tax ”.
- 17 In section 37 subsection (5) shall be omitted and for subsection (3) there shall be substituted the following subsection:—

“(3) Any deduction from a man's total income made under section 8(2) of this Act shall be treated as first reducing the earned income of his wife.”

18 In section 38 the following shall be substituted for subsection (2):—

“(2) Notwithstanding an application under subsection (1) above the income of the husband and the wife shall be treated as one in estimating total income and in determining whether any or what amount of that income is chargeable as investment income ; and the amount of tax payable by each of them shall be ascertained by first dividing between them, in proportion to the amounts of their respective incomes, the amount that would be payable by them if no reliefs were given under Chapter II of this Part of this Act and then applying section 39 below to give effect to those reliefs.”

19 In section 39—

- (a) in subsection (1) the words “other than surtax ” and paragraphs (a) and (b) shall be omitted ;
- (b) in subsection (1)(e) for the words from “if” to the end there shall be substituted the words “if no personal reliefs had been allowable ”.
- (c) in the proviso to subsection (1) for the words from “paragraphs (a) to (e) ” to “reduce ” there shall be substituted the words “paragraphs (c) to (e) above shall not be less than the reduction resulting from section 37(3) above in ”;
- (d) in subsection (2) the words “(other than surtax)” (in both places) shall be omitted ; and
- (e) subsection (4) shall be omitted.

20 In section 52—

- (a) paragraph (a) of subsection (1) shall be omitted ;
- (b) in paragraph (c) of that subsection the words from “at the standard rate ” to “due ” shall be omitted ;
- (c) at the end of that subsection there shall be added the words “and
 - (e) the deduction shall be treated as income tax paid by the person to whom the payment is made”; and
- (d) in subsection (2) the words after “income tax thereon ” shall be omitted.

21 In section 53—

- (a) in subsection (1) the words after “income tax thereon” shall be omitted, and
- (b) in subsection (2) for the words “standard rate ” there shall be substituted the words “basic rate ”.

22 In section 54(1) for the words following “income tax thereon ” there shall be substituted the words “for the year in which the payment is made ”.

23 In section 58(9)(b)(ii) for the words “for the purposes of surtax ” there shall be substituted the words “for the purpose of computing total income ”.

24 In section 188(1)(b) for the word “surtax ” there shall be substituted the word “tax ”.

25 In section 204—

- (a) in the proviso to subsection (2) for the words “standard rate ” there shall be substituted the words “basic rate or other rates ”;
- (b) in subsection (3) the words “other than surtax ” shall be omitted.

26 In section 227(5) the words “at the standard rate ” shall be omitted.

- 27 In section 232—
- (a) in subsection (1), in paragraph 2 of Schedule F, the words “thereon at the standard rate ” shall be omitted ;
 - (b) in subsection (2) for the words “standard rate ” there shall be substituted the words “basic rate ”.
- 28 In section 234(3), in the definition of “preference shares ” for the words “standard rate” there shall be substituted the words “basic rate ”.
- 29 In section 282(2) for the words from “amount falling” to “company ” there shall be substituted the words " amount of the company's income to be apportioned under this Chapter for the purposes of computing total income ".
- 30 In section 285(6)(b), for the words “for the purposes of surtax ” there shall be substituted the words “for the purpose of computing total income ”.
- 31 In section 286—
- (a) in subsection (6) the words from “at the standard rate” to “the standard rate” shall be omitted and at the end there shall be inserted the words “is equal to that amount ”;
 - (b) in subsection (7) the words “for the purposes of surtax” shall be omitted.
- 32 (1) In section 287(1) for the words from “the person ” to the end there shall be substituted the following words: " then,—
- (a) for the purpose of computing the total income of the person to whom the loan or advance was made a sum equal to the amount so released or written off shall be treated as income received by him after deduction of income tax from a corresponding gross amount;
 - (b) no repayment of income tax shall be made in respect of that income and no assessment shall be made on him in respect of income tax at the basic rate on that income ;
 - (c) notwithstanding paragraph (a) above, the income included by virtue of that paragraph in his total income shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax ;
 - (d) for the purpose of determining whether any or what amount of tax is, by virtue of paragraph (a) above, to be taken into account as having been deducted from a gross amount in the case of an individual whose total income is reduced by any deductions so much only of that gross amount shall be taken into account as is part of his total income as so reduced."
- (2) In section 287(2) the words “as regards surtax” shall be omitted and at the end there shall be added the words “and subsection (1) above shall apply accordingly with the necessary modifications ”.
- 33 (1) In section 288(1)—
- (a) for the word “surtax ” in both places there shall be substituted the words “income tax ”, and
 - (b) for the words “standard rate ” there shall be substituted the words “basic rate ”.
- 34 In section 296—
- (a) in subsection (1) for the words “for the purposes of surtax ” there shall be substituted the words “for the purpose of computing total income ”;
 - (b) in subsection (2) the words “for surtax ” shall be omitted.

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

- 35 (1) Section 297 shall be amended as follows.
- (2) In subsection (1) for the word “surtax ” there shall be substituted the words “income tax ”.
- (3) For subsection (2) there shall be substituted the following subsection:—
- “(2) Where a sum is so apportioned to a participator—
- (a) it shall be treated for the purpose of computing his total income as income received by him at the end of the accounting period to which the apportionment relates and, subject to section 529 of this Act, shall be deemed to be the highest part of his total income;
- (b) no assessment shall be made on the participator in respect of income tax at the basic rate on that sum (nor, in the case mentioned in subsection (4) below, in respect of income tax at any other rate) but he shall be treated as having paid income tax at the basic rate on that sum or, if his total income is reduced by any deductions, on so much of that sum as is part of his total income as so reduced ;
- (c) no repayment shall be made of the income tax treated by virtue of paragraph (b) above as having been paid ; and
- (d) the sum so apportioned shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax.”
- (4) For subsection (3) there shall be substituted the following subsection:—
- “(3) Where an amount is so apportioned to the personal representatives of a deceased person it shall be treated, in ascertaining the aggregate income of the estate for the purposes of Part XV of this Act, as having been received as mentioned in paragraph (a) of subsection (2) above, and paragraphs (b) to (d) of that subsection shall apply accordingly with the necessary modifications”.
- (5) In subsection (4) for the words “charged to surtax” there shall be substituted the words “assessed to income tax ” and for the words “on which he is so chargeable ” there shall be substituted the words “to which he is so assessable ”.
- (6) In subsection (5) for the word “surtax ”, where it first occurs, there shall be substituted the words “income tax ” and for the words from “relating to surtax” to the end there shall be substituted the words " relating to assessments and the collection and recovery of tax shall, with any necessary modifications, apply to tax chargeable under this section. "
- (7) In subsection (6), for the word “surtax ” (in both places) there shall be substituted the word “tax ”, for the words “1st January in the year next following ” there shall be substituted the words “6th July next following the end of ” and for the words “2nd January in the year next following ” there shall be substituted the words “7th July next following the end of ”.
- (8) In subsection (8)—
- (a) for the word “surtax ” where it occurs in paragraph (a), there shall be substituted the word “tax ”, and
- (b) the words “for the purposes of surtax ” shall be omitted.
- (9) In subsection (9) for the word “surtax ” there shall be substituted the word “tax ”.

- 36 In section 298(3) for the word “surtax”, in the first place where it occurs, there shall be substituted the word “tax”, and the words “for the purposes of surtax” shall be omitted.
- 37 In section 299(5) the words “for the purposes of surtax” shall be omitted.
- 38 In section 310(3) for the words “standard rate” (in both places) there shall be substituted the words “basic rate”.
- 39 In section 319, in subsections (2) and (3), for the words “standard rate” there shall be substituted the words “basic rate”.
- 40 In section 343—
- (a) in subsection (1)(a) for the words “standard rate” there shall be substituted the words “basic rate”;
 - (b) in subsection (2)(b) the words “at the standard rate for the year of assessment” shall be omitted;
 - (c) in subsection (3)(b) for the words preceding “shall be made” there shall be substituted the words “subject to subsection (2)(b) above no repayment of income tax and, subject to paragraph (i) of the proviso below, no assessment to income tax”;
 - (d) for paragraph (c) of subsection (3) there shall be substituted the following paragraph:
 - “(c) in computing the total income of an individual entitled to any amounts paid or credited in respect of any such dividends or interest those amounts shall be treated as income for that year received by him after deduction of income tax from a corresponding gross amount;”
 - (e) in subsection (3)(d) for the words “the said amounts” there shall be substituted the words “the amounts so paid or credited”;
 - (f) for paragraphs (i) and (ii) of the proviso to subsection (3) there shall be substituted the following paragraphs:—
 - “(i) paragraph (b) above shall not prevent an assessment in respect of income tax at a rate other than the basic rate;
 - (ii) for the purpose of determining whether any or what amount of tax is, by virtue of paragraph (c) above, to be taken into account as having been deducted from a gross amount in the case of an individual whose total income is reduced by any deductions (not being an individual entitled to relief under section 7 of this Act) so much only of that gross amount shall be taken into account as is part of his total income as so reduced;”.
- 41 In section 393(1) for the words “surtax and to” there shall be substituted the words “tax, including”.
- 42 In section 399—
- (a) in subsection (1)(a) the words from “for the purposes” to “information”, in subsection (1)(b)(ii) the word “surtax” and in subsection (1)(c) the words “as regards surtax” shall be omitted; and
 - (b) at the end of the section there shall be added the following subsection:—

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

“(4) Subject to section 400 of this Act, where, by virtue of subsection (1) above, a sum is included in an individual's total income—

- (a) no assessment shall be made on him in respect of income tax at the basic rate on that sum but he shall be treated as having paid income tax at the basic rate on that sum or, if his total income is reduced by any deductions, on so much of that sum as is part of his total income as so reduced ;
- (b) no repayment shall be made of the income tax treated by virtue of paragraph (a) above as having been paid ; and
- (c) the sum so included shall be treated for the purposes of sections 52 and 53 of this Act as not brought into charge to income tax.”

43 In section 400—

- (a) in subsections (2) and (5) for the word “surtax ”, wherever it occurs, there shall be substituted the word “tax ”, and
- (b) in subsection (3) for the words from “the rate or rates ” to “nil rate ” there shall be substituted the words " such rate or rates of income tax, other than the basic rate, as would apply if it were reduced to that fraction and, as so reduced, still constituted the highest part of the claimant's total income for the year. "

44 In section 403(1) the words “for the purposes of surtax ” shall be omitted and at the end there shall be added the words " but he shall be entitled to a deduction from the amount of income tax with which he is chargeable for that year of an amount equal to income tax at the basic rate on that interest.

This subsection shall not affect the amount to be taken as an individual's total income for the purposes of section 7 or section 21 of this Act. "

45 In section 407(1) for the words from “in the case of” to “surtax” there shall be substituted the words “any consequential assessment ”.

46 In section 414—

- (a) in subsection (1) the words “surtax or ”, and
- (b) subsection (2)

shall be omitted.

47 In section 417(2)(a) for the words “standard rate ” there shall be substituted the words “basic rate ”.

48 In section 422—

- (a) in subsections (1), (3) and (5) for the words “standard rate ” there shall be substituted the words “basic rate ”, and
- (b) in subsection (2) the words “surtax for the year preceding ” shall be omitted and for the words from “would have been ” to the end there shall be substituted the words " would be sufficient to discharge the liability to income tax at rates other than the basic rate of the person entitled to the payment if the whole of his total income were chargeable at the basic rate, and such part thereof as would have been chargeable to surtax had it been income for the year 1937-38, were chargeable also at the rates of surtax in force for that year. "

- 49 In section 423 the following shall be substituted for subsections (2) and (3)—
- “(2) The amount, if any, payable, in a case to which this section applies, to or for the benefit of the recipient of the emoluments in respect of his income tax for any year of assessment shall not exceed the following amount, that is to say—
- (a) if the provision was limited to income tax other than surtax, the amount that would have been payable if the 1938-1939 rates of income tax, other than surtax, had applied to the year of assessment in question;
 - (b) if the provision was not so limited, the aggregate of the amount specified in paragraph (a) above and the amount that would have been payable in respect of his surtax if surtax had been charged for the year of assessment in question and had been charged on the same part of his income and at the same rates as surtax for the year 1937-1938.”
- 50 In section 424(c) for the words " if the standard rate of tax for the year had been 27.5 per cent "there shall be substituted the words " if the basic rate for the year had been 27.5 per cent and had applied to all income to the exclusion of any other rate. "
- 51 In section 425(2) for the words "the standard rate of income tax for the time being in force " there shall be substituted the words "income tax ".
- 52 In section 426—
- (a) in subsection (4)(a), for the words "standard tax ", in the first place where they occur, there shall be substituted the words "income tax " and for the words "standard tax ", in the second place where they occur, there shall be substituted the words "income tax at the basic rate ";
 - (b) in subsection (4)(b), for the words "shall be chargeable to standard tax " there shall be substituted the words "shall be chargeable to income tax ";
 - (c) in subsection (5) for the words "standard tax ", in the first place where they occur, there shall be substituted the words "income tax " , and for the proviso there shall be substituted the following—
- “Provided that, where relief has been so given, such part of the amount in respect of which he has been charged to income tax as corresponds to the said proportion shall, for the purpose of computing his total income, be deemed to represent income of such an amount as would after deduction of income tax be equal to that part of the amount charged.”
- 53 In section 427—
- (a) in the proviso to subsection (2) for the words from "his residuary income " to the end there shall be substituted the words "his liability to income tax for that year at the rate or rates determined in pursuance of paragraph (b) of section 32(1) of the Finance Act 1971 shall be computed as if the amount determined in pursuance of that paragraph were increased by the amount of the duty so paid or, if less, by the amount of his residuary income ";
 - (b) in subsection (3) for the words "standard tax ", where they first and last occur, there shall be substituted the words "income tax at the basic rate " and for the words "deduction of standard tax " there shall be substituted the words "deduction of income tax ".

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- (c) in subsection (4)(a), for the words “by reference to the standard rate”, there shall be substituted the words “at the basic rate”;
 - (d) in subsection (5), for the words “shall be chargeable to standard tax” there shall be substituted the words “shall be chargeable to income tax”;
 - (e) in subsection (6), for the words “standard tax” there shall be substituted the words “income tax”.
- 54 In section 428(2), for the words “standard tax” in paragraph (a) and in paragraph (b) there shall be substituted the words “income tax”.
- 55 In section 429(2)(a), for the words “standard tax” there shall be substituted the words “income tax at the basic rate”.
- 56 In section 430—
- (a) in subsection (1), for the words “liability to surtax” there shall be substituted the words “excess liability” and at the end of the subsection there shall be added the words “In this subsection ‘excess liability’ means the excess of liability to income tax over what it would be if all income tax were chargeable at the basic rate to the exclusion of any other rate”;
 - (b) in subsection (2) for the words “standard tax” there shall be substituted the words “income tax”, and
 - (c) in subsection (4) for the words “standard tax” there shall be substituted the words “income tax at the basic rate”.
- 57 In section 431(4), the words preceding “an inspector” shall be omitted, for the words “furnish them within such time as they may direct” there shall be substituted the words “furnish him within such time as he may direct” and for the words “they think” there shall be substituted the words “he thinks”.
- 58 In section 432—
- (a) in subsection (7) the words “As regards surtax” and “surtax” shall be omitted;
 - (b) in subsection (10) the words from “in the application” to “surtax” shall be omitted; and
 - (c) subsection (11) shall be omitted.
- 59 In section 435(1)(b) the words from “the Board” to “standard rate” shall be omitted.
- 60 In section 440(2) the words “at the standard rate” shall be omitted.
- 61 In section 441(1)(b) the words from “the Board” to “standard rate” shall be omitted.
- 62 In section 443 the words preceding “an inspector” shall be omitted, for the words “furnish them within such time as they may direct” there shall be substituted the words “furnish him within such time as he may direct” and for the words “they think” there shall be substituted the words “he thinks”.
- 63 In section 449—
- (a) in subsection (1) the words “at the standard rate”; and
 - (b) in subsection (3)(b) the words from “the Board” to “standard rate” shall be omitted.
- 64 In section 451—
- (a) in subsection (2)(e) for the words “standard rate” there shall be substituted the words “basic rate”;

- (b) in subsection (5) for the words “of tax at the standard rate” there shall be substituted the words “of income tax ”, and
- (c) in subsection (6) the words “at the standard rate ” shall be omitted.
- 65 In section 453 the words preceding “an inspector” shall be omitted, for the words “furnish them within such time as they may direct ” there shall be substituted the words “furnish him within such time as he may direct ” and for the words “they think ” there shall be substituted the words “he thinks ”.
- 66 In section 456(4) the words “at the standard rate ” shall be omitted.
- 67 In section 457(1) for the words following the paragraphs there shall be substituted the words " the income shall, for the purposes of excess liability, be treated as the income of the settlor and not as the income of any other person. In this subsection “excess liability” means the excess of liability to income tax over what it would be if all income tax were charged at the basic rate to the exclusion of any other rate."
- 68 In section 458(1) for the words from “the income shall be treated” to “any other person” there shall be substituted the words " the income shall, for the purposes of excess liability, be treated as the income of the settlor and not as the income of any other person.
- In this subsection “excess liability ” means the excess of liability to income tax over what it would be if all income tax were charged at the basic rate to the exclusion of any other rate ".
- 69 In section 460(4) for the word “surtax ” there shall be substituted the words “his total income ”.
- 70 In section 469(1)(ii) the words “at the standard rate ”, in the first place where they occur, shall be omitted and for the words from “unless ” to the end there shall be substituted the words “but shall be entitled to credit for any tax which that income is shown to have borne ”.
- 71 In section 470(3) for the words from “shall be chargeable ” to “of this Act” there shall be substituted the words " unless he shows that the proceeds of any sale or other realisation of the right to receive the interest which is deemed to be his income by virtue of this section have been charged to tax under Schedule C or under section 159(3) of this Act, shall be chargeable to tax under Case VI of Schedule D in respect of that interest, but shall be entitled to credit for any tax which that interest is shown to have borne. "
- 72 In section 480(1) for the words “standard rate”, in the first two places where they occur, there shall be substituted the words “basic rate ” and the words “at the standard rate ” in the last place where they occur shall be omitted.
- 73 In section 481(1) and (2)(b) the words from “or, for the purpose ” to “inspector ” shall be omitted.
- 74 At the end of section 497 there shall be added the following subsection—
- “(10) In so far as any arrangements made before 30th March 1971 provide for the exemption of any income from surtax they shall have effect, unless otherwise modified by subsequent arrangements, as if they provided for that income to bear income tax at the basic rate and to be disregarded for the purpose of computing total income, except in so far as the computation affects the matters mentioned in section 34(3) of the Finance Act 1971, but not to be

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disregarded for the purpose of determining whether that income or any other income is chargeable as investment income.”

- 75 In section 510(5) for the words “standard rate ” there shall be substituted the words “basic rate ”.
- 76 In section 522, for the words “standard rate ” there shall be substituted the words “basic rate ”.
- 77 In section 526(5), in the definitions of “ordinary share capital” and “preference dividend”, for the words “standard rate ” there shall be substituted the words “basic rate ”.
- 78 In section 528—
- (a) in subsection (1) for the words from “as the case may be ” to the end there shall be substituted the words “in accordance with the provisions of the Income Tax Acts ”;
 - (b) in subsections (3)(a) and (b) for the words “standard rate ” there shall be substituted the words “basic rate ”;
 - (c) in subsection (4) the words “at the standard rate ” shall be omitted; and
 - (d) in subsection (5) the words “for the purpose of estimating total income for the purposes of surtax ” shall be omitted.
- 79 In paragraph 6 of Schedule 3 the words “tax at the standard rate on ” shall be omitted.
- 80 In Schedule 5, in paragraphs 1(c) and 7 for the words “standard rate ” there shall be substituted the words “basic rate ”.