



Finance Act 1966

1966 CHAPTER 18

PART I

CUSTOMS AND EXCISE

Reliefs, drawback, exemptions, etc.

1 Relief from duty on imported goods.

(1) Subject to subsection (3) of this section, the Commissioners shall have power to give relief in accordance with subsection (2) thereof from any duty under section 1 of the Import Duties Act 1958 or under the Customs Duties (Dumping and Subsidies) Act 1957 chargeable in respect of goods of any description imported or proposed to be imported into the United Kingdom (hereafter in this section referred to as " the imported articles ") if—

- (a) the Board of Trade have notified the Commissioners that in the opinion of the Board the granting of the relief would conduce to the exportation of other goods and, subject to such, if any, limitations or conditions as the Board see fit to indicate, would be expedient in the national interest; and
- (b) the Commissioners are satisfied as to those other goods being goods constituting, or incorporating, or manufactured or produced from, equivalent articles;

and, in deciding whether or not to give a notification to the Commissioners under paragraph (a) of this subsection in respect of any imported articles, the Board of Trade shall have regard to the interests of those producing in the United Kingdom goods comparable with those articles.

(2) Relief under subsection (1) of this section from any duty chargeable in respect of any imported articles—

- (a) may be given, as appears to the Commissioners to be appropriate in the circumstances of the case—
 - (i) either in respect of those imported articles as a whole, or in respect of any one or more components thereof; and

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- (ii) either by remission or repayment (in whole or in part) of the amount of that duty or by payment of an amount equal to the drawback which it appears to the Commissioners would be payable apart from anything in this section if such goods as appear to the Commissioners to be appropriate in the circumstances of the case were to be exported; and
 - (b) shall be subject to such conditions as the Commissioners see fit to impose—
 - (i) in order to give effect to any limitations or conditions such as are referred to in subsection (1)(a) of this section; or
 - (ii) for the protection of the revenue ; or
 - (iii) for securing the exportation of goods constituting, or incorporating, or manufactured or produced from, equivalent articles.
- (3) Relief under subsection (1) of this section from any duty such as is mentioned in that subsection shall not be given in respect of, or in respect of any component of, any imported articles by reference to any equivalent articles unless, or except to the extent that, the Commissioners are satisfied that—
- (a) relief otherwise than under the said subsection (1) from any such duty as aforesaid chargeable in respect of the equivalent articles themselves, or in respect of goods from which those equivalent articles were manufactured or produced, has not already been given in respect of, or, as the case may be, in respect of the corresponding component of, those equivalent articles or goods; and
 - (b) relief under the said subsection (1) in respect of, or, as the case may be, in respect of the corresponding component of, other imported articles has not already been given by reference to those equivalent articles ; and
 - (c) relief from the duty chargeable in respect of the imported articles has not already been given, whether in respect of those articles as a whole or in respect of any component thereof;
- and no relief from any such duty as aforesaid, whether by way of drawback or otherwise, available on the exportation of any goods shall be given in respect of the goods exported, or in respect of any goods incorporated in the goods exported, or in respect of any goods from which the goods exported were manufactured or produced, unless, or except to the extent that, the Commissioners are satisfied that—
- (i) relief from that duty has not already been given under the said subsection (1) or otherwise ; and
 - (ii) relief under the said subsection (1) has not been given in respect of, or in respect of any component of, any other goods by reference to equivalent articles constituting, or incorporated in, or used for the manufacture or production of, the goods in respect of which the relief is sought.
- (4) In the foregoing provisions of this section—
- (a) any reference to a component of any goods or articles shall be construed as a reference to, and to any combination of, any of the following, namely, any component, any ingredient, and any constituent part, of those goods or articles ;
 - (b) the expression " equivalent articles " means goods of any description which, in the opinion of the Commissioners (having regard to such matters, and in particular to such of the following matters, namely, the description, quantity, quality, value and function of those goods and the imported articles respectively, as appear to the Commissioners to be relevant in the particular circumstances) are sufficiently similar to the imported articles, or to goods

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which could be manufactured or produced from the imported articles, to be reasonably regarded for the purposes of relief under subsection (1) of this section as interchangeable with those articles or, as the case may be, with goods manufactured or produced from them.

- (5) Subsections (1) to (4) of this section shall be construed as if contained in the Import Duties Act 1958 ; and section 10 of that Act (which relates to false statements or documents in connection with applications for, and to forfeiture for failure to comply with conditions as to, relief) shall apply in relation to relief under subsection (1) of this section as it applies in relation to relief under section 5(1) or section 6 of that Act.
- (6) Section 2(1) of the Finance Act 1965 (which makes provision for the purposes of section 7 of the Import Duties Act 1958 for goods brought to a registered shipbuilding yard to be deemed to be exported) shall have effect as if any reference therein to the said section 7 included a reference to subsections (1) to (4) of this section.
- (7) Without prejudice to section 15(2) of the Import Duties Act 1958 and its application by virtue of subsection (5) of this section, for the purposes of any reference in subsections (1) to (4) of this section or in the said Act of 1958 to goods incorporating, or produced or manufactured from, any articles, any container in which goods are exported, being a container—
 - (a) which is provided by the supplier of the exported goods and is not required to be returned to him ; and
 - (b) for which, if it were returned to him, that supplier would give no credit and would discharge no contingent liability,shall be treated as forming part of the exported goods.

2 Reliefs for shipbuilders in respect of certain duties.

- (1) The provisions of this section shall have effect for the purpose of affording relief in respect of duties of customs and excise chargeable on hydrocarbon oils, vehicle excise duty (including such duty chargeable in Northern Ireland) and purchase tax incurred in connection with the construction and fitting out of certain vessels and other floating structures.
- (2) If, on an application made in accordance with directions from time to time given by the Commissioners for the purposes of this section, it is shown to the satisfaction of the Commissioners that a vessel or other structure to which this section applies, having been constructed in the United Kingdom by the applicant pursuant to a contract (whenever made) under which it was to become the property of some other person, was delivered by him pursuant to that contract after the coming into force of this section, the applicant shall, subject to subsections (7) to (9) below, be entitled to receive from the Commissioners a payment of an amount determined in accordance with the two next following subsections.
- (3) Subject to the next following subsection, the said amount shall be such percentage as the Treasury may by order prescribe of the price payable under the contract in question for the said vessel or structure and all fittings and other equipment supplied by the applicant therewith, or, if that price appears to the Commissioners to be greater than the open market value of the vessel or structure and its said fittings and equipment as determined in accordance with Part I of Schedule 1 to this Act and the Commissioners so decide, the prescribed percentage of that value; and an order under this subsection may prescribe different percentages in relation to different descriptions of vessels or structures.

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Any price which is expressed in a foreign currency shall be treated for the purposes of this subsection as equivalent to a sum calculated in such manner as the Commissioners may direct.

- (4) The price or value referred to in the last foregoing subsection shall, in the circumstances specified in Part II of the said Schedule 1, be treated for the purposes of that subsection as reduced as mentioned in that Part.
- (5) The vessels and other structures to which this section applies are as follows—
- (a) any ship, within the meaning of the Merchant Shipping Acts 1894 to 1965, the gross tonnage of which, ascertained in accordance with those Acts, is not less than eighty tons; and
 - (b) any other vessel, or other structure capable of floating on the sea, which is of a description specified in that behalf by an order of the Treasury, and in respect of which any conditions so specified are satisfied:

Provided that the Treasury may by order exclude from the operation of this section any ship, or any ship of a specified description, in the case of which less than a specified percentage of the cost of its construction, calculated in accordance with the order, was attributable to United Kingdom expenditure as defined in the order.

- (6) References in this section to the construction of vessels and other structures do not include references to their reconstruction, refitting or repair.
- (7) If, within one month of the coming into force of this section, any person shows to the satisfaction of the Commissioners—
- (a) that a vessel or other structure has been, or is to be, delivered to him pursuant to a contract made before 23rd June 1966, and has been, or is to be, exported by him pursuant to another such contract, and
 - (b) that, by reason of its exportation pursuant to the last-mentioned contract, he is or may become entitled to payment of a rebate under section 7 of the Finance (No. 2) Act 1964 (export rebates),

no payment shall be made under this section in respect of the said vessel or structure unless that person either by notice in writing to the Commissioners waives any right to the rebate in question or fails for any reason to become entitled thereto.

- (8) No person shall be entitled to a rebate under the said section 7 in respect of any vessel or other structure in respect of which a payment under this section is, or could if applied for have been, made to any other person; and a person who, but for this subsection, would be entitled as respects any vessel or other structure to both such a rebate and such a payment may receive either, as he elects, but not both.
- (9) Where in the case of any vessel or structure the whole or any part of the price payable as mentioned in subsection (3) above is not received in accordance with the contract in question by the applicant for a payment under this section, the Commissioners if they think fit may require the applicant to repay the whole or any part of any payment made to him on the application or, as the case may be, may withhold from him the whole or any part of any payment which would otherwise fall to be so made.
- (10) It shall be the duty of any person to or by whom a payment under this section has been made or applied for to inform the Commissioners of any event which would entitle them to exercise the powers conferred by the last foregoing subsection, and any person who fails to comply with this subsection shall be liable to a penalty of one hundred pounds.

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- (11) The provisions of Part III of Schedule 1 to this Act shall have effect for the purposes of this section.
- (12) For the avoidance of doubt it is hereby declared that the allowances referred to in section 9 of the Finance Act 1961 do not include payments under this section.
- (13) Payments by the Commissioners under this section shall be made out of the sums received by them on account of duties of customs and excise and purchase tax ; and—
- (a) notwithstanding anything in section 5(4) of the Vehicles (Excise) Act 1962 (which requires duties levied under that Act to be paid into the Exchequer) or in any Order in Council under that section, the Treasury may give directions for the payment to the Commissioners, at such times and in such manner as the Treasury may determine, out of the duties levied under that Act of such sums as the Treasury think fit having regard to the extent to which payments under this section are designed to afford relief in respect of such duties;
 - (b) any sums so paid shall be treated for the purposes of section 11 of the Act of 1952 (disposal of duties of customs and excise) as money received by the Commissioners on account of duties of customs and excise.
- (14) Any order under the foregoing provisions of this section may be varied or revoked by a subsequent order, and shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (15) This section shall come into force on such day as may be appointed by the Treasury by an order under this subsection made by statutory instrument and laid before Parliament after being made, but shall, in its application to any vessel or other structure by virtue of an order under subsection (5) above, have effect as if it had not come into force until such later day, if any, as may be specified in that order.

3 Drawback on tobacco.

Section 183(1) of the Act of 1952 (drawback on tobacco) shall be amended as follows:

- (a) in paragraph (a) (drawback on tobacco other than tobacco stalks and tobacco refuse), there shall be added at the end of sub-paragraph (ii) " or for sale at a place approved by the Commissioners for the purpose to persons leaving the United Kingdom by air for destinations outside the United Kingdom, the Republic of Ireland, the Channel Islands and the Isle of Man "; and
- (b) for all the words after paragraph (d) there shall be substituted " but, in the case of tobacco stalks or tobacco refuse, only if the deposit, warehousing or exportation was by a tobacco manufacturer ".

4 Exemption of E.F.T.A. goods from duties on hop oil and hop extracts.

As from 1st September 1966, goods of Convention area origin within the meaning of the European Free Trade Association Act 1960 shall be exempted from any duty of customs under section 3(1)(b) or (c) of the Finance Act 1957 (which relate to duties of customs on hop oil or, as the case may be, on any extract, essence or other similar preparation made from hops, except hop oil).

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5 Removal of restriction on delivery of imported vodka for home use.

As from 1st September 1966, section 109(1) of the Act of 1952 (which provides that no spirits shall be delivered for home use unless they have been warehoused for a period of at least three years) shall not apply to imported vodka consisting of spirits which have had a flavour communicated thereto or an ingredient or material mixed therewith.

6 Rebate of duty on heavy oils.

For heavy oils delivered for home use after six o'clock in the evening of 31st August 1966, the rate at which rebate of the customs or excise duty on hydrocarbon oils is allowed under section 199 of the Act of 1952 shall in all cases be a rate twopence a gallon less than the rate at which the duty in question is for the time being chargeable.

7 Eligibility of imported goods for rates of revenue duties applicable to goods of Republic of Ireland.

- (1) Subsections (1) to (3) of section 12 of the Import Duties Act 1958 (which relate to the determination for the purposes of that Act of the country of origin of imported goods) shall have effect as if references therein to that Act included references to any enactment passed, or instrument made, after the passing of this Act which specifies a rate at which any revenue duty is to be charged in respect of goods of the Republic of Ireland consigned to the United Kingdom from that country.
- (2) In the foregoing subsection " revenue duty " means any customs duty other than one chargeable under the said Act of 1958, the Customs Duties (Dumping and Subsidies) Act 1957 or section 3 of the Finance (No. 2) Act 1964.