



# Finance Act 1967

## 1967 CHAPTER 54

### PART II

#### INCOME TAX

#### 13 Charge of income tax for 1967-68.

Income tax for the year 1967-68 shall be charged at the standard rate of 8s. 3d. in the pound, and in the case of an individual whose total income exceeds £2,000 at such higher rates in respect of the excess as Parliament may hereafter determine.

#### 14 Surtax rates for 1966-67.

Income tax for the year 1966-67 shall be charged, in the case of an individual whose total income exceeded £2,000, in respect of the excess at rates in the pound which respectively exceed the standard rate by the amounts by which the higher rates for the year 1965-66, without the increase made by the next following section, exceeded the standard rate for that year (and so that the surtax rates applied by this section are the same as those applied successively for the years 1951-52 to 1964-65).

#### 15 Increase of surtax rates for 1965-66.

- (1) Section 18 of the Finance Act 1966 (surtax rates for 1965-66) shall have effect as if each of the surtax rates applied by that section (that is to say, each of the amounts specified in the second column of the table in section 16(1) of the Finance Act 1951, being the surtax rates applied successively for the years 1951-52 to 1964-65) were increased by ten per cent.
- (2) The surtax charged by any assessment for the year 1965-66 made before 1st September 1967 and by reference to the rates applied by the said section 18 as originally enacted shall, unless by that date a further assessment has been made in respect of the tax attributable to subsection (1) above, be treated as from that date as varied in accordance with that subsection by virtue of this Act and without more.

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- (3) In relation to so much of any surtax for the year 1965-66 as is attributable to subsection (1) above—
- (a) section 229(1) of the Income Tax Act 1952 (due date for payment of surtax by individuals), and section 249(4)(a) of that Act (date for recourse to company in respect of company surtax which a member has failed to pay) shall have effect as if for the references to 1st January (that is to say, 1st January 1967) there were substituted references to 1st September 1967, and
  - (b) paragraph (b) of the said section 249(4) (date for recourse to member where company fails to pay) shall have effect as if for the reference to 2nd January (that is to say, 2nd January 1967) there were substituted a reference to 2nd September 1967.
- (4) The due date for payment of so much of any surtax for the year 1965-66 as is attributable to subsection (1) above shall also be taken to be 1st September 1967, instead of 1st January 1967, for the purposes of section 58(1) of the Finance Act 1960 (interest on tax recovered to make good loss due to taxpayer's fault).
- (5) For the purposes of section 495(3) of the Income Tax Act 1952 (interest on overdue tax charged by any assessment not to be payable unless the tax exceeds one thousand pounds) the tax charged by any assessment by virtue of subsection (2) above shall be treated as if it had been charged by an assessment separately made.
- (6) Sections 359 and 360 of the said Act of 1952 (recovery of tax attributable to wife's income) shall have effect in relation to the tax charged by any assessment by virtue of subsection (2) above as if it had been charged by an assessment separately made, as if that assessment had been made before the service of any notice for the year 1965-66 under subsection (1) of the said section 360, and with any other necessary modifications.
- (7) Section 236 of the said Act of 1952 (relief where surtax payer dies in year of assessment for which surtax rates are higher than for previous year) shall, as respects surtax for the year 1965-66, apply to a person who died after the end of that year but before 21st July 1966 as it applies to a person who died in that year.
- (8) Where surtax for the year 1965-66 has been assessed on any person in the name of a company which is dissolved before the end of September 1967 (and whether before or after the passing of this Act) and, the assessment having been made by reference to the rates applied for that year by section 18 of the Finance Act 1966 as originally enacted, a notice of charge under section 249(4) of the said Act of 1952 is served on that person for the additional tax attributable to subsection (1) above, the tax to which the notice relates shall become payable by that person, without any election under the said section 249(4), on whichever of the following is the latest, that is to say, 1st September 1967, the day after the service of the notice, and the day after the dissolution of the company.
- (9) Section 21 of the Finance Act 1965 (under which the rate of capital gains tax may depend on the rates of income tax, including surtax) shall have effect as if the rates of surtax for the year 1965-66 had been those applied by the said section 18 as originally enacted.

## 16 Alterations in reliefs.

- (1) In section 13 of the Finance Act 1957 (relief for persons over sixty-five with small incomes), as amended by section 10(6) of the Finance Act 1965, for the references to

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£390 and £625 (the income limits for exemption) there shall be substituted references to £401 and £643 ; and (as regards the marginal relief) for the reference to £160 (the addition to the income limit) there shall be substituted a reference to £180.

(2) In section 216(1) of the Income Tax Act 1952 (relief for dependent relative), as amended by section 10(3) of the Finance Act 1965, for the reference to £210 (lower income limit of dependent relative) there shall be substituted a reference—

- (a) for the year 1967-68, to £221,
- (b) for subsequent years of assessment, to £235,

and, subject to the next following subsection, for the reference to £285 (the higher income limit) there shall be substituted a reference, for the year 1967-68, to £296, and for subsequent years of assessment, to £310.

(3) Where the claimant under section 216 of the Income Tax Act 1952 is a woman other than a married woman living with her husband,—

- (a) for the references in subsection (1) of that section to £75 there shall be substituted references to £110, and
- (b) for the reference in that subsection (limit on dependent relative's total income) to £285 there shall be substituted a reference to, for the year 1967-68, £331, and for subsequent years of assessment, £345.

(4) Where, without subsection (3) above, the claimant's relief would fall to be reduced by any proportion under subsection (2) of the said section 216 (dependent relative jointly maintained by two or more claimants) any increase in the claimant's relief attributable to subsection (3) above shall be reduced by the same proportion; and accordingly the said subsection (2) shall be read without regard to the amendments made by subsection (3) of this section in subsection (1) of the said section 216.

(5) In section 17(2) of the Finance Act 1960 (additional relief for widows and others in respect of children) for the reference to £40 there shall be substituted a reference to £75, and section 218 of the Income Tax Act 1952 (which, in cases all of which are within subsection (1) of the said section 17, affords alternative relief of the same amount as that afforded by the said section 17 as amended by this section) shall cease to have effect, except so far as any provisions of that section are applied for the purposes of the said section 17.

(6) This section shall not be deemed to have required any change in the amounts deducted or repaid under section 157 (pay as you earn) of the Income Tax Act 1952 before 22nd June 1967.

## **17 Relief where copyright sold after ten years or more.**

(1) Where not less than ten years after the first publication of the work the author of a literary, dramatic, musical or artistic work assigns the copyright therein wholly or partially, or grants any interest in the copyright by licence, and—

- (a) the consideration for the assignment or grant consists wholly or partially of a lump sum payment the whole amount of which would, but for this section, be included in computing the amount of his profits or gains for a single year of assessment, and
- (b) the copyright or interest is not assigned or granted for a period of less than two years,

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he shall be entitled to claim that effect shall be given to the following provisions of this section in connection with that payment, and section 9 of the Income Tax Management Act 1964 shall apply to the claim.

- (2) Except where the copyright or interest is assigned or granted for a period of less than six years, the amount of the payment shall for income tax purposes be treated as becoming receivable in six equal instalments at yearly intervals, the first of which becomes receivable on the date on which the payment actually became receivable.
- (3) Where the copyright or interest is assigned or granted for a period of less than six years, the payment shall for income tax purposes be treated as becoming receivable in a number of equal instalments at yearly intervals the first of which becomes receivable on the date when the payment actually became receivable, the number being the number of whole years in that period.
- (4) Subject to subsection (5) below, if the author dies, any instalment which under this section would, but for the death, be treated as becoming receivable after the death shall for income tax purposes be treated as becoming receivable on the date when the last instalment before the death is to be treated as becoming receivable.
- (5) If the personal representatives so elect—
  - (a) the total amount of income tax (including surtax) which would have been payable by the deceased or out of his estate in respect of the payment if the copyright or interest had been assigned or granted for a period beginning with the date when the first instalment is treated as becoming receivable and ending with the day before the death shall be computed, and
  - (b) the income tax (including surtax) payable out of the estate by reason of the provisions of subsection (4) above shall be reduced so as not to exceed the amount at (a) above.

The references in this subsection to the income tax (including surtax) payable by a person include, in cases where the income of a wife is deemed to be income of the husband, references to the income tax (including surtax) payable by his wife or her husband, as the case may be.

- (6) If the payment would, apart from this section, have been taken into account in assessing the profits or gains of a profession or vocation, and the profession or vocation is permanently discontinued (otherwise than on death) after the date on which the payment actually became receivable, any instalment which under this section would, but for the discontinuance, be treated as receivable on a date after the discontinuance shall for income tax purposes be treated as becoming receivable when the last instalment before the discontinuance is to be treated as becoming receivable, unless the author elects to be treated (for all purposes) as if the copyright or interest had been assigned or granted for a period beginning with the date when the first instalment is treated as becoming receivable and ending with the day before the discontinuance.
- (7) Notice of any election under subsection (5) or subsection (6) above shall be served on the inspector within two years of the death, or as the case may be of the discontinuance.
- (8) Where, but for this section, the payment would be included in computing any profits or gains chargeable to tax under Case VI of Schedule D, and any amount would be deductible from that payment in computing those profits or gains (whether under the general provisions relating to Case VI or under section 32(4) of the Finance Act 1960 (post-cessation receipts)), the amount which, under this section, is to be treated as

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receivable in instalments shall be the amount of the payment after that deduction, and effect shall not be given to that deduction in any other way.

- (9) A claim cannot be made under this section in respect of a payment if a prior claim has been made under section 471 of the Income Tax Act 1952 (relief by spreading payment backwards) as respects that payment, and a claim cannot be made under the said section 471 in respect of a payment if a prior claim has been made under this section as respects that payment.
- (10) Where it is necessary, in order to give effect to a claim or election under this section, or as a result of the claim or election, to make any adjustment by way of an assessment on any person, the assessment shall not be out of time if it is made within one year of the final determination of the claim, or as the case may be within one year from the giving of notice of the election.
- (11) In this section—  
    " author " includes a joint author,  
    " lump sum payment " includes an advance on account of royalties which is not returnable,  
and the reference to the first publication of a work is a reference to the first occasion on which the work or a reproduction of it is published, performed or exhibited.
- (12) This section shall apply to payments falling to be included in computing profits or gains for the year 1967-68 or any subsequent year of assessment.

## **18 Lloyd's and other underwriters.**

- (1) Arrangements under Schedule 21 to the Income Tax Act 1952 (special reserve funds for underwriters) may authorise the making of payments pursuant to paragraph 7(1) of that Schedule (withdrawals from special reserve funds into-premiums trust fund to meet a loss) on a provisional basis before-the amount of the loss has been finally ascertained and certified by the inspector.
- (2) The amount so withdrawn shall not exceed such proportion of the estimated loss as may be specified in the arrangements.
- (3) When the amount of the loss has been certified by the-inspector such adjustments shall be made by repayment to the underwriter's special reserve fund or funds, or by further withdrawal of sums for payment into the underwriter's premiums, trust fund, as will secure that the net amount withdrawn from the underwriter's special reserve fund or funds in respect of the-loss is that required pursuant to paragraph 7(1) of the said Schedule 21; and no tax consequences shall ensue on the withdrawal of sums in respect of a loss until the amount of the-loss has been so certified and any such adjustments have been made.
- (4) This section shall be construed as one with the said, Schedule 21.