



Finance Act 1967

1967 CHAPTER 54

PART VI

MISCELLANEOUS

32 Capital gains.

Schedule 13 to this Act (amendments of the enactments relating to chargeable gains and tax on short-term capital gains) shall have effect.

33 Chargeable gains: exclusion of development value of land in Great Britain.

(1) Subject to subsection (3) below, in computing for the purposes of Part III of the Finance Act 1965 the amount of any gain accruing to a person on a disposal of land on or after 6th April 1967 it shall be assumed—

- (a) that his acquisition of the land was for a consideration of an amount equal to the current use value of the land at the time when he acquired it, and
- (b) that his disposal of the land was for a consideration of an amount equal to the current use value of the land at the time of the disposal:

Provided that this subsection shall not apply to a disposal if immediately before the time of the disposal the market value of the land, including in the case of a part disposal, the land which remains undisposed of, does not exceed the current use value of that land.

(2) Schedule 14 to this Act shall have effect for interpreting and supplementing this section, which is there referred to as the principal section.

(3) If the person making a disposal so elects, Part III of the Finance Act 1965 shall apply in relation to that disposal as if the preceding subsections of this section, and the said Schedule, had not been enacted, and had not affected any prior disposal or other transaction or the apportionment of expenditure on any prior disposal.

An election under this subsection shall be made by notice in writing to the inspector given within two years from the end of the year of assessment in which the disposal

Status: This is the original version (as it was originally enacted).

is made or such further time as the Board may by notice in writing allow, and " year of assessment " here means, for corporation tax as well as for capital gains tax, a year beginning on 6th April.

- (4) It is hereby declared that a payment of betterment levy is not a sum allowable as a deduction in the computation under Part III of the Finance Act 1965 of a gain accruing on a disposal of land or of any other asset.
- (5) If in computing a gain accruing on a disposal of land to which subsection (1) above applies, or would apply but for an election under this section, the expenditure allowable as a deduction would otherwise include any expenditure incurred before 6th April 1965, it shall be assumed in relation to the disposal that the land was sold by the person making the disposal, and immediately re-acquired by him, on 6th April 1965 and that the gain accruing on any previous part disposal was computed on the same footing.
- (6) Where subsection (1) above is displaced by an election under this section, subsection (5) above shall have effect in substitution for sub-paragraphs (1), (2) and (3) of paragraph 23 of Schedule 6 to the Finance Act 1965 (assumed sale and re-acquisition at market value), but subject to sub-paragraph (4) of that paragraph, construing references to sub-paragraph (2) of that paragraph as references to subsection (5) above, and the sale and re-acquisition under subsection (5) above shall be deemed to be at market value.
- (7) For the purposes of subsection (1) above a disposal shall be regarded as made on or after 6th April 1967 if the conveyance or other instrument giving effect to the disposal is executed on or after that date, and subsection (1) above shall not apply to a conveyance which is a disposition within paragraph 1 of Schedule 9 to the Land Commission Act 1967 (which exempts from betterment levy a purchase made by an authority possessing compulsory purchase powers where the notice to treat was before the first appointed day).
- (8) All such adjustments shall be made, whether by way of discharge or repayment of tax, or the making of assessments or otherwise, as are required to give effect to the provisions of this section and of the said Schedule to this Act.
- (9) This section and the said Schedule to this Act shall not apply to land outside Great Britain.

34 Provisions consequential on introduction of betterment levy (including repeal of mineral rights duty).

- (1) Schedule 15 to this Act (allowance in respect of betterment levy for purposes of charge to tax under Case VIII or Case VI of Schedule D, and relief in respect of betterment levy from estate duty on gifts inter vivos, etc.) shall have effect.
- (2) The mineral rights duty imposed by section 20 of the Finance (1909-10) Act 1910 shall not be charged for the financial year beginning on 1st April 1967 or for any subsequent financial year.

35 Life policies carrying rights not in money.

- (1) Where any investments or other assets are, in accordance with a policy issued in the course of life assurance business carried on by an assurance company, transferred to the policy holder, the policy holder's acquisition of the assets, and the disposal of them

to him, shall be deemed to be for a consideration equal to the market value of the assets—

- (a) for the purposes of Part III of the Finance Act 1965 (chargeable gains), and
 - (b) for the purposes of computing income in accordance with Case I or Case VI of Schedule D, and
 - (c) for the purposes of Part II of the Finance Act 1962 (tax on short-term capital gains).
- (2) In section 28(3) of the Finance Act 1965 (payment of sum assured by policy purchased from original holder to be treated as disposal of the policy) the reference to payment of the sum assured shall include a reference to the transfer of investments or other assets to the owner of the policy in accordance with the policy.
- (3) This section has effect as respects investments or other assets transferred on or after 6th April 1967.
- (4) In this section " assurance company " and " life assurance business " have the meanings given by section 437 of the Income Tax Act 1952.

36 Basis for determining unilateral relief from double taxation.

- (1) Paragraph 1 of Part I of Schedule 17 to the Income Tax Act 1952 (under which, as extended by sections 39 and 64 of the Finance Act 1965, unilateral relief from double taxation is to be given by allowing credit for tax paid abroad in respect of any income or gains against the United Kingdom tax chargeable in respect of that income or those gains) shall be amended by substituting—
- (a) for the words " in respect of ", where first occurring, the words " and computed by reference to ", and
 - (b) for the words " chargeable in respect of ", the words " computed by reference to ";
- and the words " and computed by reference to " shall also be substituted for the words " in respect of " in both places where they occur in paragraph 1(b) of Part II of that Schedule (which contains supplemental provisions).
- (2) The above amendments shall have effect as respects income and gains arising or accruing on or after 6th April 1967.

37 Grants for giving up agricultural land.

For the purposes of the capital gains tax, a sum payable to an individual by virtue of a scheme under section 27 of the Agriculture Act 1967 (grants for relinquishing occupation of uncommercial agricultural units) shall not be treated as part of the consideration obtained by him for, or otherwise as accruing to him on, the disposal of any asset; and a sum so payable by way of annuity shall be treated for all the purposes of the Income Tax Acts as earned income unless the annuity was granted to the individual by reason of his having relinquished occupation before attaining the age of fifty-five.

38 Central African Pension Fund 39. Overseas Service Pensions Fund.

- (1) A pension paid out of the Central African Pension Fund shall not be liable to charge to income tax if it is the income of a person who, on a claim to the Board for relief under this subsection, satisfies the Board that he is not resident in the United Kingdom.

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

Section 9 of the Income Tax Management Act 1964 shall apply to any claim under this subsection.

- (2) Income derived from investments or deposits of that Fund shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Board to the persons entitled to receive the income.
- (3) Sections 36(2) of the Finance Act 1965 and 15(3) of the Finance Act 1962 (exemptions from the capital gains tax, and the tax on gains under Case VII of Schedule D, for funds whose income is exempt under certain enactments) shall each have effect as if subsection (2) above were included among the enactments there referred to.
- (4) For the purposes of the enactments relating to estate duty, a pension paid out of the said Fund shall be treated as if it had been paid by the government of a territory outside the United Kingdom.
- (5) In this section " the Central African Pension Fund " means the fund established under that name by section 24 of the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963, and " pension " includes a gratuity or any sum payable on or in respect of death, and a return of contributions with or without interest thereon or any other addition thereto.
- (6) This section shall have effect for the purposes of income tax as respects the year 1963-64 and all subsequent years of assessment, for the purposes of the capital gains tax as respects the year 1965-66 and all subsequent years, and for the purposes of estate duty in relation to deaths occurring at any time after the establishment of the Fund

39 Overseas Service Pensions Fund.

- (1) A pension paid out of the Overseas Service Pensions Fund shall not be liable to charge to income tax if it is the income of a person who, on a claim to the Board for relief under this subsection, satisfies the Board that he is not resident in the United Kingdom.

Section 9 of the Income Tax Management Act 1964 shall apply to any claim under this subsection.

- (2) In respect of income derived from investments or deposits of that Fund the Board shall, on a claim being made to them for the purpose, give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.

This subsection shall have effect as respects the year 1966-67 as well as subsequent years of assessment.

- (3) Sections 36(2) of the Finance Act 1965 and 15(3) of the Finance Act 1962 (exemptions from the capital gains tax, and the tax on gains under Case VII of Schedule D, for funds whose income is exempt under certain enactments) shall each have effect as if subsection (2) above were included among the enactments there referred to.
- (4) In this section " the Overseas Service Pensions Fund " means the Fund established under that name pursuant to section 7(1) of the Overseas Aid Act 1966, and " pension " includes a gratuity or any sum payable on or in respect of death or ill-health, and a return of contributions with or without interest thereon or any other addition thereto.

40 Interest on unpaid tax.

- (1) The rate of interest prescribed by—
 - (a) section 495(1) of the Income Tax Act 1952 (interest on overdue tax),
 - (b) section 58(1) of the Finance Act 1960 (interest on tax recovered to make good loss due to taxpayer's default),
 - (c) section 8 of the Finance (No. 2) Act 1947 (interest on unpaid profits tax and excess profits tax), and
 - (d) paragraph 10(1) of Schedule 7 to the Finance Act 1960 (interest on profits tax recovered to make good loss due to taxpayer's default),shall, subject to the next following subsection, be 4 per cent. per annum (instead of 3 per cent. per annum).
- (2) The Treasury may, by order in a statutory instrument, subject to annulment in pursuance of a resolution of the Commons House of Parliament, from time to time increase or decrease the rate of interest prescribed by subsection (1) above, either for the purposes of all the enactments mentioned in that subsection, or so as to prescribe different rates for different purposes.
- (3) Subsection (1) above shall apply to interest for any period beginning on or after 19th April 1967 whether or not interest runs from before that date; and any variation of the rate of interest prescribed under subsection (2) above shall apply to interest for periods beginning on or after the date when the order is expressed to come into force, whether or not interest runs from before that date.
- (4) Interest charged under the said section 495(1) or the said section 58(1) shall be treated for the purposes—
 - (a) of sections 74, 76, 78 and 79 of the Income Tax Act 1952 and of section 8 of the Income Tax Management Act 1964 (recovery of tax by distress or in court proceedings), and
 - (b) of section 35(2)(g)(i) of the Crown Proceedings Act 1947 (rules of court to impose restrictions on set-off and counterclaim where the proceedings, or set-off or counterclaim, relate to taxes) and of any rules of court (including county court rules) for England and Wales or Northern Ireland, made before or after the passing of this Act, which impose such a restriction, and
 - (c) of section 35(2)(b) of the said Act of 1947 as set out in section 50 of that Act (which imposes corresponding restrictions in Scotland),as if it were tax charged and due and payable under the assessment to which it relates.
- (5) In section 495(3)(b) of the Income Tax Act 1952 (exemption for interest not exceeding one pound) five pounds shall be substituted for one pound as respects tax becoming due and payable on or after 19th April 1967.
- (6) Without prejudice to the general interpretative provisions of this Act, this section applies to the enactments mentioned in subsection (1) above as extended by any other enactment, and in particular—
 - (a) it applies to sections 495(1) of the Income Tax Act 1952 and section 58(1) of the Finance Act 1960 as extended to capital gains tax and corporation tax, and
 - (b) it applies to section 8 of the Finance (No. 2) Act 1947 as extended to the excess profits levy.

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

41 Provisional collection of taxes.

- (1) The Provisional Collection of Taxes Act 1913, section 265 of the Customs and Excise Act 1952 (security for new duties) and section 49(6) of the Finance Act 1965 (assessment of corporation tax before passing of annual Act) shall apply to resolutions of the House of Commons and not to resolutions of the Committee of Ways and Means, and accordingly shall have effect subject to the repeals in Part IX of Schedule 16 to this Act.
- (2) A resolution having statutory effect under section 1 of the Provisional Collection of Taxes Act 1913 shall cease to have statutory effect unless within the next twenty-five days on which the House sits after the day on which the resolution is passed—
 - (a) a Bill varying or renewing the tax is read a second time by the House of Commons, or
 - (b) a Bill is amended by the House of Commons so as to include provision for the variation or renewal of the tax.

Proviso (a) to section 1(1) of the said Act of 1913 (which required a Bill varying or renewing the tax to have been read a second time within twenty sitting days after the resolution of the Committee of Ways and Means is agreed to by the House) shall cease to have effect, and the said section 1(1) shall be construed as one with this subsection.
- (3) The period for which a resolution shall have statutory force under section 1 of the Provisional Collection of Taxes Act 1913 shall, if the resolution is passed in March or April in any year, expire with 5th August in the same calendar year, and section 1(2) of the said Act shall have effect subject to this subsection.
- (4) Section 1 of the Provisional Collection of Taxes Act 1913 shall apply to a resolution of the House of Commons providing for the repeal or abolition of an existing tax (within the meaning of that Act) as it applies to such a resolution providing for the variation of any existing tax; and in relation to a resolution to which this subsection applies, the references in subsection (2) above and in proviso (b) to the said section 1(1) to the variation of the tax by a Bill or an Act shall be construed as references to its repeal or abolition by, as the case may require, a Bill or an Act.
- (5) Section 49(6) of the Finance Act 1965 shall apply to a resolution passed in March or April in any year as if for the period of four months from the passing of the resolution referred to in that subsection (as a period within which an assessment may be made by virtue of the resolution) there were substituted a reference to a period beginning with the passing of the resolution and ending with 5th August in the same calendar year.
- (6) In subsection (1) of section 265 of the Customs and Excise Act 1952 (which restricts that section to new duties of customs or excise in respect of any goods) the words " in respect of any goods " shall cease to have effect.
- (7) This and the next following section shall come into force on such date, not earlier than 1st September 1967, as may be appointed by the Treasury by order in a statutory instrument.
- (8) This and the next following section shall not affect the Provisional Collection of Taxes Act 1913 as that Act applies to the House of Commons of the Parliament of Northern Ireland.

42 Collection of taxes before passing of ways and means resolutions.

- (1) This section shall apply if the House of Commons resolves that provisional statutory effect shall be given to one or more motions to be moved by the Chancellor of the Exchequer, or some other Minister, and which, if agreed to by the House, would be resolutions—
- (a) to which statutory effect could be given under section 1 of the Provisional Collection of Taxes Act 1913, or
 - (b) to which section 265 of the Customs and Excise Act 1952 (new duties of customs or excise) could be applied, or
 - (c) in accordance with which assessments to corporation tax could be made under section 49(6) of the Finance Act 1965.
- (2) Subject to subsection (3) below, on the passing of the resolution under subsection (1) above the Provisional Collection of Taxes Acts shall apply as if each motion to which the resolution applies had then been agreed to by a resolution of the House.
- (3) Subsection (2) above shall cease to apply to a motion if that motion, or a motion containing the same proposals with modifications, is not agreed to by a resolution of the House (in this section referred to as " a confirmatory resolution ") within the next ten days on which the House sits after the resolution under subsection (1) above is passed, and, if it ceases to apply, all such adjustments, whether by way of discharge or repayment of tax, or discharge of security, or otherwise, shall be made as may be necessary to restore the position to what it would have been if subsection (2) above had never applied to that motion, and to make good any deductions which have become unauthorised deductions.
- (4) The Provisional Collection of Taxes Acts shall have effect as if—
- (a) any confirmatory resolution passed within the said period of ten sitting days had been passed when the resolution under subsection (1) was passed, and
 - (b) everything done in pursuance of subsection (2) above by reference to the motion to which the confirmatory resolution relates had been done by reference to the confirmatory resolution,
- but any necessary adjustments shall be made, whether by way of discharge or repayment of tax, or modification of the terms of any security, or further assessment, or otherwise, where the proposals in the confirmatory resolution are not the same as those in the original motion to which that resolution relates.
- (5) In this section " the Provisional Collection of Taxes Acts " means:—
- (a) the Provisional Collection of Taxes Act 1913 (with subsections (2), (3) and (4) of the last preceding section),
 - (b) section 265 of the Customs and Excise Act 1952,
 - (c) section 49(6) of the Finance Act 1965, and
 - (d) section 492 of the Income Tax Act 1952 (overdeductions from preference dividends before passing of annual Act).

43 Quorum of Special Commissioners in tax cases.

- (1) Anything to be done under any Act (including, except where otherwise expressly provided, any Act passed after this Act) by, to or before the Special Commissioners appointed for the purposes of income tax may be done by, to or before a single Special Commissioner, or any two or more Special Commissioners ; and this section applies

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

not only for income tax purposes but also for the purposes of any other affairs under the care and management of the Board.

- (2) Subject to the following provisions of this section proceedings shall not by virtue of this section be brought before a single Special Commissioner unless—
 - (a) the party, or the parties, to the proceedings, other than the Board or any officer of the Board, have given their consent, and
 - (b) a Special Commissioner so directs on being satisfied that the direction will avoid undue delay in the hearing of those or any other proceedings.
- (3) Proceedings brought before two or more Special Commissioners may be continued and determined by any one or more of them if the parties to the proceedings have given their consent and if the continuing Special Commissioner or Commissioners, after such consultation as is practicable with any Special Commissioner retiring from the proceedings, is or are satisfied that to do so will avoid undue delay in the hearing of those or any other proceedings.
- (4) If the notice to the appellant of the setting down for hearing of an appeal to the Special Commissioners states that it is intended that the appeal should be heard by a single Special Commissioner and draws attention to the provisions of this section, the appeal may be so heard without compliance with the requirements of subsection (2) above, but if, in the course of the hearing of the appeal, or at any earlier time, the Special Commissioner to whom the appeal is assigned is satisfied that the appellant has arguments to present or evidence to adduce on the merits of the appeal the case shall thereafter be treated as one which cannot be brought before a single Special Commissioner unless the requirements of subsection (2) above are fulfilled.
- (5) Nothing in subsection (1) of this section shall authorise a single Special Commissioner to entertain proceedings under section 56 of the Finance Act 1960 or paragraph 9 of Schedule 7 to that Act (procedure for recovery of fines and penalties), and subsection (3) of this section shall not apply to proceedings under those enactments.
- (6) No determination of a Special Commissioner shall be questioned, whether by a case stated or otherwise, on the ground that this section did not authorise the Special Commissioner to make the determination, except by a party by whom or on whose behalf an objection to the jurisdiction was made to the Special Commissioner before or in the course of the proceedings leading to the determination.

44 Loans to Government of Northern Ireland.

In the proviso to section 2(1) of the Miscellaneous Financial Provisions Act 1950 (which, as amended by section 95 of the Finance Act 1965, restricts the total principal amounts outstanding in respect of advances to the Exchequer of Northern Ireland under the said section 2 to seventy million pounds) for the words " seventy million pounds " there shall be substituted the words " one hundred and twenty million pounds ".

45 Citation, interpretation, construction, extent and repeals.

- (1) This Act may be cited as the Finance Act 1967.
- (2) In this Act, except where the context otherwise requires, " the Board " means the Commissioners of Inland Revenue.

- (3) In this Act—
- (a) Part I (except sections 8 to 12 and Schedules 7 and 8) shall be construed as one with the Customs and Excise Act 1952, and in that Part " the Act of 1952 " is that Act,
 - (b) sections 8 and 9 shall be construed as one with the Purchase Tax Act 1963,
 - (c) sections 11 and 12 shall be construed as one with the Vehicles (Excise) Act 1962,
 - (d) Part II shall be construed as one with the Income Tax Acts,
 - (e) Part III shall be construed as one with the Corporation Tax Acts so far as it relates to those Acts, with the Income Tax Acts so far as it otherwise relates to income tax, and with the enactments relating to the profits tax so far as it relates to that tax,
 - (f) without prejudice to the application to Northern Ireland of section 26(7) and of paragraph 10 of Schedule 12, Part IV shall be construed as one with the Selective Employment Payments Act 1966,
 - (g) Part V shall be construed as one with the Stamp Act 1891, and
 - (h) Part VI shall be construed as one with the Corporation Tax Acts so far as it relates to those Acts, with the Income Tax Acts so far as it otherwise relates to income tax, and with Part III of the Finance Act 1965 so far as it relates to chargeable gains.
- (4) The following provisions of this Act, namely, section 5(1) so far as it relates to the Licensing Act 1964 and Schedule 7, may be cited together with that Act (and with any other Act passed during the same Session as this Act which provides for that other Act to be cited together with the said Act of 1964) as the Licensing Acts 1964 to 1967.
- (5) The following provisions of this Act, namely, section 5(1) so far as it relates to the Licensing (Scotland) Acts 1959 and 1962 and Schedule 8, shall be included in the enactments which may be cited together as the Licensing (Scotland) Acts 1959 to 1967.
- (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 16 to this Act 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.