



# Finance Act 1961

## 1961 CHAPTER 36

### PART II

#### INCOME TAX

#### 12 Charge of income tax for 1961-62

Income tax for the year 1961-62 shall be charged at the standard rate of seven shillings and ninepence in the pound, and in the case of an individual whose total income exceeds two thousand pounds shall be charged 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 1960-61 exceeded the standard rate for that year.

#### 13 Surtax rates for 1960-61

Income tax for the year 1960-61 shall be charged, in the case of an individual whose total income exceeded two thousand pounds, at the same higher rates in respect of the excess as were charged for the year 1959-60.

#### 14 Surtax: reliefs for earned income

(1) For the purpose of charging surtax for the year 1961-62 or any subsequent year of assessment.—

- (a) there shall be deducted from the total income of an individual the amount tax on which at the standard rate- for that year is equal to the deduction which he is entitled to be allowed for that year under subsection (1) of section two hundred and eleven of the Act of 1952 (earned income relief);
- (b) where a deduction falls to be made under the foregoing paragraph and the earned income of the individual in question, reduced by the amount of that deduction, exceeds two thousand pounds, there shall be deducted from his total income whichever is the less of the following amounts, that is to say the amount of the excess and two thousand pounds.

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- (2) The proviso to subsection (1) of section fourteen of the Finance Act, 1957 (application to surtax of proportionate reduction for personal reliefs for non-residents) shall apply to the deductions provided for by the foregoing subsection as it applies to the deductions from total income provided for by the said section fourteen.
- (3) Where for any year of assessment a husband and wife are separately assessed to tax by virtue of an application under section three hundred and fifty-five or three hundred and fifty-six of the Act of 1952:—
- (a) whether or not they are separately assessed to surtax, the relief resulting from subsection (1) of this section shall be the same as if there were no separate assessment ;
  - (b) if they are separately assessed to surtax, the relief resulting from that subsection shall be allocated between them by apportioning the aggregate deduction from total income in proportion to their respective earned incomes;
  - (c) in so far as any deduction falling to be made by virtue of the said subsection (1) from the income of a husband or wife who are separately assessed to surtax cannot be applied for the benefit of the one for whose benefit it would be applicable under the foregoing paragraph, it shall be applied for the benefit of the other ;

and in sub-paragraph (ii) of paragraph (b) of subsection (2) of section fourteen of the Finance Act, 1957 (general provision for apportioning the deduction for personal reliefs between husband and wife separately assessed to surtax) the reference to the respective incomes of husband and wife shall be construed as a reference to their respective incomes as reduced in accordance with the foregoing provisions of this subsection.

## 15 Dependent relatives

The amounts of two hundred and ten pounds and one hundred and thirty-five pounds (relating to the total income of the dependent relative) specified, for the purposes of section two hundred and sixteen of the Act of 1952, in subsection (1) of section eighteen of the Finance Act, 1960, and subsection (3) of section fourteen of the Finance Act, 1958, respectively shall each be increased by twenty pounds.

## 16 Income tax relief for National Insurance contributions

- (1) Section nineteen of the Finance Act, 1960 (relief for National Insurance contributions) shall have effect as if—
- (a) each of the amounts specified in the second column of paragraphs 1, 3 and 5 (persons over eighteen) of Part I of the Third Schedule to that Act were increased by three pounds, and
  - (b) each of the amounts specified in paragraphs 2, 4 and 6 of the said Part I (persons under eighteen) were increased by two pounds,
- but nothing in this section affects the amounts of five pounds substituted by paragraph 2 of Part II of that Schedule (married women exempt from ordinary contributions).
- (2) This section shall not be deemed to have required any change in the amounts deducted or repaid under section one hundred and fifty-seven (pay as you earn) of the Act of 1952 before the sixth day of July, nineteen hundred and sixty-one.

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## **17 Double taxation relief agreements: exemptions from foreign taxation to promote development**

- (1) For the purposes of section three hundred and forty-seven of and the Sixteenth Schedule to the Act of 1952 (relief by agreement from double taxation), and of the definition of " double taxation relief " in section three hundred and fifty of that Act, any amount of foreign tax which would have been payable but for a relief to which this section applies given under the foreign law, being a relief with respect to which provision is made in the arrangements in question for double taxation relief, shall be treated as having been payable; and references in the said sections and Schedule to double taxation, to tax payable or chargeable, or to tax not chargeable directly or by deduction shall be construed accordingly:

Provided that this section shall not operate so as to increase, under paragraph 7 or 8 of the said Sixteenth Schedule, any amount of income or of income received in the United Kingdom.

- (2) This section applies to any relief given with a view to promoting industrial, commercial, scientific, educational or other development in a territory outside the United Kingdom.
- (3) In this section " foreign tax " means tax under the law of a territory outside the United Kingdom, and " the foreign law " means law of that territory.
- (4) For the purposes of any arrangements to which effect is given under the said section three hundred and forty-seven which apply to any period before the passing of this Act, this section shall have effect as respects that period.

## **18 Double taxation relief: provisions as to commencement of trade or source of income**

- (1) Subject to the provisions of this section, credit for foreign tax paid in respect of any income arising in the years of commencement shall be allowed, in pursuance of Part XIII of the Act of 1952, against United Kingdom income tax chargeable for any year of assessment in respect of that income if it would have been so allowed but for the fact that credit for that foreign tax had been allowed against the United Kingdom income tax chargeable in respect of that income for a previous year of assessment.
- (2) The amount of credit to be allowed in respect of any income by virtue of this section for any year of assessment shall not exceed the difference between the total credit allowable against income tax in respect of that income in pursuance of the said Part XIII (whether as originally enacted or as extended by this section) for all years of assessment for which credit is so allowable and the amount of credit which was in fact so allowed in respect of that income for any earlier year or earlier years of assessment.
- (3) The total credit allowable as aforesaid in respect of any income for all those years of assessment shall be taken to be the amount of the unapplied balance of the foreign tax charged on that income (that is to say, so much of that tax as was not applied in reducing the profits tax on that income) adjusted, where the number of the United Kingdom periods of assessment exceeds the number of the foreign periods of assessment, in the proportion which the former number bears to the latter, a period for which part only of the income is charged to tax being counted not as one period but as a fraction equal to the proportion which that part of the income bears to the whole of the income.

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- (4) Where the same income is charged to different foreign taxes for different foreign periods of assessment, the calculations required by the foregoing subsection for the purposes of arriving at and adjusting the unapplied balance of the foreign tax charged on that income shall be made separately in relation to each foreign tax (the amount of any one foreign tax applied in reducing the profits tax being taken to be an amount bearing the same proportion to the total foreign tax so applied as that one foreign tax bears to the total foreign tax) and the unapplied balance of the foreign tax or, as the case may be, that balance as adjusted shall be taken to be the aggregate of the amounts of the respective balances calculated in relation to each foreign tax in accordance with that subsection.
- (5) Where credit against income tax for any year of assessment is allowed by virtue of subsection (1) of this section in respect of any income (hereinafter referred to as the original income) and subsequently, by reason of the operation of the enactments relating to cessation, income arising in a non-basis period from the same source as the original income is not assessed to income tax, then, if the amount of credit allowed against income tax in respect of the original income in pursuance of Part XIII of the Act of 1952 (whether as originally enacted or as extended by this section) for all years of assessment for which credit is so allowable exceeds the aggregate of the following amounts, that is to say—
- (a) the amount of the credit against income tax which would have been allowed apart from the said subsection (1) for all those years in respect of the original income ; and
  - (b) the unapplied balance of the foreign tax for which credit would have been allowable against the profits tax and income tax in pursuance of Part XIII of the Act of 1952 in respect of income arising in the non-basis period from the same source as the original income, that is to say, so much of that foreign tax as was not applied in reducing the profits tax,

the person chargeable in respect of income, if any, from the same source in the year of assessment following the non-basis period shall be treated as having received in that year a payment chargeable under Case VI of Schedule D of an amount such that income tax thereon at the standard rate is equal to the excess:

Provided that any payment which any person is treated by virtue of this subsection as having received shall not on that account constitute income of his for any of the purposes of the Income Tax Acts other than this subsection and, in particular, no part thereof shall constitute profits or gains brought into charge to tax for the purposes of section one hundred and sixty-nine of the Act of 1952.

- (6) Any claim for relief by way of credit under subsection (1) of this section against income tax for any year of assessment shall be made within six years of the end of that year or, where there is more than one year of assessment in respect of which such relief may be given, within six years of the end of the later of them.
- (7) In this section—
- " foreign tax " means tax under the law of a territory outside the United Kingdom ;
  - " non-basis period " means a period the income arising in which is, by reason only of the operation of the enactments relating to cessations, not chargeable to United Kingdom income tax for any year of assessment;
  - " United Kingdom period of assessment " and " foreign period of assessment ", in relation to any income, mean respectively a year or other

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period for which under the relevant law the income falls to be charged to the relevant tax;

" years of commencement ", in relation to income from any source, means the first three years of assessment for which income from that source falls to be assessed to income tax and also, in the case of profits or gains chargeable to tax under Case I or II of Schedule D, the whole of any period falling partly within those years such that the profits or gains arising in the period fall to be assessed to income tax for a year of assessment later than those years ;

references to the enactments relating to cessations are references to section one hundred and thirty of the Act of 1952 (discontinuance of trade, profession or vocation), section eighteen of the Finance Act, 1952 (cessation of income taxable under Case III, IV or V of Schedule D or of a particular source of such income) and section nineteen of the Finance Act, 1953 (change in ownership of trade, profession or vocation);

references to income arising in any year include, in relation to income the income tax on which is to be computed by reference to the amount of income received in the United Kingdom, references to income received in that year.

## **19 Relief allowable in respect of foreign local taxes**

For the purposes of section three hundred and forty-eight of and the Seventeenth Schedule to the Act of 1952 (unilateral relief from double taxation) tax under the law of a territory outside the United Kingdom shall not be treated as not corresponding to income tax or the profits tax by reason only that it is payable under the law of a province, state or other part of a country or is levied by or on behalf of a municipality or other local body; and so much of subsection (4) of that section as makes provision to the contrary shall cease to have effect.

## **20 Extension of s. 448 of Act of 1952**

- (1) For the purposes of paragraph (a) of subsection (1) of section four hundred and forty-eight of the Act of 1952 (exemption for charities from tax under Schedule A) any premises an interest in which belongs to a charity or any ecclesiastical corporation and in which (in right of that interest)—
- (a) the persons from time to time holding any full-time office as clergyman or minister of any religious denomination, or
  - (b) any particular person holding such an office,
- have or has a residence from which to perform the duties of the office, or in which (in right of the said interest) accommodation is being held available to provide such a residence for such a person, shall be treated as owned and occupied by a charity, whether apart from this section they would be so treated for those purposes or not; but—
- (i) for the purposes of sections one hundred and seventy-five and one hundred and seventy-six of the Act of 1952 (excess rents) premises exempted from assessment for the purposes of Schedule A by virtue of this subsection shall be treated as if actually assessed for those purposes as a unit of assessment, but at a nil amount; and
  - (ii) in the case of premises exempted as aforesaid, the relief which may be claimed by virtue of subsection (3) of the said section one hundred and seventy-five shall be in respect only of so much of the cost of maintenance,

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repairs, insurance and management as is properly attributable to the part of the premises comprised in the lease to which that section applies.

- (2) Where a clergyman or minister of any religious denomination has such a residence as aforesaid in any premises, and has it in right of such an interest as aforesaid, then, for the purposes of tax with which he may be chargeable under Schedule E, there shall be disregarded—
- (a) the making good to him, in consequence of his being the holder of his office, of statutory amounts payable in connection with the premises or statutory deductions falling to be made in connection therewith, except in so far as an amount or deduction is properly attributable to a part of the premises in respect of which he receives rent;
  - (b) the payment on his behalf, except as aforesaid, of such a statutory amount;
  - (c) the value to him of any expenses incurred in connection with the provision in the premises of living accommodation for him, being expenses incurred in consequence of his being the holder of his office.
- (3) In respect of expenses borne by a clergyman or minister of any religious denomination in the maintenance, repairs, insurance or management of any premises in which, in right of such an interest as is mentioned in subsection (1) of this section, he has such a residence as is therein mentioned, such deduction (if any) from profits, fees or emoluments of his profession or vocation shall be allowed in assessing the tax chargeable upon him under any Schedule as, together with any deduction allowable in respect of such expenses under paragraph (a) of subsection (1) of section four hundred and seventy-nine of the Act of 1952, is equal to one-quarter of the amount of the expenses.
- (4) In this section " statutory amount " and " statutory deduction " mean an amount paid and a deduction made in pursuance of any provision contained in or having the force of an Act.

## **21 Exemption from tax of certain income of pension, etc., funds for overseas employees**

- (1) In respect of dividends and other income derived from investments, deposits or other property of a superannuation fund to which this section applies such relief from income tax shall be given as is necessary to secure that they are exempt to the like extent (if any) as if they were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (2) This section applies to any superannuation fund which—
- (a) is bona fide established under irrevocable trusts in connection with some trade or undertaking carried on wholly or partly outside the United Kingdom;
  - (b) has for its sole purpose the provision of superannuation benefits in respect of persons' employment in the trade or undertaking wholly outside the United Kingdom; and
  - (c) is recognised by the employer and employed persons in the trade or undertaking ;

and for the purposes of this subsection duties performed in the United Kingdom the performance of which is merely incidental to the performance of other duties outside the United Kingdom shall be treated as performed outside the United Kingdom.

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- (3) Relief under subsection (1) of this section shall be given by the Commissioners of Inland Revenue by way of repayment on a claim being made to them for the purpose, and subsections (3) and (4) (appeals) of section one hundred and ninety of the Act of 1952 (exemption for dividends of non-residents) shall apply for the purposes of subsection (1) of this section, but with the substitution for the reference to a question as to residence of a reference to the question whether a fund is one to which this section applies.
- (4) Where an annuity is paid from a superannuation fund to which this section applies to a person who is not resident in the United Kingdom, income tax shall not be deducted from any payment of the annuity or accounted for under section one hundred and seventy of the Act of 1952 by the trustees or other persons having the control of the fund.

## **22 Exemption from tax of compensation for National-Socialist persecution**

- (1) Annuities payable under the law of the Federal German Republic relating to the compensation of victims of National-Socialist persecution, being annuities which under any such law relating to the taxation of such compensation are specifically exempted from tax of a character similar to that of income tax, shall not be regarded as income for any income-tax purposes.
- (2) This section shall be deemed always to have had effect, and any necessary repayment of tax shall be made if a claim in that behalf is made to the surveyor, in such form as the Commissioners of Inland Revenue may direct, not later than the end of the year 1966-67.
- (3) The following provisions shall have effect as respects claims for repayment under the foregoing subsection:—
  - (a) a person's executors or administrators may make any claim which he might have made if he had not died, and after a person's death any repayment due (whoever made the claim) shall be made to his executors or administrators;
  - (b) where the surveyor objects to any such claim it shall be heard and determined by the Commissioners concerned in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of the Act of 1952 relating to the statement of a case for the opinion of the High Court on a point of law shall apply;
  - (c) any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (b) of this subsection shall have effect accordingly;
  - (d) subject to the foregoing provisions of this section, the provisions of the Sixth Schedule to the Act of 1952 shall apply to any such claim.
- (4) Subsection (1) of this section shall apply to annuities payable under the law of any part of the Federal German Republic as it applies to annuities payable under the law of that Republic.

## **23 Capital allowances for cars costing over two thousand pounds**

- (1) In relation to capital expenditure incurred on the provision of a vehicle to which this section applies, Chapter II of Part X of the Act of 1952 (capital allowances for machinery and plant) and the other provisions of the Income Tax Acts relating to the

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said Chapter II shall have effect subject to the modifications set out in the following provisions of this section; and section seventy-two of the Finance Act, 1960 (capital allowances in connection with management expenses claims and maintenance claims) shall have effect accordingly.

- (2) The expenditure ranking for initial or annual allowances, or to be taken into account for the purposes of the said Chapter II in computing the amount of expenditure still unallowed at any time, shall be limited to two thousand pounds, and any reference in that Chapter to cost shall be treated as excluding cost above that amount.
- (3) Where the expenditure exceeds two thousand pounds, any balancing allowance or balancing charge shall be computed, in a case where there are sale, insurance, salvage or compensation moneys, as if the amount of those moneys (or where in consequence of any provision of the Income Tax Acts other than this subsection some other amount is to be treated as the amount of those moneys that other amount) were reduced in the proportion which two thousand pounds bears to the actual amount of the said expenditure.
- (4) If where the expenditure exceeds two thousand pounds.—
  - (a) the person providing the vehicle (hereinafter referred to as " the prior owner ") sells the vehicle on a sale to which the Fourteenth Schedule to the Act of 1952 (sales where parties not at arm's length, etc.) applies, or
  - (b) the prior owner sells the vehicle or gives it away so that paragraph 5 of the Sixth Schedule to the Finance Act, 1952 (allowances and balancing charges for purchaser or donee in certain circumstances), or that paragraph as applied by paragraph 6 of that Schedule, has effect in relation to the purchaser or donee, or
  - (c) in consequence of a succession to the trade, profession or vocation of the prior owner subsection (1) of section three hundred and twenty-eight of the Act of 1952 (certain successions to be treated as sales at open-market price) has effect,

then in relation to the purchaser, donee or successor the price which the vehicle would have fetched if sold in the open market or the expenditure incurred by the prior owner in the provision of the vehicle shall be treated for the purposes of the said Fourteenth or Sixth Schedule or the said section three hundred and twenty-eight as reduced in the proportion which two thousand pounds bears to the actual amount of the said expenditure; and in the application of the foregoing subsection to the purchaser, donee or successor references to the expenditure incurred on the provision of the vehicle shall be construed as references to the expenditure so incurred by the prior owner:

Provided that where this subsection has had effect on any occasion in relation to the vehicle, and no sale or gift of the vehicle has since occurred to which neither of the said Fourteenth and Sixth Schedules applies, then in relation to all persons concerned the like consequences under this subsection shall ensue as respects a sale, gift or succession falling within paragraphs (a) to (c) of this subsection which occurs on any subsequent occasion as if the person who in relation to that sale, gift or succession is the prior owner had incurred expenditure on the provision of the vehicle of an amount equal to the expenditure so incurred by the person who was the prior owner on the first-mentioned occasion.

- (5) In the application of subsection (1) of section two hundred and ninety-six of the Act of 1952 (optional treatment of capital allowances on replacement) to a case where the vehicle is the new plant referred to in that subsection, the expenditure shall be



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disregarded in so far as it exceeds two thousand pounds, but this provision is without prejudice to the application of the foregoing subsections to the vehicle.

- (6) Where the expenditure exceeds two thousand pounds, but under subsection (1) of section three hundred and thirty-two of the Act of 1952 (subsidies and contributions) any part of it is to be treated as not having been incurred by a person.—
- (a) the amount which (subject to the foregoing provisions of this section) is to be treated for the purposes of Part X of the Act of 1952 as having been incurred by that person, and
  - (b) if subsection (3) of the said section three hundred and thirty-two (capital allowances to contributors) has effect, the amount of the contribution on which allowances are to be made under that subsection, shall each be reduced in the proportion which two thousand pounds bears to the said capital expenditure incurred on the provision of the vehicle.

#### **24 Limit on renewals allowance for cars**

In determining what amount (if any) is allowable—

- (a) to be deducted in computing profits or gains chargeable to tax under Schedule D, or
- (b) to be deducted from emoluments chargeable to tax under Schedule E, or
- (c) to be taken into account for the purposes of a management expenses claim or a maintenance claim (within the meaning of section seventy-two of the Finance Act, 1960),

in respect of capital expenditure, being expenditure exceeding two thousand pounds, incurred on the provision of a vehicle to which this section applies, the excess over two thousand pounds shall be disregarded for all purposes; but if on the replacement of the vehicle any amount becomes allowable as aforesaid in respect of capital expenditure on any other vehicle, any deduction falling to be made, in determining the last-mentioned amount, for the value or proceeds of sale of the replaced vehicle or otherwise in respect thereof shall be reduced in the proportion which two thousand pounds bears to the cost of the replaced vehicle.

#### **25 Limit on deductions, etc., for hiring cars**

Where apart from this section the amount of any expenditure on the hiring of a vehicle (otherwise than by way of hire-purchase) to which this section applies would be allowed to be deducted or taken into account as mentioned in the foregoing section, and the retail price of the vehicle at the time when it was made exceeded two thousand pounds, the said amount shall be reduced in the proportion which two thousand pounds bears to the said price.

#### **26 Cars: provisions as to hire-purchase, etc.**

- (1) In the case of a vehicle to which this section applies, being a vehicle of which the retail price at the time of the contract in question exceeds two thousand pounds, the following provisions shall have effect.
- (2) Sub-paragraph (1) of paragraph 1 of the Third Schedule to the Finance Act, 1957 (provision of machinery or plant where the provider ceases to be entitled to the benefit of the contract without becoming the owner of the machinery or plant) shall apply in a case not falling within sub-paragraph (1) (b) or sub-paragraph (2) (b) of that paragraph

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if it would apply if the case fell within either of those sub-paragraphs; and the said sub-paragraph (1) shall have effect as if at the end there were added " or in determining what amount (if any) is allowable as mentioned in section twenty-four of the Finance Act, 1961 ".

- (3) Where the said sub-paragraph (1) has effect (whether by virtue of the foregoing subsection or otherwise) all payments made under the contract shall be (treated for income tax purposes (including in particular the purposes of section twenty-five of this Act) as expenditure incurred on the hiring of the vehicle otherwise than by way of hire-purchase.
- (4) Where the person providing the vehicle takes it under a hire-purchase contract, then in apportioning the payments under the contract between capital expenditure incurred on the provision of the vehicle and other expenditure so much of those payments shall be treated as such capital expenditure as is equal to the price which would be chargeable, at the time the contract is entered into, to the person providing the vehicle if he were acquiring it on a sale outright.

## 27 Supplementary provisions relating to four foregoing sections

- (1) Subject to the next following subsection the vehicles to which the four foregoing sections apply are mechanically propelled road vehicles constructed or adapted for the carriage of passengers, other than vehicles of a type not commonly used as a private vehicle and unsuitable to be so used.
- (2) Sections twenty-three to twenty-five of this Act and subsections (2) and (3) of the foregoing section do not apply where a vehicle is provided, or as the case may be hired, wholly or mainly for the purpose of hire to, or the carriage of, members of the public in the ordinary course of trade.
- (3) None of the provisions of sections twenty-three and twenty-four of this Act or of subsections (2) and (3) of the foregoing section shall apply in relation to a vehicle provided by a person who is a manufacturer of such vehicles as are mentioned in subsection (1) of this section, or of parts or accessories for such vehicles, if he shows that it was provided solely for the purpose of testing the vehicle or parts or accessories for such vehicles:

Provided that if during the period of five years beginning with the time when the vehicle was provided he puts it, to any substantial extent, to a use which does not serve that purpose and that purpose only, this subsection shall be deemed not to have had effect in relation to the vehicle.

- (4) Paragraph 4 of the Third Schedule to the Finance Act, 1957 (additional assessments and adjustments of assessments) shall have effect as if references therein to that Schedule included references to subsections (2) and (3) of the foregoing section and the foregoing subsection.
- (5) References in sections twenty-three to twenty-five of this Act to expenditure incurred on the provision or hiring of a vehicle do not include references to expenditure incurred before the seventeenth day of April, nineteen hundred and sixty-one or to expenditure incurred under a contract entered into before that day where either—
  - (a) the expenditure is incurred within twelve months after that day, or
  - (b) the contract is one of hire-purchase or for purchase by instalments,

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and subsections (2) and (3) of the foregoing section shall not apply where the contract was entered into before that day.

- (6) Where a vehicle to which the four foregoing sections apply is replaced by another such vehicle, and section twenty-four of this Act has effect, the capital expenditure on the provision of the replacement vehicle shall be taken for the purposes of Chapter II of Part X of the Act of 1952 to be the amount of the deduction (if any) falling to be made, in determining what amount is allowable as mentioned in the said section twenty-four, by reason of the cost of the replacement vehicle exceeding the cost of the replaced vehicle.
- (7) This and the four foregoing sections shall be construed as one with Chapter II of Part X of the Act of 1952, except that in section twenty-four of this Act " capital expenditure " shall be construed without regard to subsection (1) of section three hundred and thirty of that Act.

## **28 Provisions as to assessment under Schedule E**

- (1) Where an assessment to income tax is made as respects emoluments which—
  - (a) have been taken into account in the making of deductions or repayments of tax under section one hundred and fifty-seven (pay as you earn) of the Act of 1952, and
  - (b) were received not less than twelve months before the beginning of the year of assessment in which the assessment is made,

then if the assessment is made after the expiration of the period of twelve months immediately following the year of assessment for which it is made, it shall be made in accordance with the practice generally prevailing at the expiration of that period:

Provided that this subsection shall not prevent the taking into account, for the purposes of any such assessment, of a change of practice occurring before the sixth day of April, nineteen hundred and sixty-one.

- (2) Notwithstanding anything in subsection (1) of section forty-seven of the Act of 1952 (which allows assessments for any year to be made or amended not later than six years after the end of that year, subject to a proviso which allows them to be made or amended at any time where there has been fraud or wilful default) but without prejudice to that proviso, where emoluments to which this subsection applies are received in a year of assessment subsequent to that for which they are assessable, assessments to income tax as respects those emoluments may be made and may, if not final, be amended at any time within six years after the year of assessment in which they were received; but subsection (2) of that section (which limits the time allowed by the said subsection (1), in the case of income of a deceased person before his death, to the end of the third year following the year of assessment in which he died) shall apply in relation to the time allowed by this subsection as it applies in relation to the time allowed by the said subsection (1).
- (3) The emoluments to which the foregoing subsection applies are emoluments chargeable to tax under Schedule E, including any sums which by virtue of Chapter II of Part VI of the Act of 1952 (expenses allowances, benefits and facilities for directors and others) fall to be treated as perquisites of a person's office or employment and any payments chargeable to tax by virtue of section thirty-seven of the Finance Act, 1960 (payments on retirement or loss of office or employment), being emoluments, sums or payments received in the year 1955-56 or any subsequent year of assessment other than those

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taken into account in an assessment to income tax for the year of assessment in which they are received; and for the purposes of that subsection and this subsection—

- (a) any such sums which are not actually paid to that person shall be treated as having been received at the time when the relevant expenses were incurred or are treated for the purposes of the said Chapter II as having been incurred;
  - (b) any such payment shall notwithstanding anything in subsection (4) of the said section thirty-seven (notional date of payment) be treated as having been received at the time it was actually received.
- (4) It shall not be obligatory to make an assessment under Schedule E in the cases specified in paragraphs (b) and (c) of subsection (2) of section one hundred and fifty-eight of the Act of 1952 (which require such an assessment to be made where the emoluments paid in the year are not the same as the emoluments for the year or where the emoluments assessable are relevant for surtax purposes), and accordingly those paragraphs shall cease to have effect.
- (5) Any reference in this section to an assessment includes a reference to an additional assessment.

## **29 Returns by industrial and provident societies of recipients of loan and share interest**

Subsection (4) of section four hundred and forty-three of the Act of 1952 (which requires registered industrial and provident societies, on or before the first day of May in each year, to make returns of the names and addresses of persons to whom loan interest (being loan interest to which subsection (1) of the section applies) amounting to five pounds or more has been paid in the previous year of assessment, the society losing its right to relief under the section if the return is not duly made) shall have effect, in relation to the returns required to be made on or before the first day of May in the year nineteen hundred and sixty-two and subsequent years, as if in paragraph (a) for the words " loan interest (being " there were substituted the words " interest (being share interest or " and for the words " five pounds or more " there were substituted the words " more than fifteen pounds " , and as if the word " loan " were omitted in each subsequent place where it occurs.