



# Finance Act 1933

## 1933 CHAPTER 19

### PART II

#### INCOME TAX.

**27 Income tax for 1933-34.**

- (1) Income tax for the year 1933-34 shall be charged at the standard rate of five shillings in the pound, and, in the case of an individual whose total income from all sources exceeds two thousand pounds, at such higher rates in respect of the excess over two thousand pounds as Parliament may hereafter determine.
- (2) All such enactments as had effect with respect to the income tax charged for the year 1932-33 shall have effect with respect to the income tax charged for the year 1933-34.

**28 Higher rates of income tax for 1932-33.**

Income tax for the year 1932-33 shall be charged, in the case of an individual whose total income from all sources exceeded two thousand pounds, at the same higher rates in respect of the excess over two thousand pounds as were charged for the year 1931-32.

**29 Amendment as to payment of tax by instalments.**

Section eight of the Finance Act, 1931 (which amended the amount of the instalments payable under subsection (2) of section one hundred and fifty-seven of the Income Tax Act, 1918), shall cease to have effect as respects tax for the year 1933-34 and subsequent years, and the said subsection (2) shall have effect as respects tax for those years as it had effect as respects tax for the year 1930-31.

**30 Continuance of allowance for repairs under 13 and 14 Geo. 5. c. 14. s. 28.**

- (1) Section twenty-eight of the Finance Act, 1923 (which relates to the allowance for repairs and which was continued in force by section twenty of the Finance Act, 1928,

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until the fifth day of April, nineteen hundred and thirty-three), shall continue in force until the fifth day of April, nineteen hundred and thirty-six.

- (2) This section shall be deemed to have had effect as from the sixth day of April, nineteen hundred and thirty-three.

**31 Charge of tax on mutual profits and repeal of 8 and 9 Geo. 5. c. 40. s. 39(4).**

- (1) In the application to any company or society of any provision or rule relating to profits or gains chargeable under Case I. of Schedule D (which relates to trades) or under Rule 4 of the Rules applicable to Case III. of Schedule D (which relates to the profits of certain cattle dealers and milk dealers) any reference to profits or gains shall be deemed to include a reference to a profit or surplus arising from transactions of the company or society with its members which would be included in profits or gains for the purposes of that provision or rule if those transactions were transactions with non-members, and the profit or surplus aforesaid shall be determined for the purposes of that provision or rule on the same principles as those on which profits or gains arising from transactions with non-members would be so determined.
- (2) Subsection (4) of section thirty-nine of the Income Tax Act, 1918 (which exempts certain registered societies from income tax under Schedules C and D), shall cease to have effect.
- (3) It is hereby declared that in computing, for the purposes of any provision or rule mentioned in subsection (1) of this section, any profits or gains of a company or society which include any income which is chargeable to tax by virtue of the foregoing provisions of this section, there are to be deducted as expenses any sums which—
- (a) represent a discount, rebate, dividend, or bonus granted by the company or society to members or other persons in respect of amounts paid or payable by or to them on account of their transactions with the company or society, being transactions which are taken into account in the said computation; and
  - (b) are calculated by reference to the said amounts or to the magnitude of the said transactions and not by reference to the amount of any share or interest in the capital of the company or society.
- (4) A registered society whose business consists mainly in the making of investments, and the principal part of whose income is derived therefrom, shall be entitled to relief under section thirty-three of the Income Tax Act, 1918 (which relates to relief in respect of expenses of management), in the same manner and to the same extent as if the business of the society were the business of a company.
- (5) Where the profits or gains of a company or society include any income which is chargeable to tax by virtue of the provisions of subsection (1) or subsection (2) of this section, but is not otherwise chargeable to tax, the following transitional provisions shall have effect:—
- (a) where the computation of profits or gains is required to be made by reference to any year or period other than the year of assessment, the computation for that year or period shall be made in accordance with the provisions of subsection (1) of this section, notwithstanding that those provisions were not in force in that year or period or some part thereof;
  - (b) where a claim is made for a deduction in respect of the wear and tear or replacement of any machinery or plant under Rule 6 or Rule 7 of the Rules applicable to Cases I. and II. of Schedule D, paragraph (6) of the said Rule 6, and the said Rule 7, shall have effect as if there had been allowed, for all

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years of assessment prior to the year 1933-34, all such deductions for wear and tear (but not including any additional allowance under section eighteen of the Finance Act, 1932) as would have been allowable in charging profits or gains which would have been chargeable if subsections (1) and (2) of this section had been in force throughout those years; and, in computing the amount of profits or gains to be charged, no sum shall be deducted (otherwise than under the said Rule 7) in respect of the cost of the renewal or replacement of any machinery or plant exceeding the amount of such cost reduced by the total amount of all such deductions for wear and tear as would have been allowable as aforesaid j

- (c) no deduction shall be carried forward from the year 1932-33 under paragraph (3) of the said Rule 6 and no loss, or portion of a loss, which was sustained before the sixth day of April, nineteen hundred and thirty-three, shall be carried forward under or by reference to section thirty-three of the Finance Act, 1926, except so far as the deduction or loss, or portion of a loss, as the case may be, related to transactions any profits or gains from which were chargeable with tax for the said year 1932-33 or previous years.
- (6) Where any profits or income of a registered society arising in the year 1933-34 have, by virtue of the provisions of this section, ceased to be exempt from income tax chargeable by deduction and the tax has not been deducted therefrom, an assessment may be made on the society under Case III. of Schedule D as if the profits or income were mentioned in Rule 1 of the Rules applicable to that Case and first arose in the said year.
- (7) In this section the expression " company or society " means any incorporated company or society whether incorporated in the United Kingdom or elsewhere, and the expression " registered society " means a society registered under the Industrial and Provident Societies Acts, 1893 to 1928, or under the enactments in force in Northern Ireland known as the Industrial and Provident Societies Acts (Northern Ireland), 1893 to 1929.

## **32 Payment of loan and share interest of registered societies without deduction of tax.**

- (1) Notwithstanding anything contained in the Income Tax Acts, any share interest or loan interest paid by a registered society, shall be paid without deduction of income tax:  
Provided that this subsection—
  - (a) shall not apply to any share interest or loan interest payable to a person whose usual place of abode is not within the United Kingdom; and
  - (b) shall not render improper any such deduction made before the first day of October, nineteen hundred and thirty-three, which would have been a proper deduction if this subsection had not been enacted.
- (2) Any share interest or loan interest paid by a registered society without deduction of income tax shall be chargeable under Case III. of Schedule D as if it were mentioned in Rule 1 of the Rules applicable to that Case.
- (3) Where at any time, by virtue of the last foregoing subsection, the income of a person from any source becomes chargeable as therein provided not having previously been chargeable by direct assessment on that person, the provisions of paragraph (ii) of the proviso to section thirty of the Finance Act, 1926 (which relates to charge of tax where a person acquires a new source of income in any year of assessment), shall apply as

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if the source of that income were a new source of income acquired by that person at that time.

- (4) Subject as hereinafter provided—
- (a) a registered society shall be entitled to have the amount of income tax which, but for any relief under this paragraph, it would be liable ultimately to bear for any year of assessment, reduced by a sum representing tax on the amount of share interest or loan interest paid in that year by the society without deduction of tax in accordance with the foregoing provisions of this section; and
  - (b) where due relief under this subsection cannot be given for any year of assessment in respect of any part of the share interest or loan interest so paid by a society in that year, section nineteen of the Finance Act, 1928 (which relates to allowance for certain purposes of interest payments as losses), shall have effect as if the society had been assessed to tax for that year under Rule 21 of the General Rules in respect of the payment of that part of the share interest or loan interest, and had paid tax under that assessment on the amount of the payment:

Provided that this subsection shall not apply to any loan interest in respect of or by reference to which a deduction or relief is allowable to the society otherwise than under this subsection.

- (5) Subsections (1) and (2) of section forty-one of the Finance Act, 1927 (which relate to the making and determination of claims for certain deductions of tax), shall apply to claims for relief under paragraph (a) of the last foregoing subsection as they apply to claims for deductions of tax and as if the Special Commissioners were the commissioners concerned, and any relief due under the said paragraph (a) may be given either by discharge or reduction of any assessment, or by repayment, or by all or any of those means, as the case may require.
- (6) On or before the first day of May in each year (commencing with the year nineteen hundred and thirty-four), every registered society shall deliver to the surveyor for the district in which its registered office is situate a return in such form as the Commissioners of Inland Revenue may prescribe, showing—
- (a) the name and place of residence of every person to whom loan interest (being loan interest to which subsection (4) of this section applies) amounting to the sum of five pounds or more has been paid by the society in the year of assessment which ended next before the said first day of May; and
  - (b) the amount of such loan interest paid in that year to each of those persons;
- and if such a return is not duly made as respects any year of assessment the society shall not be entitled to any relief under this section in respect of any payments of loan interest which it was required to include in the return, and the amount of any relief or allowance which has been given in respect of any such payments may, if not otherwise made good, be assessed under Case VI. of Schedule D and recovered from the society accordingly.
- (7) For the purposes of this section—
- (a) the expression " registered society " has the same meaning as in the last preceding section;
  - (b) the expression " share interest, " in relation to a registered society, means any interest, dividend, bonus, or other sum payable to a shareholder of the society by reference to the amount of his holding in the share capital of the society;

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- (c) the expression " loan interest, " in relation to a registered society, means any interest payable by the society in respect of any mortgage, loan, loan stock, or deposit;
- (d) references to the payment of share interest or loan interest shall include references to the crediting of such interest.

**33 Power to carry forward expenses in respect of which relief may be given under 8 and 9 Geo. 5. c. 40. s. 33.**

Where, on a claim for relief under section thirty-three of the Income Tax Act, 1918, made by a company, society, or bank for any year of assessment after the year 1932-33 in respect of the sums disbursed by it as expenses of management (including commissions) for that year, relief is disallowed in respect of the whole or part of those sums by reason only of the provisions of proviso (a) to subsection (1) of the said section, the amount in respect of which relief has been so disallowed may be carried forward and treated for the purpose of the said section as if it had been disbursed as aforesaid for any of the six years of assessment next following:

Provided that relief in respect of an amount so carried forward shall be given for the first year of assessment next following, in so far as relief can be so given in accordance with the provisions of the said section in respect of that amount as well as in respect of the sums actually disbursed as aforesaid for that year, and so far as it cannot be so given, then for the next year of assessment, and so on.

**34 Recovery of sur-tax due from beneficiary under discretionary trust.**

- (1) The provisions of this section shall have effect in relation to sur-tax due from any person (in this section referred to as the "beneficiary ") to whom, or for whose benefit, any income or any capital may in the discretion of some other person be paid or applied under a trust.
- (2) If any sur-tax charged in respect of the income of the beneficiary is not paid before the expiration of six months from the date when it became due and payable, the Special Commissioners may at any time thereafter, so long as the said sur-tax remains unpaid, cause to be served on the trustees of the trust a notice in writing that the said sur-tax remains unpaid.
- (3) Where such a notice as aforesaid is served in accordance with the provisions of this section on the trustees of the trust it shall be the duty of the trustees, as soon as may be, and if necessary from time to time, to pay the Commissioners of Inland Revenue in or towards satisfaction of the said sur-tax from time to time remaining unpaid any income or capital which, by virtue of any exercise of the discretion under the trust, the beneficiary may become entitled to receive or to have applied for his benefit.
- (4) Any payments made out of income by trustees on account of sur-tax in respect of which a notice under this section has been served shall be deemed for all the purposes of the Income Tax Acts to represent income paid to the beneficiary.
- (5) Any sum which the trustees are liable to pay by virtue of the provisions of this section shall be recoverable from them as a debt due to the Crown.
- (6) Service of any notice under this section may be effected by sending it by post to the person on whom it is to be served by letter addressed to him at his usual or last known place of abode, and, where there are two or more trustees under the trust, the notice

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shall be deemed to have been validly served upon the trustees if served upon any one of them, but nothing in this section shall render a trustee personally liable for anything done by him in good faith and in ignorance of the fact that such a notice has been served.