



# Finance Act 1917

## 1917 CHAPTER 31

### PART II

#### INCOME TAX

#### 10 Income tax for 1917-18

- (1) Income tax for the year beginning on the sixth day of April nineteen hundred and seventeen shall be charged at the rate of five shillings, and super-tax, and the additional income tax under section twenty-seven of the Finance Act, 1916, on securities which the Treasury are willing to purchase, shall be charged, levied, and paid for that year at the same rates as those charged for the year beginning on the sixth day of April nineteen hundred and sixteen.
- (2) All such enactments relating to income tax, including super-tax and the said additional income tax, as were in force with respect to the duties of income tax granted for the year beginning on the sixth day of April nineteen hundred and sixteen shall have full force and effect with respect to any duties of income tax hereby granted.
- (3) The annual value of any property which has been adopted for the purpose either of income tax under Schedules A. and B. in the Income Tax Act, 1853, or of inhabited house duty, for the year ending on the fifth day of April nineteen hundred and seventeen, shall be taken as the annual value of such property for the same purpose for the next subsequent year ; provided that this subsection—
  - (a) so far as respects the duty on inhabited houses in Scotland, shall be construed with the substitution of the twenty-fourth day of May for the fifth day of April; and
  - (b) shall not apply to the metropolis as defined by the Valuation (Metropolis) Act, 1869.

#### 11 Continuance of certain relief from income tax

The provisions of sections twenty-nine, thirty, and forty-three of the Finance Act, 1916 (which give relief from income tax in certain cases for the then current income tax

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year), shall have effect as if herein re-enacted and in terms, made applicable to the income tax year beginning on the sixth day of April nineteen hundred and seventeen :

Provided that—

- (a) for the words from " and in calculating " to the end of subsection (2) of the said section thirty, there shall be substituted the words " and in calculating " the earned income on which relief is to be given " under this section the deductions required to be " made from earned income under subsection (2) " of section nineteen of the Finance Act, 1907, as " amended by any other Act, shall not be made " from the pay unless and except in so far as. " the amount of those deductions exceeds the " aggregate amount of the earned income other " than the pay and of the unearned income " ; and
- (b) the said section thirty, as so amended, shall apply to any person who during the current income tax year has served, or serves, for not less than three months as master or a member of the crew of any ship or fishing boat as it applies to any of the persons mentioned in that section.

## **12 Continuance of relief under 5 Geo. 5. c. 7. s. 13**

- (1) Section thirteen of the Finance Act, 1914 (Session 2) (which gives relief in respect of diminution of income due to war), shall apply to income tax (including super-tax) for the current income-tax year, but with the substitution, as regards, postponed super-tax, of the first day of January nineteen hundred and nineteen for the first day of January nineteen hundred and sixteen as the date on which the postponed super-tax is to-become payable.
- (2) Any payment of super-tax for any year (hereinafter referred to as the year of charge) which has been postponed under section thirteen of the Finance Act, 1914 (Session 2), as continued by section twenty of the Finance Act, 1915, and section twenty-eight of the Finance Act, 1916, or which has been postponed and further postponed under those sections, may be further postponed until the first day of January nineteen hundred and nineteen, if the individual from whom the payment is due proves to the satisfaction of the Special Commissioners that his actual income from all sources for the current income-tax year is or will be less than two-thirds of the income on which he was liable to be charged to super-tax for the year of charge.

## **13 Relief from income tax in respect of adopted children**

- (1) If any individual who has been assessed or charged to income tax or has paid income tax either by deduction or otherwise, claims and proves in manner prescribed by the Income Tax Acts that his total income from all sources, although exceeding one hundred and thirty pounds does not exceed seven hundred pounds, and that for the year for which the income tax is charged he has the custody of and maintains at his own expense a child or children under the age of sixteen years at the commencement of that year and that neither he nor any other individual is entitled to relief from income tax in respect of the same child or children by virtue of section sixty-eight of the Finance (J 909-10) Act, 1910, as amended by any subsequent enactment, or if any other individual is entitled to such relief that that other individual has relinquished his claim thereto, he shall be entitled in respect of every such child to relief from income tax equal to the amount of the income tax upon twenty-five pounds.
- (2) The provisions of subsections (2) and (3) of section sixty-eight of the Finance (1909-10) Act, 1910, as amended by any subsequent enactment, shall apply to the

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relief given under this section, to the manner of claiming such relief, and to the proof to be given with respect thereto, as if they were herein re-enacted and in terms made applicable to this section.

#### **14 Relief from income tax in respect of income accumulated under trusts**

- (1) Where in pursuance of the provisions of any will or settlement any income arising from any fund is accumulated for the benefit of any person contingently on his attaining some specified age or marrying, and the aggregate amount in any income tax year of that income and the income from any other fund subject to the like trusts for accumulation and of the total income of that person from all sources (hereinafter referred to as " the aggregate yearly income ") is of such an amount only as would entitle an individual either to total exemption from income tax or to relief from income tax, that person shall, on making a claim for the purpose within three years after the end of the income tax year in which the contingency happens, be entitled, on proof of the claim in manner prescribed by the Income Tax Acts, to have repaid to him on account of the income tax which has been paid in respect of the income during the period of accumulation a sum equal to the aggregate amount of relief to which he would have been entitled if his total income from all sources for each of the several years of the said period had been equal to the aggregate yearly income for that year, but in calculating that sum a deduction shall be made in respect of any relief already received.
- (2) All the provisions of the Income Tax Acts which relate to claims for exemption, relief, or abatement, or the proof to be given with respect to those claims shall apply to claims for relief under this section and the proof to be given with respect to those claims.

#### **15 Application of s. 22 of the Finance Act, 1915, to interest on advances by members of stock exchanges and discount houses**

Section twenty-two of the Finance Act, 1915 (which provides for the repayment in certain cases of income tax on interest paid to banks), shall, subject as hereinafter mentioned, apply to interest (not being yearly interest) payable in the United Kingdom on an advance from a person who in the opinion of the Commissioners of Inland Revenue is bona fide carrying on business as a member of a stock exchange in the United Kingdom or from any person who in the opinion of the said Commissioners is bona fide carrying on the business of a discount house in the United Kingdom, as it applies to interest payable on an advance from a bank :

Provided that no repayment shall be made under the said section as applied by this section unless the Commissioners of Inland Revenue are satisfied that the interest has been or will be brought into account in the return made or to be made for the purposes of income tax by the person making the advance.

#### **16 Repayment of income tax on sums deducted from profits**

- (1) Where a deduction on account of any of the matters specified in section thirty-nine of the Finance Act, 1916 (which provides for the repayment of income tax on sums deducted from profits) has been allowed for the purposes of excess profits duty in calculating the profits of a controlled establishment for any period during which it is subject to control, that section shall, subject to the necessary modifications, apply as it applies where a deduction has been allowed in calculating those profits for the purposes of Part II. of the Munitions of War Act, 1915 :

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Provided that a repayment of income tax shall not be allowed under this section and also under the said section thirty-nine in respect of the same deduction.

- (2) Subsection (3) of section twenty-six of the Finance Act, 1907, shall apply, with the necessary modifications, with respect to any repayment of income tax under the said section thirty-nine or this section, as it applies with respect to deductions for wear and tear.

## **17 Provisions as to interest free from income tax**

- (1) Where any securities have been issued in connection with any Government loan raised for the purposes of the present war and such securities were issued subject to the condition that the interest thereon should be exempt from assessment to income tax, but should not be exempt from super-tax, the interest on the securities shall be exempt from assessment to income tax but shall not be exempt from super-tax.
- (2) The interest on any such securities shall, for the purposes of super-tax and for the purposes of any relief from income tax which depends on the total income from all sources, be treated as part of the total income from all sources as if the amount actually received represented net income after deduction of income tax at the highest current rate; but nothing in this provision shall be construed as entitling any person to the repayment of any sum on account of income tax on the ground that he is to be treated as having paid income tax at such rate as aforesaid on the interest so exempt.

## **18 Provisions as to interest payable without deduction of income tax**

- (1) Section sixty-four of the Finance Act, 1916 (which relates to the payment of interest on Exchequer bonds without deduction of income tax), shall apply and shall be deemed always to have applied to registered or inscribed stock of the five per cent. War Loan, 1929-1947, and to any stock which has been converted into that stock or into stock of the four per cent. War Loan, 1929-1942, as it applies to Exchequer bonds.
- (2) Section forty-one of the Finance Act, 1916, is hereby repealed.

## **19 Returns as to interest, &c. paid without deduction of income tax**

Where interest on any securities issued in connection with any Government loan raised for the purposes of the present war is paid without deduction of income tax, any person by whom such interest is paid, and any person who receives on behalf of any other person (being a registered or inscribed holder of any such security) any interest so paid without deduction of income tax, and any person who has acted as intermediary in the purchase of any securities on which the interest is payable without deduction of income tax, shall, on being so required by the Commissioners of Inland Revenue, furnish to them—

- (a) the names and addresses of the persons to whom such interest has been paid or on whose behalf such interest has been received, or on whose behalf such securities have been purchased ;
- (b) the amount of the interest so paid or received, or the amount of the securities so purchased.