



# Finance Act 1946

1946 CHAPTER 64 9 and 10 Geo 6

## PART IV.

EXCESS PROFITS TAX AND THE NATIONAL DEFENCE CONTRIBUTION.

### **38 Relief for losses on sales of stock.**

- (1) Subject to the provisions of this section, if any person who, in a chargeable accounting period ending on the thirty-first day of December, nineteen hundred and forty-six, carried on a trade or business the profits of which for any chargeable accounting period are charged to excess profits tax, makes a claim for relief under this section and proves that—

- (a) on the said thirty-first day of December, stock was taken of all the trading stock then held for the purposes of the trade or business ; and
- (b) that, on the sales of stock effected during the sales period, as hereinafter defined, a claimable loss has been sustained in that trade or business,

he shall be entitled to require that the profits of the trade or business for the said chargeable accounting period shall, for the purposes of excess profits tax, be treated as reduced by the amount of the claimable loss:

Provided that—

- (i) no relief shall be given under this section if the trade or business is discontinued at the end of the said chargeable accounting period ;
- (ii) where the whole or part of any loss sustained on sales of, or resulting from any fall in the value of, any of the stock held for the purposes of the trade or business on the said thirty-first day of December has been or is to be met directly or indirectly by the Crown or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the person carrying on the trade or business, such reduction, if any, shall be made in the relief given under this section as is necessary to secure that that relief does not extend to that loss or that part of that loss, as the case may be.

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*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 1946, Section 38. (See end of Document for details)*

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- (2) The provisions of the Eighth Schedule to this Act shall have effect for the purpose of determining whether any and if so what claimable loss has been sustained in a trade or business on sales of stock effected during the sales period.
- (3) In this section and in the said Eighth Schedule, the expression “the sales period” means the years nineteen hundred and forty-seven and nineteen hundred and forty-eight: Provided that if during the said years the trade or business in question is discontinued, the sales period shall be the period beginning with the beginning of the year nineteen hundred and forty-seven and ending with the date of the discontinuance.
- (4) Where the person who, in a chargeable accounting period ending on the thirty-first day of December, nineteen hundred and forty-six, carried on a trade or business is a body corporate and was in that period a member of a group of companies, any claim under this section shall be made, and be made only, by the principal company of the group.
- (5) Where any of the following events occurs, that is to say—
- (a) a change takes place in the persons carrying on a trade or business ; or
  - (b) the person carrying on a trade or business, being a body corporate, becomes or ceases to be a member of a group of companies ; or
  - (c) there is a change in the identity of a group of companies of which the person carrying on a trade or business, being a body corporate, is a member, the trade or business shall be treated for the purposes of this section as if it were discontinued at the time of the happening of the event.

**Modifications etc. (not altering text)**

- C1** The text of ss. 38–43 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1946, Section 38.