



Finance Act 1946

1946 CHAPTER 64 9 and 10 Geo 6

PART IV.

EXCESS PROFITS TAX AND THE NATIONAL DEFENCE CONTRIBUTION.

40 Replacement of buildings provided before 1937.

- (1) Subject to the provisions of this section, if any person who carries on a trade or business makes a claim for relief under this section and proves—
- (a) that a building provided by him for the purposes of the trade or business before the beginning of the year nineteen hundred and thirty-seven was sold or demolished on or after the first day of April, nineteen hundred and forty-five, and that a building containing similar or improved accommodation has, since the said first day of April, been constructed by way of replacement and used by him for the said purposes ; and
 - (b) that, if, in lieu of that sale or demolition, repairs to the building sold or demolished had been carried out, expenditure thereon would have constituted costs of deferred repairs,

he shall be entitled to require that he be treated, for the purposes of excess profits tax, as having, as and when expenditure is incurred by him on the construction of the building provided by way of replacement, incurred costs of deferred repairs up to the amount specified in subsection (2) of this section, and section thirty-seven of this Act shall, where appropriate, and subject to any necessary adaptations, apply accordingly.

- (2) The said amount is an amount equal to—
- (a) so much of the expenditure which, if repairs to the building sold or demolished had been carried out immediately before the sale or demolition, would have been incurred on those repairs as would have constituted terminal expenses ;
or
 - (b) the net cost of the building provided by way of replacement,
whichever is the less.
- (3) Where relief is given by virtue of this section, then, for the purposes of paragraph 3 of Part I of the Seventh Schedule to the Finance (No. 2) Act, 1939, and of

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for the Finance Act 1946, Section 40. (See end of Document for details)*

section fifteen of the ^{M1}Finance Act, 1937, as applied for the purposes of excess profits tax (being provisions which relate to exceptional depreciation allowances and depreciation allowances for mills, factories, etc.) and as respects all periods whether before or after the passing of this Act, the net cost or actual cost to the person carrying on the trade or business, as the case may be, of the building provided by way of replacement shall be treated as reduced by the amount mentioned in subsection (2) of this section.

- (4) Where section thirty-seven of this Act applies by virtue of this section and the person entitled to claim under that section is the principal company of a group of companies, a claim under this section shall be made by, and only by, that company.
- (5) In this section the expression “costs of deferred repairs” has the same meaning as in section thirty-seven of this Act, and the expression “net cost” has the meaning assigned to it by sub-paragraph (3) of paragraph 3 of Part I of the Seventh Schedule to the Finance (No. 2) Act, 1939.

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.
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Marginal Citations

- M1** 1 Edw. 8 & 1 Geo. 6. c. 54.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1946, Section 40.