

Finance Act, 1916.  
[6 & 7 GEO. 5. CH. 24.]

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ARRANGEMENT OF SECTIONS.

A.D. 1916.

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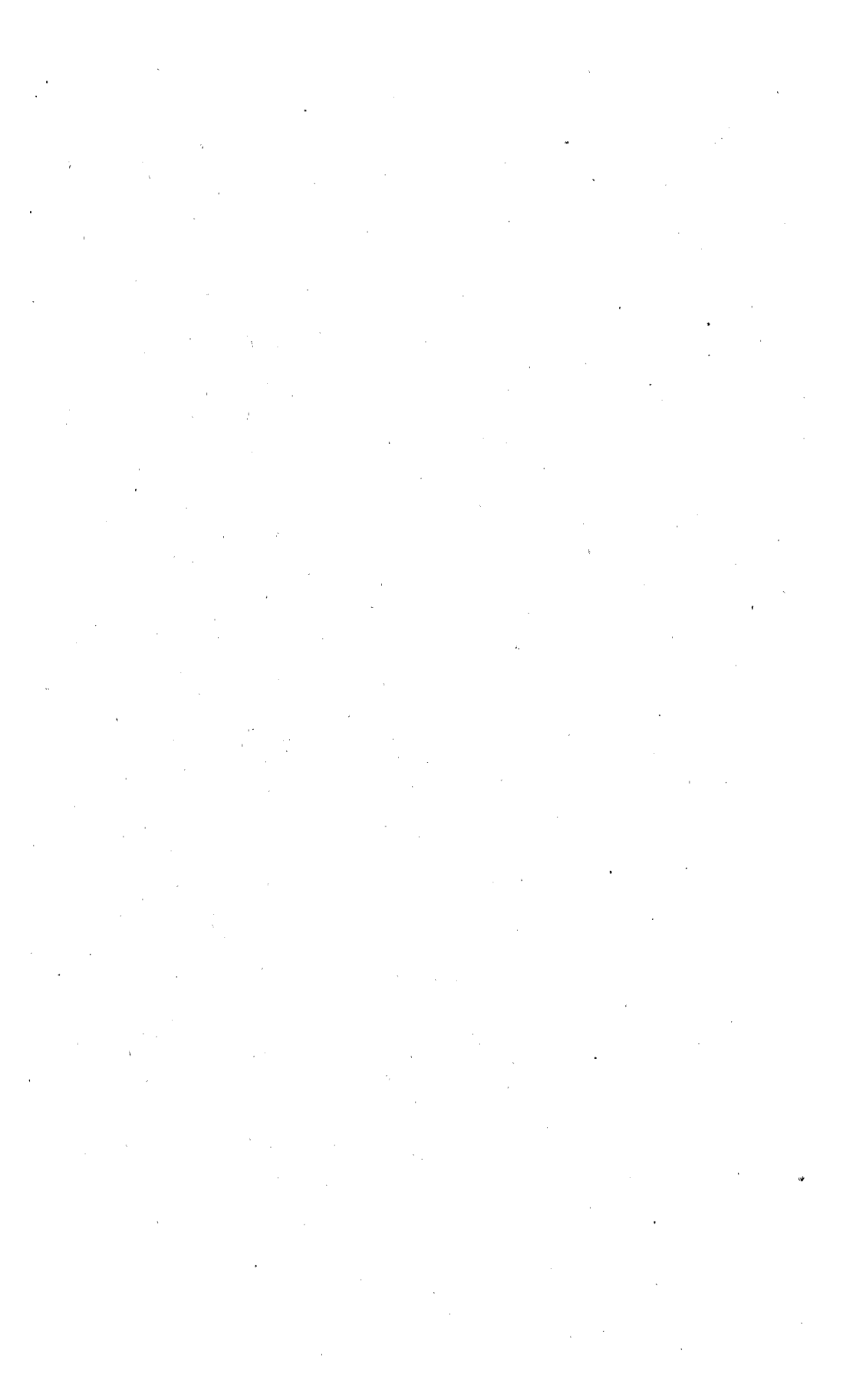
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An Act to grant certain duties of Customs and Inland Revenue (including Excise), to alter other duties, and to amend the Law relating to Customs and Inland Revenue (including Excise) and the National Debt, and to make further provision in connexion with Finance. A.D. 1916.

[19th July 1916.]

Most Gracious Sovereign,

**W**E, Your Majesty's most dutiful and loyal subjects the Commons of the United Kingdom of Great Britain and Ireland in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

### PART I.

#### CUSTOMS AND EXCISE.

**1.** In lieu of the present duties on cocoa there shall, as from the fifth day of April nineteen hundred and sixteen, be charged, levied, and paid on cocoa imported into Great Britain or Ireland the following duties of Customs, that is to say:—

Increased  
duties on  
cocoa.

	Up to and including the Twenty-first day of June nineteen hundred and sixteen.	After that date.
Cocoa - - - - -	the lb.      £   s.   d. -   0   0   6	the cwt.    £   s.   d. -   2   2   0
Cocoa (husks and shells)	the cwt.    -   0   12   0	the cwt.    -   0   6   0
Cocoa butter - - -	the lb.      -   0   0   6	the lb.      -   0   0   4½

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Increased  
duties on  
coffee.

2. In lieu of the present duties on coffee there shall, as from the fifth day of April nineteen hundred and sixteen, be charged, levied, and paid on coffee imported into Great Britain or Ireland the following duties of Customs, that is to say:—

	£	s.	d.
Coffee (not kiln-dried, roasted, or ground)			
the cwt.	2	2	0
Coffee (kiln-dried, roasted, or ground) the lb.	0	0	6

Increased  
duties on  
chicory.

3.—(1) In lieu of the present duties of Customs on chicory there shall, as from the fifth day of April nineteen hundred and sixteen, be charged, levied, and paid on chicory imported into Great Britain or Ireland the following duties of Customs, that is to say:—

	£	s.	d.
Chicory, raw or kiln-dried - - - the cwt.	1	19	8
Chicory, roasted or ground - - - the lb.	0	0	6

(2) In lieu of the present Excise duty on chicory there shall, as from the fifth day of April nineteen hundred and sixteen, be charged, levied, and paid the following Excise duty, that is to say:—

	£	s.	d.
Chicory, raw or kiln-dried - - - the cwt.	1	18	6

and so in proportion for any less quantity.

Increased  
Excise duty on  
coffee substi-  
tutes, &c.

4. In lieu of the present Excise duty in respect of coffee substitutes there shall, as from the fifth day of April nineteen hundred and sixteen, be charged, levied, and paid on any article or substance prepared or manufactured for the purpose of being in imitation of, or in any respect to resemble, or to serve as a substitute for, coffee or chicory, and on any mixture of any such article or substance with coffee or chicory, the following Excise duty, that is to say:—

	£	s.	d.
For every quarter of a pound of any such article, substance, or mixture which is sold or kept for sale in the United Kingdom - - -	0	0	1½

Increased  
Customs duties  
on sugar.

5. In lieu of the present Customs duties, drawbacks, and allowance in respect of sugar, molasses, glucose, and saccharin there shall, as from the fifth day of April nineteen hundred and sixteen, be charged, levied, and paid the duties specified in the first column of Part I. of the First Schedule to this Act, and there shall be paid and allowed the drawbacks and allowance set out in Part II. of that Schedule.

Increased  
Excise duties  
on sugar.

6.—(1) In lieu of the present Excise duties, drawbacks, and allowance in respect of sugar, molasses, glucose, and saccharin there shall, as from the fifth day of April, nineteen hundred and sixteen, be charged, levied, and paid the duties specified in the second column of Part I. of the First Schedule to this Act,

and there shall be paid and allowed the drawbacks and allowance set out in Part II. of that Schedule. A.D. 1916.

(2) The provisions of Part III. of the First Schedule to the Finance (No. 2) Act, 1915, shall apply to the Excise duties under this section. 5 & 6 Geo. 5. c. 89.

**7.**—(1) There shall as from the first day of May nineteen hundred and sixteen be charged, levied, and paid upon table waters as defined by this section imported into Great Britain or Ireland, the following duties of Customs, that is to say:— Customs duties on table waters.

On table waters which contain as the result of the ordinary process of manufacture, or are prepared in the ordinary process of manufacture with, sugar or other sweetening material, or which are fermented beverages, a duty at the rate of fourpence per gallon; and

On any other table waters a duty at the rate of eightpence per gallon.

(2) In this section “table waters” includes any aerated waters and any beverages to be sold or kept for sale in bottles, or in casks or other corked or closed receptacles, other than—

(a) Any liquor for the retail sale of which an Excise licence was at the time of the passing of the Finance (New Duties) Act, 1916, required; and 6 Geo. 5. c. 11.

(b) Syrups or other liquors intended to be consumed only in a diluted form.

**8.** There shall as from the first day of May nineteen hundred and sixteen be charged, levied, and paid on cider and perry imported into Great Britain or Ireland a duty of Customs at the rate of fourpence per gallon. Customs duty on cider.

**9.** There shall be charged, levied, and paid on a licence to be taken out annually, in cases where such a licence is required under section six of the Finance (New Duties) Act, 1916, by persons who sell table waters and by persons who sell cider or perry, an Excise duty of ten shillings. Licence duty in respect of table waters and cider.

**10.**—(1) There shall be charged, levied, and paid on any tinder box, tinder lighter, or other mechanical and portable contrivance for producing a spark or flame (in this Act referred to as mechanical lighters), imported into Great Britain or Ireland, a duty of Customs of one shilling in the case of mechanical lighters requiring the use of spirit, and of sixpence in any other case. Duties on mechanical lighters.

(2) There shall be charged, levied, and paid on any mechanical lighter manufactured in Great Britain or Ireland, an Excise duty of one shilling in the case of mechanical lighters requiring the use of spirit, and of sixpence in any other case.

(3) If any person manufactures for sale a mechanical lighter without paying duty in accordance with this section, that person shall be liable in respect of each offence to an Excise penalty of fifty pounds.

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(4) The Commissioners of Customs and Excise may make regulations prohibiting the manufacture of mechanical lighters except by persons holding a licence and having made entry for the purpose, and for fixing the date of the expiration of the licence, and also for regulating the manufacture of mechanical lighters and the removal from the manufactory of mechanical lighters with a view to securing and collecting the Excise duty imposed by this Act, and may by those regulations apply to the Excise duty on mechanical lighters and to manufacturers of mechanical lighters any enactments relating to any duty of Excise or Customs and to persons carrying on any trade subject to the laws of Excise.

If any person acts in contravention of, or fails to comply with, any of those regulations, the article in respect of which the offence was committed shall be forfeited, and the person committing the offence shall be liable in respect of each offence to an Excise penalty of fifty pounds.

Reduction of duty on herb beer.

**11.**—(1) The table-water duty charged under section four of the Finance (New Duties) Act, 1916, and the duty of Customs on table waters charged under this Act shall be reduced in the case of herb beer so as to be at the rate of twopence per gallon.

(2) "Herb beer" means the beverage usually known as herb beer or botanic beer, but does not include ginger beer.

Exemption of school entertainments from entertainments duty.

**12.** Entertainments duty within the meaning of section one of the Finance (New Duties) Act, 1916, shall not be charged on payments for admission to any entertainment where the Commissioners of Customs and Excise are satisfied—

- (a) that the entertainment is provided by or on behalf of a school or other educational institution; and
- (b) that the school or institution is not conducted or established for profit; and
- (c) that the entertainment is provided solely for the purpose of promoting some object in connexion with the school or institution; and
- (d) that all the persons taking part as performers in the entertainment are persons who are under the age of sixteen years and who are receiving or have received instruction in the school or institution.

Provisions as to motor cars used as hackney carriages.  
10 Edw. 7. and  
1 Geo. 5. c. 8.  
51 & 52 Vict.  
c. 8.

**13.**—(1) It is hereby declared that a motor car is not exempt under subsection (3) of section eighty-six of the Finance (1909-10) Act, 1910, as being a hackney carriage within the meaning of section four of the Customs and Inland Revenue Act, 1888, if the car is used on any occasion as a carriage within the meaning of subsection (3) of the said section four.

(2) There shall be exhibited on every motor car which is exempted from duty under section eighty-six of the Finance (1909-10) Act, 1910, as amended by this or any other Act, as



being a hackney carriage, in conjunction with the mark fixed on the car indicating the registered number of the car and the council with which the car is registered, a distinctive sign indicating that the car is so exempt, and regulations made by the Local Government Board under the Motor Car Act, 1903, shall provide for the sign to be so exhibited. A.D. 1916.  
3 Edw. 7. c. 36.

The penalties imposed by subsection (4) of section two of the Motor Car Act, 1903, shall apply to the sign to be exhibited under this provision as they apply to the marks to be fixed under that section.

**14.—**(1) Subsection (4) of section eighty-six of the Finance (1909-10) Act, 1910 (which provides for the repayment in certain cases to duly qualified medical practitioners of half the duty on motor car licences), shall apply to registered veterinary surgeons in like manner as it applies to duly qualified medical practitioners. Extension of relief in respect of motor car licence duty.

(2) If any person proves to the satisfaction of the Commissioners of Customs and Excise that any motor car kept by him has during any year, or any continuous part of a year not being less than two months, been used exclusively for the purpose of any ambulance or hospital work, or any other work undertaken by agreement with the Government in connexion with any naval or military services, he shall be entitled to the repayment of any duty paid for that year under section eighty-six of the Finance (1909-10) Act, 1910, on the licence for the car, or of a proportionate part of the duty.

**15.—**(1) In addition to any other duties imposed by law in respect to motor spirit, there shall, on and after the first day of August nineteen hundred and sixteen, be charged, levied, and paid on a licence to be taken out by any person who desires to be supplied with motor spirit, a duty at the rate of sixpence for every gallon of motor spirit with which he is authorised to be supplied by the licence: Motor spirit licence duty.

Provided that—

- (a) Any person using motor spirit for purposes other than supplying motive power to a motor car or motor cycle, or for supplying motive power to any motor car or motor cycle in respect of which duty is not payable under section eighty-six of the Finance (1909-10) Act, 1910, shall be entitled, in accordance with regulations made under this section, to an allowance or repayment of the whole duty payable under this section in respect of a licence authorising the supply of that motor spirit; and
- (b) Any person who, under the preceding section of this Act, has received repayment of motor-car licence duty by reason of the use of his car during any period for any such purpose as therein mentioned shall be entitled, in accordance with regulations made under this section, to an allowance

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or repayment of the duty payable under this section in respect of the motor spirit used during that period; and

- (c) Any duly qualified medical practitioner or registered veterinary surgeon using motor spirit for the purpose of supplying motive power to a motor car or motor cycle kept by him, while it is being used by him for the purposes of his profession, shall be entitled, in accordance with regulations made under this section, to an allowance or repayment of half the amount of duty payable under this section in respect of a licence authorising the supply of that motor spirit.

(2) A licence shall be in such form, and shall be issued in such manner, and subject to such conditions, as may be prescribed by regulations made for the purposes of this section by the Board of Trade, and the regulations may provide for the use of different forms of licence according to the purpose for which the supply of motor spirit is required, and every licence shall specify the amount of motor spirit authorised by the licence to be supplied to the holder.

Regulations may provide for the surrender of any licence under this section authorising the supply of motor spirit, and for any consequent repayment of duty.

(3) Nothing in this section or in any provisions supplemental to this section shall apply to the supply of motor spirit to licensed dealers for the purpose of sale to customers, but those provisions shall apply to the appropriation of motor spirit by a supplier of motor spirit for purposes other than the supply to customers in the same manner as they apply to obtaining a supply of motor spirit.

(4) In this section, and in any provisions supplemental to this section, "motor spirit" has the same meaning as in Part VI. of the Finance (1909-10) Act, 1910.

Supplemental provisions as to motor spirit licence duty.

**16.**—(1) A person shall not, on or after the first day of August nineteen hundred and sixteen, obtain or attempt to obtain a supply of motor spirit unless he is the holder of a licence for the time being in force under the preceding section of this Act, or in excess of the amount with which he is authorised to be supplied by the licence.

(2) A person shall not, on or after the first day of August nineteen hundred and sixteen, supply motor spirit to a person who is not the holder of a licence for the time being in force under the preceding section of this Act, or in excess of the amount authorised to be supplied by the licence.

(3) A person supplying motor spirit shall, on or after the first day of August nineteen hundred and sixteen, in such manner as may be directed by regulations made under the preceding section of this Act, enter on the licence of the person

supplied the name and address of the supplier, the amount supplied, and the date on which it was supplied. A.D. 1916.

(4) A person shall not use motor spirit, with which he is authorised to be supplied for any special purpose by his licence, for any other purpose.

(5) If any person acts in contravention of or fails to comply with any provision of this section, or makes any entry on a licence which is false in any material particular, or makes any statement which is false in any material particular for the purpose of obtaining a licence or allowance or repayment of duty, he shall be liable to an Excise penalty of one hundred pounds.

17. The following duties of Customs, imposed by Part I. of the Finance (No. 2) Act, 1915, shall continue to be charged, levied, and paid until the first day of August nineteen hundred and seventeen, that is to say:—

Continuance of Customs duties imposed under the Finance (No. 2) Act, 1915.

Duty.	Section of Act.
Increased duty on tea - - - - -	1
Additional duties on dried fruit - - - - -	8
Additional duties on tobacco - - - - -	9 (1)
Additional duty on motor spirit - - - - -	10 (1)
New import duties - - - - -	12

18. The following duties of Excise, imposed by Part I. of the Finance (No. 2) Act, 1915, shall continue to be charged, levied, and paid until the first day of August nineteen hundred and seventeen, that is to say:—

Continuance of Excise duties imposed under the Finance (No. 2) Act, 1915.

Duty.	Section of Act.
Additional duties on tobacco - - - - -	9 (2)
Additional duty on motor spirit - - - - -	10 (2)
Additional medicine duties - - - - -	11

19. There shall be paid an additional drawback on beer, under conditions to be made by the Commissioners of Customs and Excise, in respect of imported sugar and glucose and also in respect of sugar and glucose made in Great Britain and Ireland, used in the brewing of beer for export, on its deposit in bond, according to the amount of duty paid on such sugar and glucose.

Drawback on beer for export in respect of sugar and glucose.

20. Where the rates of any duties of Customs or Excise previously chargeable are altered by any resolution of the House of Commons having statutory effect, and any Bill which has been introduced into the House to give effect to that resolution provides for an alteration of the rates of drawback to be allowed in respect of those duties, then, so long as the said resolution continues to have statutory effect, drawback shall be allowed in accordance with the rates provided in that Bill,

Provision as to alteration of rates of drawback where rates of duty are altered.

A.D. 1916. subject to any necessary adjustment in case the rates of drawback as enacted by Parliament differ from the rates provided in the Bill.

Allowance of drawback on the exportation of goods manufactured with dried fruits.

**21.**—(1) On the exportation or shipment for use as ships' stores of any goods in the manufacture or preparation of which in Great Britain or Ireland any of the following articles, that is to say, dried figs, fig cake, raisins, or currants, have been used, a drawback equal to the duty in respect of the quantity of the article which appears to the satisfaction of the Treasury to have been used in the manufacture or preparation of the goods shall be allowed, if it is shown to the satisfaction of the Commissioners of Customs and Excise that the duties on importation have been duly paid.

(2) In allowing drawback under this section the Commissioners of Customs and Excise may, with the assent of the Treasury, relax in the case of any goods any requirements of section one hundred and four and section one hundred and six of the Customs Consolidation Act, 1876, as to the giving of security and the examination of goods.

39 & 40 Vict. c. 36.

Drawback on exported coffee and chicory and mixtures of coffee and chicory.

**22.** On the exportation or shipment for use as ships' stores of any roasted coffee or roasted chicory, or any mixture of roasted coffee and roasted chicory, there shall, if it is shown to the satisfaction of the Commissioners of Customs and Excise that the duties on importation or the duties of Excise, as the case may be, imposed under this Act have been duly paid, and subject to such conditions as the Commissioners may prescribe, be allowed drawbacks at the following rates, that is to say :—

	£	s.	d.
Coffee, for every hundred pounds	2	2	0
Chicory, for every hundred pounds	1	14	4
Mixtures of coffee and chicory, for every hundred pounds	1	14	4

Provided that no drawback shall be allowed on any such coffee, chicory, or mixture if any substance other than coffee, chicory, or a substance necessarily or ordinarily used in the manufacturing of chicory is mixed therewith.

Power by Order in Council to modify section 1 of the Immature Spirits Restriction Act, 1915, as regards rum. 5 & 6 Geo. 5. c. 46.

**23.**—(1) His Majesty may by Order in Council substitute for the period of one year specified in paragraph (c) of subsection (1) of section one of the Immature Spirits (Restriction) Act, 1915, as the period for which the restriction imposed by that section is not to apply to certain imported rum delivered for home consumption, and for the period of at least nine months specified in the said paragraph, such longer periods respectively as His Majesty thinks fit.

(2) Any Order in Council made under this section shall be laid before each House of Parliament forthwith, and if an address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on

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which that House has sat next after the Order has been laid before it praying that the Order may be annulled, His Majesty may annul the Order, and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

(3) Any Order in Council made under this section may be varied or revoked by a subsequent Order in Council made in like manner.

## PART II.

## INCOME TAX.

24.—(1) Income tax for the year beginning on the sixth day of April nineteen hundred and sixteen shall be charged at the rate of five shillings, and super-tax 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 fifteen. Income tax for 1916-17.

(2) All such enactments relating to income tax, including super-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 fifteen shall (with the exception of section twenty of the Finance (No. 2) Act, 1915) 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 sixteen, shall be taken as the annual value of such property for the same purpose for the next subsequent year; provided that this subsection— 16 & 17 Vict. c. 34.

(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. 32 & 33 Vict. c. 67.

25. The following subsection shall be substituted for subsection (1) of section nineteen of the Finance Act, 1907 (which provides for the reduction of the income tax payable in respect of earned income), in lieu of that substituted by section four of the Finance Act, 1914, namely:— Modification of relief given with respect to earned income. 7 Edw. 7. c. 13. 4 & 5 Geo. 5 c. 10.

“(1) Any individual who claims and proves in manner provided by this section that his total income from all sources does not exceed two thousand five hundred pounds, and that any part of that income is earned income shall be entitled, subject to the provisions of this section, to such relief from income tax as will reduce the amount payable on the earned income to the amount which would

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be payable if the tax were charged on that income at the rate of—

“2s. 3d. if the total income does not exceed five hundred pounds;

“2s. 6d. if the total income exceeds five hundred pounds and does not exceed one thousand pounds;

“3s. 0d. if the total income exceeds one thousand pounds and does not exceed one thousand five hundred pounds;

“3s. 8d. if the total income exceeds one thousand five hundred pounds and does not exceed two thousand pounds;

“4s. 4d. if the total income exceeds two thousand pounds and does not exceed two thousand five hundred pounds.”

Graduation of tax on un-earned income in case of incomes not exceeding 2,000*l.*

**26.—**(1) If any individual who has been assessed or charged to income tax or has paid income tax either by way of deduction or otherwise claims and proves in manner prescribed by the Income Tax Acts that his total income from all sources does not exceed two thousand pounds, he shall be entitled to the repayment of such a part of the income tax paid by him as will reduce the amount of income tax on his unearned income to the amount which would have been paid if the tax were charged on that income at the rate of—

3s. 0d. if the total income does not exceed five hundred pounds;

3s. 6d. if the total income exceeds five hundred pounds and does not exceed one thousand pounds;

4s. 0d. if the total income exceeds one thousand pounds and does not exceed one thousand five hundred pounds;

4s. 6d. if the total income exceeds one thousand five hundred pounds and does not exceed two thousand pounds.

(2) The relief given under this section shall be in addition to and not in derogation of any exemption, or other relief or abatement, under the Income Tax Acts, but where any such exemption, relief, or abatement is to be determined by reference to the amount of the income tax on any sum, the amount of the tax shall be calculated at the reduced rate.

(3) 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.

(4) An individual shall not be entitled to relief under this section in respect of any income the tax on which he is entitled to charge against any other person, or to deduct, retain, or satisfy out of any payment which he is liable to make to any other person.

(5) Section six of the Finance Act, 1914, shall cease to have effect. A.D. 1916.

**27.**—(1) In addition to any other income tax or super-tax charged under this or any other Act, there shall, subject to the provisions of this section, be charged, levied, and paid for the year beginning on the sixth day of April, nineteen hundred and sixteen, in respect of any part of the income of any person to which this section applies an additional duty of income tax at the rate of two shillings for every pound of that part of the income.

4 & 5 Geo. 5.  
c. 10.

Additional  
income tax  
on securities  
which the  
Treasury are  
willing to  
purchase.

The income to which this section applies is the income derived from securities which are for the time being included in the Treasury special list as defined by this section, while those securities are so included; and the income shall, for the purposes of this section, be deemed to be derived at the time when the interest or dividends payable in respect of the securities become payable.

(2) The additional duty under this section shall not be charged on any income derived before the twenty-ninth day of July, nineteen hundred and sixteen.

(3) A person shall be entitled to relief from the additional duty imposed by this section—

- (a) in respect of income derived between the date of the publication of the Treasury special list and a date twenty-eight days thereafter if the securities are during that period offered to the Treasury and ultimately become at the absolute disposal of the Treasury; and
- (b) in respect of income derived from any securities included in the Treasury special list after the securities have been placed at the absolute disposal of the Treasury; and
- (c) in respect of income derived from any such securities after a person has placed the securities conditionally at the disposal of the Treasury, if the securities ultimately become at the absolute disposal of the Treasury without unreasonable delay on the part of that person; and
- (d) in respect of income derived from any such securities whether they ultimately become at the absolute disposal of the Treasury or not, if it is shown to the satisfaction of the Treasury that any delay in placing or failure to place those securities at the disposal of the Treasury has arisen from circumstances beyond the control of the holders of the securities; and
- (e) in respect of income derived from any such securities held, in any country outside the United Kingdom, by persons who are not domiciled in the United Kingdom, or by trustees who are prevented by the laws of such other country or by the terms of their

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trust from placing the securities at the disposal of the Treasury, and are not entitled to the benefit of any indemnity conferred by Act of Parliament in respect of the contravention of those terms, if the securities were so held before the twenty-ninth day of May nineteen hundred and sixteen; or where such securities are under the jurisdiction of a court in such other country and it would be contrary to the laws of such other country to place such securities at the disposal of the Treasury; and

- (f) in respect of income derived from any such securities which are deposited with persons outside the United Kingdom as a security for a loan from those persons, or have otherwise been made security for a loan from persons outside the United Kingdom, if they were so deposited or made security before the twenty-ninth day of May nineteen hundred and sixteen, or after that date with the approval of the Treasury, and if the Treasury are satisfied that the securities cannot be released without impairing the security for the loan; and
- (g) in respect of income derived from any such securities which are proved to the Special Commissioners to be held by any company or persons concerned in trade or business in any country outside the United Kingdom as a condition (imposed in that country) of carrying on that trade or business.

The provisions of this subsection shall apply to an offer of securities for deposit in the same manner as they apply to an offer of securities for sale, and securities when accepted for deposit shall, while so deposited, for the purposes of this subsection, be deemed to be at the absolute disposal of the Treasury.

(4) The power under the Income Tax Acts, to require a person to make returns for the purposes of those Acts, shall include power to require him to make such returns as appear to the Commissioners of Inland Revenue to be necessary for the purpose of ascertaining whether any of the income of that person (whether or not income tax thereon is chargeable by deduction) is income to which this section applies, including such particulars as to that income as the Commissioners may require, and those Acts, including the provisions imposing penalties, shall apply accordingly.

(5) Where any income to which this section applies is derived from securities which are held on trust by more than one trustee the securities may be placed at the disposal of the Treasury if, where there are two trustees, one trustee and the persons entitled to the income of the securities, and, where there are more than two trustees, one-half or more of the number of the trustees and the persons entitled to the income of the securities, are willing



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that the securities should be so placed at the disposal of the Treasury; and any action taken by such trustees or beneficiaries for the purpose of placing any such securities at the disposal of the Treasury shall, notwithstanding anything in the terms of the trust or any rule of law to the contrary, be as valid and effectual in all respects as though all the trustees had consented thereto and had joined therein.

(6) A person shall not be entitled to any exemption, abatement, or relief under the Income Tax Acts (other than relief depending solely on residence or domicile) in respect of the additional income tax imposed by this section, but in all other respects the provisions of the Income Tax Acts relating to persons who are to be chargeable with duty, assessments, and appeals against those assessments, and to the collection and recovery of duty, and to cases to be stated for the opinion of the High Court shall, so far as they are applicable, apply to the charge, assessment, collection, and recovery of duty under this section:

Provided that the Treasury may give directions that the additional duty imposed by this section shall, instead of being charged by deduction, be charged up to the same amount by direct assessment for the period, and in the cases mentioned in those directions, and where any such directions are given, the Income Tax Acts shall have effect accordingly.

(7) In this section—

The expression "securities" includes stocks, shares, and other securities; and

The expression "the Treasury special list" means any list published by the Treasury in the Gazette, and for the time being in force, of securities which the Treasury are willing to purchase in connection with any arrangements for the regulation and maintenance of the foreign exchanges.

**28.**—(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 eighteen for the first day of January nineteen hundred and sixteen as the date on which the postponed super-tax is to become payable.

Continuation  
of relief under  
5 Geo. 5. c. 7.  
s. 13.

(2) Any payment of super-tax for the year beginning the sixth day of April nineteen hundred and fifteen or for the year beginning the sixth day of April nineteen hundred and fourteen which has been postponed under section thirteen of the Finance Act, 1914 (Session 2), as continued by section twenty of the Finance Act, 1915, or which has been postponed and further postponed under those sections, may be further postponed until the first day of January nineteen hundred and eighteen, if the

5 & 6 Geo. 5  
c. 62.

A.D. 1916. 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 beginning the sixth day of April nineteen hundred and fifteen as respects payment of super-tax for that year, and for the year beginning the sixth day of April nineteen hundred and fourteen as respects payment of super-tax for that year.

Relief where income of year is less than assessed income.

**29.** If any individual who has been assessed or charged to income tax for the current income tax year claims and proves, in manner provided by the Income Tax Acts, that his actual income from all sources for the year of assessment is less by more than ten per cent. than the income on which he has been so assessed and charged, he shall be entitled to repayment of such part of any income tax paid by him, either by way of deduction or otherwise, as is equal to the difference between the amount of the tax so paid and the amount which would have been so paid if he had been assessed or charged on his actual income for the year of assessment.

Right of soldiers and sailors to pay reduced rates of income tax in respect of their pay.

**30.**—(1) Where any person who, during the current income tax year, has served or is serving as a member of any of the naval or military forces of the Crown, or in service of a naval or military character in connection with the present war for which payment is made out of money provided by Parliament, or in any work abroad of the British Red Cross Society or the St. John Ambulance Association, or any other body with similar objects, proves that he is assessed or charged to income tax, or has paid income tax either by way of deduction or otherwise on his pay in connection with any such service, he shall be entitled to claim such relief from income tax as will reduce the amount of income tax on that pay to the amount which would have been payable if the tax were charged on that pay at the rate of—

- 9*d.* if his total income from all sources does not exceed three hundred pounds ;
- 1*s.* 3*d.* if his total income exceeds three hundred pounds and does not exceed five hundred pounds ;
- 1*s.* 9*d.* if his total income exceeds five hundred pounds and does not exceed one thousand pounds ;
- 2*s.* 3*d.* if his total income exceeds one thousand pounds and does not exceed one thousand five hundred pounds ;
- 2*s.* 9*d.* if his total income exceeds one thousand five hundred pounds and does not exceed two thousand pounds ;
- 3*s.* 3*d.* if his total income exceeds two thousand pounds and does not exceed two thousand five hundred pounds ;
- 3*s.* 6*d.* if his total income exceeds two thousand five hundred pounds.

(2) The relief given under this section shall be in addition to and not in derogation of any exemption or other relief or abatement under the Income Tax Acts, and in cases where the total income does not exceed three hundred pounds shall not be subject to the reduction of exemption and abatements for which provision is made under the Finance (No. 2) Act, 1915; but relief in respect of earned income shall be given in respect of the pay by reference to the rates under this section; and in calculating any earned income on which relief is to be given, any deductions from earned income made under subsection (2) of section nineteen of the Finance Act, 1907, shall be made primarily from the pay.

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(3) All the provisions of the Income Tax Acts which relate to claims for exemption or relief, 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.

**31.**—(1) For the purpose of any relief under the Income Tax Acts given, whether before or after the passing of this Act, to persons serving as members of the naval or military forces of the Crown a person shall not be deemed to have served as a member of the naval or military forces of the Crown unless he has served—

Provision as to service in the navy or army.

- (a) on the active list of the navy; or
- (b) in the army, either with the colours, or as an officer on full pay or at a rate of pay which appears to the Income Tax Commissioners concerned, after consultation with the Army Council, to be equivalent to full pay, and either out of the British Islands or for at least one month continuously in the British Islands.

(2) For the purpose of the relief given to persons serving in certain capacities under the second paragraph of subsection (1) of section thirteen of the Finance Act, 1914 (Session 2), or section twenty-five of the Finance (No. 2) Act, 1915, relief shall not be given unless there has been some such service during the year in respect of which the relief is claimed.

**32.**—(1) Where owing to the fact that the total income of any person exceeds a certain limit—

Reduction of income tax when margin above a certain limit is small.

- (a) he is liable to pay income tax or super-tax at a higher rate; or
- (b) he ceases to be entitled to any exemption or abatement; or
- (c) he becomes entitled to a reduced exemption or abatement, the amount of income tax or super-tax payable by that person shall, where necessary, be reduced so as not to exceed the sum of the following amounts:—

- (i) the amount which would have been payable if his income had reached, but had not exceeded that limit; and
- (ii) the amount by which his total income exceeds that limit.

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(2) Where income tax is charged at different rates on different parts of the total income, the deduction from total income required in calculating the maximum duty payable under this section for the purpose of bringing the total income down to the limit shall be made from that part of the total income which is taxed at the lowest rate.

(3) All the provisions of the Income Tax Acts which relate to claims for exemption 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.

Extension of relief in respect of children.

**33.** Section sixty-eight of the Finance (1909-10) Act, 1910 (which gives to individuals whose total income does not exceed five hundred pounds relief from income tax in respect of children), shall, as amended by any subsequent Act, have effect as if seven hundred pounds were substituted, as the limit of income, for five hundred pounds.

Declaration as to the effect of section 20 (1) (b) of 5 & 6 Geo. 5. c. 89.

**34.** It is hereby declared that paragraph (b) of subsection (1) of section twenty of the Finance (No. 2) Act, 1915, does not affect the operation of section thirty-seven of that Act as respects the application of amendments made by that Act for the current income tax year, and that that paragraph is accordingly to be construed as if the words "if this section had not passed" were substituted for the words "if this Act had not passed."

Collection of tax by means of stamps in certain cases. 54 & 55 Vict. c. 38. 8 Edw. 7. c. 48.

**35.** If the Commissioners of Inland Revenue make arrangements for the collection of income tax by means of stamps in any cases, they may prepare and issue any stamps required for the purpose, and the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, shall apply to any such stamps.

Limitation of relief from income tax in respect of insurance premiums.

**36.**—(1) The relief given under section fifty-four of the Income Tax Act, 1853, as amended by any subsequent enactment, shall not, as regards insurances or contracts for deferred annuities made after the twenty-second day of June nineteen hundred and sixteen, be given at a greater rate than that of three shillings in the pound; and shall not, as regards any insurance or contract for a deferred annuity, be given, notwithstanding anything in paragraph (b) of subsection (2) of section sixty-six of the Finance (1909-10) Act, 1910, for the purposes of super-tax.

(2) The said relief shall not, as regards insurances or contracts for deferred annuities made after the twenty-second day of June nineteen hundred and sixteen—

(a) be given except in respect of premiums or other payments payable on policies for securing a capital sum on death, whether in conjunction with any other benefit or not; or

- (b) be given in respect of premiums or payments payable during the period of deferment in respect of a policy of deferred assurance : A.D. 1916.

Provided that nothing in this subsection shall affect premiums or payments payable on policies or contracts made in connection with any superannuation or bonâ fide pension scheme for the benefit of the employees of any employer or of persons engaged in any particular profession, vocation, trade, or business, or on any policy taken out by a teacher in a secondary school pending the establishment of a superannuation or pension scheme for those teachers.

**37.**—(1) Section fifty-four of the Income Tax Act, 1853, as amended by any subsequent enactment, shall apply to all war insurance premiums, whether payable annually or not. Income tax relief on war insurance premiums.

(2) War insurance premiums shall not be taken into account in calculating the limit of one-sixth of the profits and gains under the proviso to the said section fifty-four or the limits of seven per cent. or one hundred pounds under subsection (1) of section seventeen of the Finance Act, 1915.

(3) In this section the expression "war insurance premium" means any additional premium or other sum paid in order to extend an existing life insurance policy to risks arising from war or war service abroad, and any part of any premium or other sum paid in respect of a life insurance policy covering those risks, or either of them, which appears to the Commissioners to whom the claim for relief is made to be attributable to those risks, or either of them.

**38.**—(1) Any person occupying woodlands who proves to the satisfaction of the Special Commissioners that those woodlands are managed by him on a commercial basis, and with a view to the realisation of profits, shall have the same right under subsection (4) of section twenty-two of the Finance (No. 2) Act, 1915, to elect to be charged under Schedule D as a person who proves those facts to the satisfaction of the General Commissioners, but an application to prove those facts in any year in respect of the same woodlands must be made either to the General or Special Commissioners, and not to both. Amendments of law with respect to income tax on woodlands.

(2) Paragraph (a) of subsection (4) of section twenty-two of the Finance (No. 2) Act, 1915 (which provides that the election shall extend to all woodlands managed on the same estate), shall not apply to woodlands which are planted or replanted after the passing of this Act, if the person occupying those woodlands gives notice to the General or Special Commissioners within a year after the time when they are so planted or replanted that they are to be treated for the purpose of that paragraph as being woodlands on a separate estate.

(3) Section twenty-three of the Customs and Inland Revenue Act, 1890 (which gives relief to trading persons in case of loss), shall, where a person occupying woodlands has elected to be charged to income tax in respect of those woodlands under 53 & 54 Vict. c. 8.

A.D. 1916. Schedule D, apply to losses on those woodlands as it applies to losses in any trade.

Repayment of income tax on sums deducted from profits under Munitions of War Act, 1915. 5 & 6 Geo. 5. c. 54.

**39.**—(1) Where in calculating for the purposes of Part II. of the Munitions of War Act, 1915, the profits of a controlled establishment a deduction has been allowed under that Part of that Act or rules made thereunder in respect of exceptional depreciation or obsolescence of buildings, plant, or machinery, and the sums so deducted have not been deducted or allowed in computing the amount upon which income tax has been paid in respect of those profits, there shall be allowed a repayment of income tax equal to the amount of the income tax at the rate at which that tax has been paid on the amount of the sums so deducted :

Provided that the repayment of income tax under this section—

- (a) shall be made in respect of the income tax year which includes the end of the period of assessment in respect of which the said deductions have been allowed under the Munitions of War Act, 1915 ; and
- (b) shall be deemed to have effected a reduction of the income tax assessment by the amount upon which income tax has been so repaid.

(2) Any application for relief under this section shall be made to the Commissioners by whom the income tax assessment has been made, and those Commissioners upon proof of the facts to their satisfaction shall certify to the Commissioners of Inland Revenue the sum repayable, and the Commissioners of Inland Revenue shall cause repayment to be made accordingly.

Charging of income tax on dividends, &c. amounting to fifty shillings exactly. 5 & 6 Vict. c. 35.

**40.** Section ninety-five of the Income Tax Act, 1842 (which relates to the manner of charging small dividends), shall apply to cases where the half-yearly payment on the annuity, dividend, or shares, amounts to fifty shillings and not more, as it applies to cases where that payment does not amount to fifty shillings.

Income tax on dividends on Exchequer bonds issued through the Post Office. 5 & 6 Geo. 5. c. 93.

**41.** Section three of the War Loan (Supplemental Provisions) Act, 1915 (which relates to income tax on stock inscribed in the Post Office register), shall apply as though references to interest on that stock included references to dividends on Exchequer bonds issued through, and left in the custody of, the Post Office :

Provided that the said section as amended by this section shall not apply in any case where the total amount of stock and bonds held by any one person exceeds the nominal amount of two hundred pounds.

Exemption of interest under war savings certificates from income tax.

**42.** The accumulated interest payable in respect of any war savings certificate issued by the Treasury through the Post Office under which the purchaser, by virtue of an immediate payment of fifteen shillings and sixpence, becomes entitled after

five years to receive the sum of one pound, shall not be liable to income tax so long as the amount of the certificates held by the purchaser does not exceed the amount which an individual is for the time being authorised to hold under regulations made by the Treasury. A.D. 1916.

**43.** If any person who has paid, by deduction or otherwise, United Kingdom income tax for the current income tax year on any part of his income at a rate exceeding three shillings and sixpence proves to the satisfaction of the Special Commissioners that he has also paid any Colonial income tax in respect of the same part of his income, he shall be entitled to repayment of a part of the United Kingdom income tax paid by him equal to the difference between the amount so paid and the amount he would have paid if the tax had been charged at the rate of three shillings and sixpence, or, if that difference exceeds the amount of tax on that part of his income at the rate of the Colonial income tax, equal to that amount. Relief in respect of Colonial income tax.

In this section the expression "United Kingdom income tax" means income tax charged under the Income Tax Acts; and the expression "Colonial income tax" means income tax charged under any law in force in any British possession or any tax so charged which appears to the Special Commissioners to correspond to United Kingdom income tax.

**44.—(1)** Section forty-seven of the Finance (No. 2) Act, 1915 (which confers power on the Treasury to issue securities free of taxation in certain cases), shall, so far as income tax (including super tax) is concerned, have effect as though the reference to persons not domiciled in the United Kingdom were omitted therefrom. Provision as to Government securities issued free of tax.

(2) Where securities issued under section forty-seven of the Finance (No. 2) Act, 1915, for the time being form part of the investments of the foreign life assurance fund of an assurance company, the income arising from those securities if applied for the purposes of that fund or reinvested so as to form part of that fund, shall not be liable to income tax.

(3) Where the Special Commissioners are satisfied that any income arising abroad from the investments of the foreign life assurance fund of an assurance company has been remitted to the United Kingdom and invested, as part of the investments of that fund, in any securities issued under section forty-seven of the Finance (No. 2) Act, 1915, that income shall not be liable to income tax, and any income tax paid thereon shall, if necessary, be repaid to the company.

(4) In this section the expressions "assurance company" and "foreign life assurance fund" have the same meaning as in the Finance Act, 1915.

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## PART III.

## EXCESS PROFITS DUTY.

Continuance  
and increase of  
rate of excess  
profits duty.

45.—(1) The Finance (No. 2) Act, 1915 (in this Part of this Act referred to as the principal Act), shall, so far as it relates to excess profits duty, apply, unless Parliament otherwise determines, to any accounting period ending on or after the first day of July nineteen hundred and fifteen and before the first day of August nineteen hundred and seventeen, as it applies to accounting periods ended after the fourth day of August nineteen hundred and fourteen and before the said first day of July.

(2) Section thirty-eight of the principal Act shall, as respects excess profits arising in any accounting period beginning after the expiration of a year from the commencement of the first accounting period, have effect as if sixty per cent. of the excess were substituted as the rate of duty for fifty per cent. of the excess.

Where part of an accounting period is after and part before the date of the expiration of a year from the commencement of the first accounting period, the total excess profits and any deficiencies or losses arising in the accounting period shall be apportioned between the time up to and including, and the time after, that date in proportion to the length of those times respectively, and the rate attributable to the time after and the time before and including that date shall respectively be sixty and fifty per cent. of the excess.

In the case of trades or businesses commencing after the fourth day of August nineteen hundred and fourteen, the rate of duty shall be sixty per cent. of the excess in respect of any accounting period ending after the fourth day of August nineteen hundred and fifteen.

In calculating any repayment or set off under subsection (3) of section thirty-eight of the principal Act any amount to be repaid or set off on account of a deficiency or loss arising in any period in respect of which duty would be payable at the rate of fifty per cent. of the excess, shall be calculated by reference to that rate of duty.

Any additional duty payable by virtue of this section in respect of a past accounting period may be assessed and recovered notwithstanding that duty has already been assessed in respect of that period.

(3) It shall be the duty of every person chargeable to excess profits duty under Part III. of the principal Act, as extended by this Act, if he has not previously given notice of his liability to be charged with excess profits duty in respect of any accounting period, to give notice to the Commissioners of Inland Revenue before the expiration of two months after the termination of any accounting period in respect of which he is chargeable, or, if the accounting period terminated before the passing of this Act, within one month after the passing of this Act.



If any person fails to give the notice required by this provision he shall be liable on summary conviction to a fine not exceeding one hundred pounds, and to a further fine not exceeding ten pounds a day for every day during which the offence continues after conviction therefor. A.D. 1916.

**46.**—(1) Section forty-three of the principal Act (which relates to excess mineral rights duty) shall have effect as if sixty per cent. of the excess were substituted as the rate of duty for fifty per cent. of the excess, in the case of minerals which have become subject to a mining lease after the fourth day of August nineteen hundred and fourteen for all accounting years, and in the case of other minerals for any accounting year ending after the completion of the first accounting year, and any additional duty may be recovered accordingly. Increase of rate of excess mineral rights duty.

(2) It is hereby declared that the words in subsection (1) of section forty-three of the principal Act “assets of any trade or business” refer only to assets of the trade or business of the person receiving the rent for the right to work the minerals or for the mineral wayleaves.

**47.** Where any ship has been sold since the fourth day of August nineteen hundred and fourteen, in such circumstances that the profits of the sale are not the profits of a trade or business, the following special provisions shall, if the Commissioners of Inland Revenue so require, be applied in the computation of the liability to excess profits duty in respect of the profits arising from the use of the ship:— Computation of excess profits duty in case of sale of ships.

(a) The pre-war standard of profits of the purchaser as respects the ship shall, where the standard of the trade or business of the vendor is a profits standard, be calculated by reference to the profits arising from the use of the ship during the pre-war trade years, and shall be ascertained in accordance with the provisions of the principal Act, but calculated, where necessary, as if the use of the ship were a separate business; and where that standard is a percentage standard the pre-war standard of profits as respects the ship shall be the same as if the ship had not been sold, or, in the case of a ship which was used for the first time after the fourth day of August, nineteen hundred and fourteen, shall be calculated by reference to the capital represented by the ship at the date when it was first used; and the pre-war standard of profits of the trade or business of the vendor and of the purchaser shall respectively be reduced and increased as the case may require, with any adjustments which may be necessary to meet the case of borrowed money or unpaid purchase money or other similar matters:

(b) For the purpose of estimating separately the profits arising from the use of the ship, an apportionment

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shall, where necessary, be made of the total profits of the trade or business in which the ship has been used, regard being had to the earnings of the ship as compared with the earnings of the other assets employed in the trade or business :

Any appeal under subsection (5) of section forty-five of the principal Act, so far as it involves any question of an apportionment under this provision, shall be to the Special Commissioners :

- (c) The power to require returns under subsection (1) of section forty-four of the principal Act shall include power for the Commissioners of Inland Revenue to require any vendor of the ship to give such information to them and to the purchaser as the Commissioners think necessary in order to enable the provisions of this section to be carried into effect :
- (d) Nothing in subsection (3) of section forty of the principal Act or in paragraph 3 of Part I. of the Fourth Schedule to the principal Act shall operate so as to enable the purchaser of the ship to obtain any greater relief than could have been obtained by the vendor if the ship had not been sold, other than relief in connection with expenditure by the purchaser on improvements or repairs :
- (e) In the application of section forty-one of the principal Act to any trade or business whose pre-war standard of profits has been determined or adjusted under this section any increase or decrease of capital attributable to the purchase or sale of the ship shall be disregarded, and where any such determination or adjustment has taken place both in respect of the sale of a ship and the purchase of another ship for the same trade or business, paragraph 6 of Part II. of the Fourth Schedule to the principal Act shall not apply.

Adjustment of excess profits duty and munitions Exchequer payments in case of controlled establishments.

**48.**—(1) The Commissioners of Inland Revenue may treat any sums actually paid in respect of munitions Exchequer payments, which appear to the Commissioners to be attributable to the same period and subject matter as that for which excess profits duty is to be paid, as a payment, on account of excess profits duty, or, if the amount of the munitions Exchequer payments is larger than the amount payable as excess profits duty, as extinguishing the duty for the purposes of collection ; and may arrange with the Minister of Munitions, if in any case excess profits duty is paid before the munitions Exchequer payment, for the deduction of excess profits duty payments from any sums to be collected in respect of munitions Exchequer payments which appear to the Commissioners to be attributable to the same period and subject matter as that for which the excess profits duty payments have been made, or, if the amount of the excess profits duty payments is greater than the amount

to be collected on account of munitions Exchequer payments, A.D. 1916.  
for the extinction of the amount to be so collected.

For the purpose of determining under this section, profits shall be deemed to accrue from day to day at a uniform rate.

(2) Any excess profits duty and any munitions Exchequer payments which are remitted under this section for the purpose of collection shall not be deemed to have been paid for the purposes of section thirty-five of the principal Act (which relates to computation of profits and gains in relation to excess profits duty) as extended by this Act.

(3) Deductions shall not be allowed on account of munitions Exchequer payments in computing profits for the purpose of excess profits duty.

49.—(1) Where the pre-war standard of profits is taken to be the percentage standard or is calculated by reference to the statutory percentage in the case of any trade or business owned or carried on by a company or other body corporate whose directors have a controlling interest, the Commissioners of Inland Revenue may, if they think fit, as respects any accounting period, including a past accounting period, for the purpose of the provisions relating to the statutory percentage and for the purpose of the determination and computation of profits under Part I. of the Fourth Schedule to the principal Act, treat the company or body corporate as if it were a firm and not a company or body corporate and the directors or any of them as if they were partners in the firm.

Provisions as to directors' fees.

(2) If as respects any accounting period ending on or after the first day of July nineteen hundred and fifteen, the Commissioners of Inland Revenue refuse to allow a deduction in respect of any increase in the remuneration of directors of any trade or business, and the taxpayer is required to pay excess profits duty in respect of the disallowed deduction, the taxpayer shall be entitled to recover from any such director the amount which the taxpayer has paid by way of excess profits duty in respect of the increase; but any amount so recovered shall, unless the Commissioners otherwise direct, be treated as excess profits duty paid by the director from whom it is recovered and not as excess profits duty paid by the taxpayer.

(3) In this section, the expression "directors" includes any managers or persons concerned in the management of the trade or business who are remunerated out of the funds of the trade or business.

50. Paragraph 7 of Part I. of the Fourth Schedule of the principal Act (which allows deductions to be made in respect of profits applied in extinction of losses) shall apply to a case where the capital account of any trade or business shows a debit balance as it applies to a case where the percentage standard is adopted as the pre-war standard of profits.

Further provision as to profits applied in extinction of previous losses.

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Provision as to  
accounting  
period.

**51.** It is hereby declared that, for the purpose of subsection (2) of section thirty-eight of the principal Act, any period for which the books of a trade or business have been actually made up for any interim or other purpose in such a manner that the profits for that period can be readily ascertained is (without prejudice to the powers of the Commissioners of Inland Revenue under that provision) to be taken as an accounting period, notwithstanding that under the articles of association of the company carrying on the trade or business or under any other regulations affecting the carrying on of the trade or business the accounts are also required to be made up for some other period, and notwithstanding that such accounts are not issued.

Provision as to  
accumulating  
profits.

**52.** It is hereby declared that, for the purpose of excess profits duty, profits of any trade or business arising and accumulating during any accounting period are not, during that period, to be treated as accumulated profits within the meaning of Part III. of the Fourth Schedule to the principal Act, or as capital employed in the trade or business.

Application of  
section 35 of  
the Finance  
(No. 2) Act,  
1915, to munitions  
Exchequer payments.

**53.** Section thirty-five of the principal Act (which relates to the computation of profits and gains for the purpose of income tax in relation to excess profits duty) shall apply to sums actually paid in respect of munitions Exchequer payments as it applies to excess profits duty, except that the relief to the taxpayer under subsection (2) of that section shall in all cases be given by means of repayment and not by deduction.

Deposit of  
sums for pay-  
ment of excess  
profits duty.

**54.** Any person may deposit with the Commissioners of Inland Revenue any sums for the purpose of satisfying any excess profits duty which may thereafter become payable by him; and sums so deposited shall be applied in payment of any such duty as and when it becomes payable.

In calculating the amount to be so applied in payment of duty interest shall be allowed at such rate as may for the time being be determined by the Treasury.

Amendment of  
section 40 (3)  
of the prin-  
cipal Act.

**55.** Subsection (3) of section forty of the principal Act (which provides amongst other things for the reference of certain matters for the decision of a board of referees) shall, where the application for such a reference is made in respect of a trade or business carried on in a controlled establishment within the meaning of Part II. of the Munitions of War Act, 1915, and relates to an accounting period during any part of which the establishment has been so controlled, and to the postponement or suspension of renewals or repairs, or to exceptional depreciation or obsolescence of assets, or to the necessity in connexion with the present war of providing plant, have effect as though a referee or board of referees appointed or designated by the Minister of Munitions for the purpose were substituted for the board of referees under the principal Act.

**56.** In the case of any trade or business which by reason of its being unable to pay its debenture holders or creditors is being carried on by a liquidator, receiver, or trustee under the court, no excess profits duty shall be levied or paid until provision has been made for payment of such unpaid debenture holders or creditors.

A.D. 1916.  
Exemption from excess profits duty of businesses carried on under the court.

**57.** In this Part of this Act the expression "munitions Exchequer payments" means any sums paid into the Exchequer under section four of the Munitions of War Act, 1915, on account of the excess of the net profits of a controlled establishment.

Definition.

#### PART IV.

##### NATIONAL DEBT AND LOANS.

**58.**—(1) The Treasury may during the continuance of the present war and a period of six months thereafter borrow for the purpose of raising any sums which they are authorised to issue out of the consolidated fund under any Consolidated Fund Act or Appropriation Act or for the purpose of paying off any securities issued under any such Act in the same manner as they are authorised to borrow under subsection (1) of section one of the War Loan Act, 1915:

Limited power to borrow on Exchequer bonds for Ways and Means purposes.

Provided that any securities issued under this section shall be repaid or redeemed not later than five years after the date on which they are issued.

5 & 6 Geo. 5.  
c. 55.

(2) Subsections (2) and (3) of section one of the War Loan Act, 1914, and subsection (2) and (3) of section fourteen of the Finance Act, 1914 (Session 2), shall apply to any sums borrowed under this section.

4 & 5 Geo. 5.  
c. 60.

**59.** In the financial year ending the thirty-first day of March nineteen hundred and seventeen, that portion of the permanent annual charge for the national debt which is not required for the annual charges directed by the National Debt and Local Loans Act, 1887, or any other Act, to be paid out of that charge, shall not be paid.

Suspension of new sinking fund.

50 & 51 Vict.  
c. 16.

**60.** During the continuance of the present war and a period of six months thereafter, the Treasury may, for the purpose of carrying out any arrangement made by them for the exchange of securities issued under any War Loan Act passed during the continuance of the war, provide for the issue of new securities for the purpose of the exchange and for the cancellation of the securities received in exchange.

Arrangements for exchange of securities issued under War Loan Acts.

**61.**—(1) Any person from whom any sum is due on account of any death duty may pay that sum or any part thereof by means of the transfer in accordance with regulations made by the Treasury to the Commissioners of Inland Revenue of an equal amount of any Exchequer bonds forming part of an issue which may be approved by the Treasury for the purpose, and any

Power to transfer Exchequer bonds in satisfaction of death duties.

A.D. 1916. Exchequer bonds so transferred shall be accepted by the Commissioners in satisfaction of the amount.

(2) Any Exchequer bonds so transferred shall be deemed to mature for payment on the date of the transfer, and the principal and interest of the bond when received by the Commissioners of Inland Revenue shall be brought into account as death duty revenue in such manner as the Treasury direct.

(3) Exchequer bonds shall for the purposes of this section be deemed to be of the amount of their nominal value with the addition of any interest accrued due but remaining unpaid.

Repeal of  
29 & 30 Vict.  
c. 25. s. 4.

**62.** Section four of the Exchequer Bills and Bonds Act, 1866 (which relates to the counterfoils of Exchequer Bills), shall cease to have effect.

Exemption  
from taxation  
of municipal  
securities  
issued in  
America.

**63.** Any securities issued in the United States of America by a municipal corporation, county council, or other local authority in the United Kingdom for the purpose of raising any money which they are authorised to borrow, if issued under the authority of the Treasury, shall not be liable to any taxation present or future, except where they are held by persons domiciled in the United Kingdom or by British subjects ordinarily resident in the United Kingdom.

The expression "local authority" in this section includes the Metropolitan Water Board and any other public body which is recognised as a local authority for the purposes of this section by the Local Government Board.

Payment of  
interest on  
Exchequer  
bonds in  
certain cases  
without de-  
duction of  
income tax.

**64.** The Treasury may direct that any Exchequer bonds issued under their authority during the continuance of the present war and a period of six months thereafter shall be issued or shall be deemed to have been issued subject to the condition that the interest on those bonds shall be paid without deduction of income tax, and the interest shall be so paid accordingly; but any such interest shall be accounted for and charged to income tax under the third case of Schedule D, subject, however, to any provisions of the Income Tax Acts with respect to exemptions or abatements.

Lost or  
destroyed  
Exchequer  
bonds.

**65.** Where the Bank of England are satisfied that any Exchequer bond, or any other bond to bearer issued by them on behalf of the Treasury, or any coupon of any such bond has been lost or destroyed, they may, if they think fit, and on such conditions as they think fit, but subject to any general directions of the Treasury, issue a new bond or coupon on receiving indemnity to their satisfaction against the claims of all persons deriving title under the bond or coupon lost or destroyed.

In the application of this section to bonds issued through the Post Office the Postmaster-General shall be substituted for the Bank of England.

Transfer of  
stock on autho-  
rity of order of  
a court.

**66.** Any order or decree of any court in the United Kingdom whereby the right to transfer or call for a transfer of any Government stock or to receive any dividends thereon is expressed to

be vested in any person shall be sufficient authority to the Banks of England and Ireland, to the National Debt Commissioners, to the Postmaster-General, and to any savings bank authority to allow the transfer of the stock or to pay the dividends in accordance with the order or decree. A.D. 1916.

An official extract of any such appointment as is mentioned in section thirteen of the Judicial Factors (Scotland) Act, 1889, shall, where any Government stock is specified in such official extract or in a certificate under seal by the accountant of court produced along with such extract as belonging to or forming part of the estate under the charge of the person named in the extract, be deemed for the purposes of this section to be a decree whereby the right to transfer such Government stock is vested in the person so named. 52 & 53 Vict.  
c. 39.

In this section the expression "Government stock" has the same meaning as in the Savings Bank Act, 1893, as amended by any subsequent enactment. 56 & 57 Vict.  
c. 69.

**67.** Where any Government stock is transferred by virtue of section forty-eight of the Finance (No. 2) Act, 1915, on the authority of any probate, confirmation, or letters of administration, or by virtue of this Act on the authority of any order or decree of any court, the Bank of England or Ireland, the National Debt Commissioners, the Postmaster-General, or the savings bank authority, as the case may be, shall be indemnified and protected, notwithstanding any defect or circumstance whatsoever affecting the validity of such probate, confirmation, or letters of administration, or of such order or decree. Indemnity on  
transfer of  
Government  
stock.

**68.**—(1) Subsection (1) of section two of the Government War Obligations Act, 1915, shall apply, and shall be deemed always to have applied, to the sale of securities to the Treasury and to securities sold to the Treasury in the same manner as it applies to the giving of securities to the Treasury in exchange for Government securities and to securities so given in exchange. Extension of  
section 2 of  
Government  
War Obligations  
Act, 1915.  
5 & 6 Geo. 5.  
c. 96.

(2) The authority and indemnity given to persons holding securities under subsection (1) of section two of the Government War Obligations Act, 1915, shall apply, and shall be deemed always to have applied, to directors of a company, and to any person holding securities on behalf of any corporation or body of persons depositing securities or giving them in exchange, or selling securities, in pursuance of that subsection as amended by this Act, notwithstanding any want of authority from the company, corporation, or body of persons.

(3) It is hereby declared that subsection (4) of section two of the Government War Obligations Act, 1915 (which removes certain disqualifications attaching to Members of Parliament in connexion with the deposit, exchange, and sale of securities under a Treasury securities deposit scheme), applies to any transactions in connexion with any such deposit, exchange, or sale as it applies to the deposit, exchange, or sale.

A.D. 1916.

## PART V.

## GENERAL.

Construction,  
repeal, and  
short title.

69.—(1) Part I. of this Act, so far as it relates to duties of Customs, shall be construed together with the Customs Consolidation Act, 1876, and any enactments amending that Act, and so far as it relates to duties of Excise shall be construed together with the Acts which relate to the duties of Excise and the management of those duties.

Part II. of this Act shall be construed together with the Income Tax Acts, 1842 to 1853, and any other enactments relating to income tax, and those enactments and Part II. of this Act are in this Act referred to as the Income Tax Acts.

Part III. of this Act shall be construed together with Part III. of the Finance (No. 2) Act, 1915.

(2) The Acts mentioned in the Second Schedule of this Act are hereby repealed to the extent specified in the third column of that Schedule.

(3) This Act may be cited as the Finance Act, 1916.



## SCHEDULES.

A.D. 1916.

## FIRST SCHEDULE.

## SUGAR, &amp;c.

## PART I.—DUTIES.

Sections 5, 6.

Article.	Customs Duty.	Excise Duty.
	£ s. d.	£ s. d.
Sugar which, when tested by the polariscope, indicates a polarisation exceeding ninety-eight degrees - - - - - the cwt.	0 14 0	0 11 8
Sugar of a polarisation not exceeding seventy-six degrees - - - - - the cwt.	0 6 9	0 5 7
Sugar of a polarisation—		
Exceeding 76 and not exceeding 77 - the cwt.	0 6 11·3	0 5 9·4
"    77                    "    78 - "	0 7 2·0	0 5 11·6
"    78                    "    79 - "	0 7 4·7	0 6 1·9
"    79                    "    80 - "	0 7 7·3	0 6 4·1
"    80                    "    81 - "	0 7 10·0	0 6 6·4
"    81                    "    82 - "	0 8 0·7	0 6 8·6
"    82                    "    83 - "	0 8 3·4	0 6 10·8
"    83                    "    84 - "	0 8 6·4	0 7 1·4
"    84                    "    85 - "	0 8 9·5	0 7 3·9
"    85                    "    86 - "	0 9 0·5	0 7 6·4
"    86                    "    87 - "	0 9 3·5	0 7 8·9
"    87                    "    88 - "	0 9 6·9	0 7 11·7
"    88                    "    89 - "	0 9 10·2	0 8 2·5
"    89                    "    90 - "	0 10 2·3	0 8 5·9
"    90                    "    91 - "	0 10 6·3	0 8 9·2
"    91                    "    92 - "	0 10 10·3	0 9 0·6
"    92                    "    93 - "	0 11 2·4	0 9 4·0
"    93                    "    94 - "	0 11 6·4	0 9 7·3
"    94                    "    95 - "	0 11 10·4	0 9 10·7
"    95                    "    96 - "	0 12 2·4	0 10 2·0
"    96                    "    97 - "	0 12 6·5	0 10 5·4
"    97                    "    98 - "	0 12 10·5	0 10 8·8

A.D. 1916.

Sections 5, 6.

Article.	Customs Duty.	Excise Duty.
	£ s. d.	£ s. d.
Molasses (except when cleared for use by a licensed distiller in the manufacture of spirits) and invert sugar and all other sugar and extracts from sugar which cannot be completely tested by the polariscope and on which duty is not specially charged by this section—		
If containing 70 per cent. or more of sweetening matter . . . . . the cwt.	0 8 10½	0 7 4½
If containing less than 70 per cent. and more than 50 per cent. of sweetening matter . . . . . the cwt.	0 6 4½	0 5 3½
If containing not more than 50 per cent. of sweetening matter . . . . . the cwt.	0 3 1½	0 2 7½
The amount of sweetening matter to be taken to be the total amount of cane, invert, and other sugar contained in the article as determined by analysis in manner directed by the Commissioners of Customs and Excise.		
Glucose :		
Solid . . . . . the cwt.	0 8 10½	0 8 10½
Liquid . . . . . „	0 6 4½	0 6 4½
Saccharin (including substances of a like nature or use) . . . . . the oz.	0 4 6	0 4 6

[NOTE.—The charge under this Schedule of a specified amount of duty on a specified weight of any article includes a charge of a proportionately less duty on any less weight of any article so charged.]

### \*PART II.—DRAWBACKS AND ALLOWANCES.

#### (1) CUSTOMS DRAWBACKS UNDER THE SECOND SCHEDULE OF THE FINANCE ACT, 1901.

	£ s. d.
Drawback to be allowed to a refiner on molasses produced in Great Britain or Ireland from imported sugar and delivered by him to a licensed distiller for use in the manufacture of spirits . . . . . the cwt.	0 3 1½
Other drawbacks . . . . .	According to the amount of duty paid.

\* The substituted drawbacks and allowances shall only take effect where it is shown that duty has been paid at the increased rate.

(2) EXCISE DRAWBACKS.

A.D. 1916.

Sections 5, 6.

<p>A.—Under the Third Schedule of the Finance Act, 1901</p>	<p>According to the amount of duty paid.</p>
<p>B.—Drawback to be allowed on molasses produced in Great Britain or Ireland from sugar made in Great Britain or Ireland and delivered to a licensed distiller for use in the manufacture of spirits the cwt.</p>	<p>£ s. d. 0 2 7½</p>
<p>C.—Drawback to be allowed in any other case on articles liable to the Excise duty exported or shipped for use as stores, if it is shown to the satisfaction of the Commissioners of Customs and Excise that the Excise duty has been duly paid -</p>	<p>According to the amount of duty paid.</p>

(3) ALLOWANCES ON MOLASSES USED SOLELY FOR THE PURPOSE OF FOOD FOR STOCK.

<p>Allowance to a refiner on molasses under subsection (2) of section one of the Revenue Act, 1903 the cwt.</p>	<p>£ s. d. 0 3 1½</p>
<p>Allowance on molasses produced from sugar made in Great Britain or Ireland in circumstances in which an allowance would be allowed under subsection (2) of section one of the Revenue Act, 1903, in respect of molasses produced from imported sugar the cwt.</p>	<p>0 2 7½</p>

A.D. 1916.

## SECOND SCHEDULE.

Section 69.

## ENACTMENTS REPEALED.

Session and Chapter.	Short Title.	Extent of Repeal.
29 & 30 Vict. c. 25.	The Exchequer Bills and Bonds Act, 1866.	Section four; and in section twenty-six, the word "four."
4 & 5 Geo. 5. c. 10.	The Finance Act, 1914.	Section six.
5 & 6 Geo. 5. c. 89.	The Finance (No. 2) Act, 1915.	Sections two, three, four, five, and six; Subsection (1) of section seven, from "as from" to "sixteen" and from "in respect of" to "Act, and"; subsections (2) and (3) of section seven.

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