SUPPLIED FOR THE PUBLIC SERVICE



CHAPTER 12.

An Act to amend the law relating to income tax in respect of certain emoluments. [1st March 1944.]

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 :—

Extension of principal Act (subject to exceptions) to all emoluments taxable under Schedule E. 6 & 7 Geo. 6. c. 45.

1.—(1) Subject to the provisions of this Act, the Income Tax (Employments) Act, 1943 (hereafter in this Act referred to as " the principal Act "), shall extend to all emoluments assessable to income tax under Schedule E, other than pay, pensions or other emoluments payable in respect of service in or with the armed forces of the Crown, and accordingly that Act shall have effect as if for subsections (2) to (4) of section one thereof there were substituted the following subsection—

> " (2) The said emoluments (hereafter in this Act referred to as ' emoluments to which this Act applies ') are all emoluments assessable to income tax under Schedule E, other than pay, pensions or other emoluments payable in respect of service in or with the armed forces of the Crown ".

(2) Notwithstanding anything in the preceding subsection, subsection (7) of section three of the principal Act shall not empower the Commissioners of Inland Revenue to make any regulations which they would not have had power to make if this Act had not passed.

Transfer of certain annuities to Schedule E. 11 & 12 Geo. 5. c. 32.

2.—(1) Subsection (2) of section thirty-two of the Finance Act, 1921 (which provides that income tax chargeable in respect of annuities paid out of certain superannuation funds to persons residing in the United Kingdom may be charged under Case VI

of Schedule D instead of being deducted and accounted for under Rule 21 of the General Rules), shall, as respects the year 1944–45 and all subsequent years of assessment, have effect as if for the words " Case VI of Schedule D " there were substituted the words " Schedule E " :

Provided that sections twenty-five and twenty-six of the Finance Act, 1941 (which relate to tax-free payments), shall continue to have effect as if the substitution made by this subsection had not been made.

4 & 5 Geo. 6. c. 30.

(2) References in this Act to emoluments assessable to income tax under Schedule E shall, as well in relation to years of assessment before the year 1944–45 as in relation to that and subsequent years, be construed as including references to the said annuities.

Deductions and repayments of tax.

3.—(1) Regulations made under section two of the principal Act may provide, as respects the year 1944–45 or any subsequent year of assessment, for the deduction of tax at the standard rate in such cases or classes of cases as may be provided for by the regulations.

(2) Where, during the year 1944–45 or any subsequent year of assessment, any payment of, or on account of, any emoluments to which the principal Act applies is made, tax for that year shall be deducted or repaid on the making of that payment notwithstanding that the emoluments are in whole or in part emoluments for some other year, including a year before the year 1944–45.

Extension of discharge provisions of principal Act.

4.—(1) Subsections (3) to (5) of section three of the principal Act (which provide for the discharge of a part of the tax for the year 1943–44 in certain cases) shall, in the classes of cases specified in subsection (2) of this section, but subject to the modifications specified in subsection (3) of this section, extend to any emoluments, whether arising before or after the passing of this Act, to which the said section three would not otherwise apply.

(2) The said classes of cases are those where income tax (other than surtax) for the year 1942–43 was ordinarily collected by deduction over a period part of which fell within the said year and part of which fell within the next year.

(3) The said modifications are—

(*a*) that the sum which, subject to the provisions of subsection (4) of the said section three, is to be discharged under subsection (3) of that section shall, instead of being ten-twelfths or seven-twelfths of the tax (other than surtax) payable for the year 1943–44, be such part of the tax (other than surtax) payable for the year 1943–44 in respect of the emoluments as bears to the

whole of the tax the same proportion as the second part of the period mentioned in subsection (2) of this section bears to a full year; and

(*b*) that the relevant period for the purposes of subsection (4) of the said section three shall be a period beginning with the beginning of the year 1944–45 and equal in length to the second part of the period mentioned in subsection (2) of this section.

Service in or with the armed forces of the Crown.

5.—(1) If, in the case of the year 1944–45 or any subsequent year of assessment, it appears that the income tax payable by a person in respect of any pay, pension or other emoluments payable in respect of service in or with the armed forces of the Crown has been computed by reference to the amount thereof for the previous year of assessment and that the actual amount thereof for the year is less than the amount thereof for the previous year, that person shall be entitled to such relief from income tax (including surtax) as will reduce the amount payable by him to the amount which would have been payable if the tax had been computed by reference to the actual amount of the pay, pension or other emoluments for the year instead of by reference to the amount thereof for the previous year.

(2) Subsection (4) of section three of the principal Act (which provides that there shall be no discharge of tax under that section in respect of any emoluments unless the person entitled thereto is at some time during the relevant period in the year 1944–45 in receipt of emoluments to which that Act applies, and for a proportionate reduction of the amount to be discharged if he is in receipt of such emoluments for a part only of that period) shall have effect as if any pay, pension or other emoluments in respect of service in or with the armed forces of the Crown which the person in question is in receipt of during the relevant period were emoluments to which the principal Act applies.

Discharge of outstanding tax for years before 1943–44 in certain cases.

6.—(1) If, on the sixth day of April, nineteen hundred and forty-four, a person is in Crown or railway employment (as defined for the purposes of this section) and on that date there remains unpaid by him income tax under Schedule E for the year 1942–43 or any previous year of assessment (other than surtax), being income tax in respect of the emoluments of any office or employment held by him before he entered Crown or railway employment, that tax shall be discharged if the ordinary due date thereof (as so defined) was not earlier than the date on which he entered Crown or railway employment:

Provided that—

(*a*) where—

(i) on the said sixth day of April the person in question was in railway employment; and

(ii) that railway employment was of a class where income tax (other than surtax) for the year 1942–43 was ordinarily collected by deduction over a period part of which fell within the said year and part of which (hereinafter referred to as "the period of overlap") fell within the next year;

this subsection shall have effect as if for reference to the date on which that person entered Crown or railway employment there were substituted a reference to a date later than that date by a period equal to the period of overlap;

(*b*) in any case, nothing in this subsection shall affect any tax which, under arrangements for the collection thereof in operation on the first day of February, nineteen hundred and forty-four, was to be collected before the said sixth day of April.

(2) In this section, the expression "Crown or railway employment" means all offices and employments of any class which, in relation to tax for the year 1942–43, was generally treated as falling within Rule 11 of the Rules applicable to Schedule E and all railway employment; the expression "railway employment" means all offices and employments which fall or, but for the provisions of this or the principal Act, would fall, within Rule 7 of the said Rules; and the expression "the ordinary due date" means, in relation to any tax, the date on which that tax first became due to be paid, whether by deduction or otherwise, or would first have become due to be paid as aforesaid if that tax had been charged in the first assessments for the relevant year or half-year.

(3) Paragraphs 2 and 3 of the Second Schedule to the principal Act (which relate to the procedure to be adopted in connection with the discharge of the tax payable in respect of any emoluments and appeals as to the amount discharged) shall have effect for the purposes of the discharge of tax under this section and as to appeals as to the amount of tax so discharged.

(4) Where a person has been before the said sixth day of April, but is then no longer, in Crown or railway employment, and, since the day when he ceased to be in Crown or railway employment, has either died or has at no time been employed or otherwise gainfully occupied, the foregoing provisions of this section shall apply to him as if he had continued to be in Crown or railway employment up to and including the said sixth day of April.

Emoluments of offices and employments held in the

7.—(1) Notwithstanding anything in the foregoing provisions of this Act, tax shall not be discharged under section three of the principal Act in the case of any emoluments of an office or

employment held by a person in the course of a trade, profession or vocation, if either— course of a trade, profession or vocation.

(*a*) any emoluments of that office or employment were taken into account in the case of that person in computing the profits or gains of that trade, profession or vocation for the purposes of income tax for the year 1943–44 ; or

(*b*) the office or employment is such that the emoluments thereof would ordinarily be taken into account in computing the profits or gains of that trade, profession or vocation :

Provided that a discharge of tax shall not be withheld by virtue of paragraph (*b*) of this subsection in the case of any emoluments if those emoluments have been assessed to income tax for the year 1943–44 under Schedule E and the assessment had, before the twentieth day of September, nineteen hundred and forty-three, become final and conclusive.

(2) This section shall not apply to the emoluments of any employment if the person in receipt thereof satisfies, as respects the year 1943–44, the conditions as to emoluments specified in Part I of the First Schedule to the principal Act.

8. Where a person holds an office or employment in the year 1943–44 under such circumstances that the emoluments thereof are assessable to income tax under Schedule E by reference to the amount thereof for the previous year of assessment, and the actual emoluments arising from that office or employment for the year 1943–44 or any previous year of assessment are increased by reason of— Certain increases in remuneration to be chargeable to tax.

(*a*) additional remuneration being granted after the twentieth day of September, nineteen hundred and forty-three ; or

(*b*) a change in the conditions of service attaching to the office or employment being effected after the said date,

the amount of the increase shall be added to the income arising from the office or employment as computed for the purposes of assessment to income tax for the year 1943–44 and charged to tax (including surtax) accordingly, but shall not be taken into account in considering whether any and if so what discharge of tax is to be made under section three of the principal Act :

Provided that this section shall not apply to any increase in emoluments arising from—

(i) a promotion in the ordinary course of events ; or

(ii) the ordinary application of an incremental scale of emoluments ; or

(iii) overtime paid for at ordinary rates,

or to any other similar increase of an ordinary character.

Short title, interpretation, construction and repeals.

9.—(1) This Act may be cited as the Income Tax (Offices and Employments) Act, 1944.

(2) In this Act the expression " service in or with the armed forces of the Crown " has the same meaning as it has for the purposes of the principal Act.

(3) This Act shall be construed as one with the Income Tax Acts.

(4) The enactments set out in the Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.

Section 9.

SCHEDULE.

ENACTMENTS REPEALED.

Session and Chapter.	Short Title.	Extent of Repeal.
11 & 12 Geo. 5. c. 32.	The Finance Act, 1921	In section thirty-two, in subsection (2), the words from " and tax " to the end of the subsection, except as respects tax for the year 1943–44 or any previous year of assessment.
3 & 4 Geo. 6. c. 48.	The Finance (No. 2) Act, 1940.	Subsections (1) and (2) of section eleven, except as respects tax for the year 1943–44 or any previous year of assessment.
6 & 7 Geo. 6. c. 45.	The Income Tax (Employments) Act, 1943	In subsection (5) of section one, the words from " and section eleven " to the end of the subsection; subsection (6) of section three; in section four, the definition of " pension "; and Part II of the First Schedule.

Printed by NORMAN GIBB SCORGIE, C.V.O., C.B.E.,
Controller of His Majesty's Stationery Office
and
King's Printer of Acts of Parliament

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
York House, Kingsway, London, W.C.2; 13a Castle Street, Edinburgh 2;
39-41 King Street, Manchester 2; 1 St. Andrew's Crescent, Cardiff;
80 Chichester Street, Belfast;
or through any bookseller

Price 1*d.* net

(P. 2039)