



## FINANCE BILL, 1977

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As initiated*

### ARRANGEMENT OF SECTIONS

#### PART I

#### INCOME TAX, CORPORATION TAX, CORPORATION PROFITS TAX AND CAPITAL GAINS TAX

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##### Section

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2. Amendment of section 236 (retirement annuities—nature and amount of relief for qualifying premiums) of Income Tax Act, 1967.
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Corporation Tax Act, 1976	1976, No. 7
Finance (1909-1910) Act, 1910	1910, c. 8
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Finance Act, 1969	1969, No. 21
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Finance Act, 1971	1971, No. 23
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Insurance Act, 1936	1936, No. 45
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Social Welfare Act, 1952	1952, No. 11
Stamp Act, 1891	1891, c. 39
State Property Act, 1954	1954, No. 25
Unit Trusts Act, 1972	1972, No. 17
Wealth Tax Act, 1975	1975, No. 25





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FINANCE BILL, 1977

# BILL

*entitled*

AN ACT TO CHARGE AND IMPOSE CERTAIN DUTIES OF 5  
CUSTOMS AND INLAND REVENUE (INCLUDING EX-  
CISE), TO AMEND THE LAW RELATING TO CUSTOMS  
AND INLAND REVENUE (INCLUDING EXCISE) AND TO  
MAKE FURTHER PROVISIONS IN CONNECTION WITH  
FINANCE. 10

BE IT ENACTED BY THE OIREACHTAS AS FOLLOWS:

## PART I

INCOME TAX, CORPORATION TAX, CORPORATION PROFITS TAX AND  
CAPITAL GAINS TAX

### CHAPTER I

#### *Income Tax*

Amendment of  
section 142  
(dependent  
relatives) of Income  
Tax Act, 1967.

1.—Section 142 of the Income Tax Act, 1967, is hereby amended,  
with effect as on and from the 6th day of April, 1976, by the  
substitution for subsection (1) of the following subsections:

“(1) If for any year of assessment the claimant proves that 20  
he maintains at his own expense any person being—

- (a) a relative of his, or of his wife, who is incapacitated by  
old age or infirmity from maintaining himself, or
- (b) his or his wife's widowed mother, whether incapacitated 25  
or not, or
- (c) a son or daughter of his who resides with him and on  
whose services he, by reason of old age or infirmity, is  
compelled to depend,

and being a person whose total income from all sources for that  
year of assessment does not exceed, or does not exceed by £95 30  
or more, a sum equal to the specified amount, he shall be  
entitled in respect of each such person whom he so maintains  
to a deduction of £95 reduced, if the total income of the  
person so maintained exceeds the specified amount, by the  
amount of the excess. 35

(1A) For the purposes of this section ‘specified amount’  
means the aggregate of the payments to which a person is  
entitled in that year of assessment in respect of an old age  
pension at the maximum rate under the Old Age Pension  
Acts, 1908 to 1977, if, throughout that year of assessment— 40

- (a) he is unmarried and has no qualified children within  
the meaning of those Acts,
- (b) he is over the age of 80 years (or such other age as may  
stand specified in those Acts for the time being in  
lieu of the said age of 80 years), and 45



(c) he does not qualify for the increase of such pension payable in certain circumstances for any period during which he is so incapacitated as to require full-time care and attention.”.

5 2.—(1) Section 236 of the Income Tax Act, 1967, is hereby amended—

Amendment of section 236 (retirement annuities—nature and amount of relief for qualifying premiums) of Income Tax Act, 1967.

(a) by the substitution of “£2,000” for “£1,500” in each place where it occurs in subsections (1A) (a) and (1C) (which were inserted by the Finance Act, 1974), and

10 (b) by the substitution of “£650” for “£500” in each place where it occurs in subsection (1B) (a) (inserted by the said Finance Act, 1974) and in the said subsection (1C),

and the said subsections (1A) (a), (1B) (a) and (1C), as so amended, are set out in the Table to this section.

15 (2) *Part I* of the *First Schedule* shall have effect for the purpose of supplementing this section.

#### TABLE

(1A) (a) shall not be more than the sum of £2,000, and

(1B) (a) shall not be more than the sum of £650, and

20 (1C) Where the condition in section 235 (1) (a) is satisfied as respects part only of the year, then for the said sums of £2,000 and £650 mentioned in subsections (1A) and (1B) there shall be substituted sums which respectively bear to £2,000 and £650 the same proportion as that part bears to the whole year.

25 3.—Section 59 of the Finance Act, 1974, is hereby amended as on and from the 31st day of March, 1976, by the substitution in the last paragraph of subsection (3) of “if resident in the State would be, close companies within the meaning of the Corporation Tax Act, 1976” for “if incorporated in the State would be, companies within the meaning of section 530 (6) of the Income Tax Act, 1967”, and the said paragraph, as so amended, is set out in the Table to this section.

Amendment of section 59 (power to obtain information) of Finance Act, 1974.

#### TABLE

35 The bodies corporate mentioned in the preceding provisions of this section are bodies corporate resident or incorporated outside the State which are, or if resident in the State would be, close companies within the meaning of the Corporation Tax Act, 1976.

40 4.—In relation to any assessment to income tax for the year 1977-78 or any subsequent year of assessment, “September” shall be substituted for “July”—

Amendment of provisions relating to time for payment of tax.

(a) in subsections (1) and (2) (inserted by the Finance Act, 1976) of section 477 of the Income Tax Act, 1967, in each place where it occurs, and

45 (b) in section 6 (2) (b) of the Finance Act, 1976,

and the said subsections (1) and (2) and the said section 6 (2) (b), as so amended, are set out in the Table to this section.



# TABLE

477.—(1) Subject to the provisions of this section, tax contained in an assessment for any year shall be payable on or before the 1st day of September in that year, except that tax included in an assessment for any year which is made on or after the 1st day of September shall be deemed to be due and payable on the day next after the day on which the assessment is made. 5

(2) The following tax charged for any year, that is to say—

(a) tax charged under Schedule D on any individual in respect of the profits or gains of any trade or profession, and 10

(b) subject to the provisions of section 126, tax charged on any individual in respect of any office or employment,

shall, instead of being payable on or before the 1st day of September in that year or on such other date as is specified in subsection (1), be payable in two equal instalments, the first instalment on or before the 1st day of September in that year or on such other day as aforesaid and the second instalment on or before the following 1st day of January, and the provisions of this Act as to the recovery of tax shall apply to each instalment of the tax, in the same manner as they apply to the whole amount of the tax: 15 20

Provided that where the assessment is not made until after the said following 1st day of January, this subsection shall not have effect and the tax shall be due and payable as provided in subsection (1). 25

6. (2) (b) in relation to any assessment for the year 1977-78 or any subsequent year of assessment, "September" were substituted for "January".

Charge of income tax for 1977-78 and subsequent years.

5.—(1) Where a person who is charged to income tax for the year 1977-78 or any subsequent year of assessment is an individual (other than an individual acting in a fiduciary or representative capacity), he shall, notwithstanding anything in the Income Tax Acts but subject to section 5 (3) of the Finance Act, 1974, be charged to tax on his taxable income at the rates specified in the following Table and 30

(a) each of the first three rates in that Table, and 35

(b) the other rates in that Table,

shall be known, respectively, by the description specified in column (3) of that Table opposite the mention of the rate or rates, as the case may be, in column (2) of that Table.

# TABLE

Part of taxable income (1)	Rate of tax (2)	Description of rate (3)
The first £500 .. .. .	20 per cent.	the initial rate
The next £1,000 .. .. .	25 per cent.	the reduced rate
The next £3,000 .. .. .	35 per cent.	the standard rate
The next £1,500 .. .. .	45 per cent.	the higher rates
The next £1,000 .. .. .	50 per cent.	
The remainder .. .. .	60 per cent.	

(2) Part II of the First Schedule shall have effect for the purpose of supplementing subsection (1). 40

Personal reliefs.

6.—(1) Where a deduction falls to be made from the total income of an individual for the year 1977-78 or any subsequent year of assessment in respect of relief to which the individual is entitled under the provision mentioned in column (1) of the Table to this 45



subsection and the amount of the deduction would, but for this section, be an amount specified in *column* (2) of the said Table, the amount of the deduction shall, in lieu of being the amount specified in the said *column* (2), be the amount specified in *column* (3) of the said Table opposite the mention of the amount in the said *column* (2).

TABLE

Statutory provision (1)	Amount to be deducted from total income for 1976-77 (2)	Amount to be deducted from total income for 1977-78 and subsequent years (3)
	£	£
Income Tax Act, 1967 section 138		
(married man) ..	1,010	1,100
(single person) ..	620	665
(widowed person) ..	685	735

(2) Section 10 of the Finance Act, 1976, shall have effect subject to the provisions of this section.

(3) *Part III* of the *First Schedule* shall have effect for the purpose of supplementing *subsection* (1).

7.—(1) In this section “the specified amount” means—

Age exemption.

(a) in the case of a married man whose wife is living with him, £1,800,

(b) in the case of any other individual, £1,000:

15 Provided that in any case where section 28 of the Finance Act, 1974, applies “the specified amount”, in relation to any year of assessment, means the amount specified in paragraph (a) or (b), as may be appropriate, reduced by the amount by which it would be reduced by virtue of the said section 28 if the specified amount was the aggregate amount of the deductions to be made from the total income of the individual concerned in respect of personal reliefs claimed by him for that year of assessment.

25 (2) Where, for the year 1977-78 or any subsequent year of assessment, an individual, who is entitled to a deduction under section 8 of the Finance Act, 1974, makes a claim in that behalf and proves that his total income for that year does not exceed the specified amount, he shall be entitled to exemption from income tax.

30 (3) Where, for the year 1977-78 or any subsequent year of assessment, an individual would be entitled to exemption from income tax under *subsection* (2) but for the fact that his total income exceeds the specified amount, he shall be entitled to have the amount of income tax payable in respect of his total income reduced to an amount equal to one-half of the amount by which his total income exceeds the specified amount:

35 Provided that this subsection shall not apply in any case in which the total income of the individual exceeds £2,500.

40 (4) All such provisions of the Income Tax Acts as apply in relation to the deductions specified in sections 138 to 143 of the Income Tax Act, 1967, shall apply in relation to exemption from or any reduction of tax under this section.

8.—The Finance Act, 1974, is hereby amended by the substitution for section 54 of the following section—

“54.—(1) In this section—

Charge to tax in respect of certain distributions deemed to be emoluments.

45 ‘associate’ has the same meaning as in section 103 (3) of the Corporation Tax Act, 1976;



'company' means any body corporate;

'distribution' has the same meaning as in Part IX of the Corporation Tax Act, 1976;

'emoluments' has the same meaning as in section 111 (4) of the Income Tax Act, 1967;

'participator' has the same meaning as in section 103 (1) of the Corporation Tax Act, 1976;

'settlement' and 'settlor' have the same meanings as in section 96 (3) (h) of the Income Tax Act, 1967;

'tax-relieved company' means a company which has claimed and is entitled to relief from tax under Part XXV of the Income Tax Act, 1967, or Part IV or V of the Corporation Tax Act, 1976.

(2) For the purposes of this section—

(a) any question whether a person is connected with another shall be determined in accordance with the provisions of section 16 of the Finance (Miscellaneous Provisions) Act, 1968;

(b) a person who is a participator in a company which is a participator in another company (the second company) shall be deemed to be a participator in the second company, and where the second company is a participator in a third company, the person shall be deemed to be a participator in the third company, and so on.

(3) (a) Where a person (hereinafter in this section referred to as 'an employee') receives no emoluments in respect of service or services rendered by him to or for the benefit of a tax-relieved company or to or for the benefit of any person connected with that company or receives emoluments in respect of such service or services which, in the opinion of the Revenue Commissioners, are not adequate as consideration for the service or services rendered and a distribution is made at any time by the tax-relieved company to—

(i) the employee, or

(ii) an associate of the employee, or

(iii) a company in which the employee or an associate of the employee is, or is deemed to be, a participator, or

(iv) a settlement in relation to which the employee or any person connected with him is a settlor or a beneficiary,

so much of the aggregate of that distribution (in this section referred to as 'the relevant part of the distribution') and the amount of the tax credit appropriate thereto as is, in the opinion of the Revenue Commissioners, in consideration of the service or services rendered—

(I) shall be deemed to be paid to the employee under a contract of employment and to be emoluments,

(II) shall be deemed not to be income of any person other than the employee,

(III) shall be deemed to have accrued due to the employee from day to day during the period throughout which the service or services were rendered, and



5 (IV) shall, notwithstanding any provision to the contrary, be deemed to be emoluments in respect of which a notice has been given under section 125 (b) of the Income Tax Act, 1967, and shall be chargeable to tax under Schedule E.

10 (b) The relevant part of any distribution which is deemed to be emoluments by virtue of paragraph (a) shall not be treated as a distribution for the purposes of Schedule F.

15 (c) For the purposes of this subsection the amount of the tax credit appropriate to the relevant part of the distribution shall be the amount of the tax credit to which the person to whom the distribution was made would have been entitled under the provisions of sections 64, 76, 81 or 82 (2) of the Corporation Tax Act, 1976, in respect of the relevant part of the distribution if that part were a separate distribution made to that person by the tax-relieved company.

20 (4) (a) Section 66 and subsections (6) and (7) of section 82 of the Corporation Tax Act, 1976, shall not apply in relation to the relevant part of the distribution but there shall be allowed as a credit against the tax chargeable for any year of assessment or accounting period for which the relevant part of the distribution or any part thereof is chargeable to tax under subsection (3) an amount which bears to the tax credit, determined in accordance with paragraph (c) of the said subsection (3), the same proportion as the amount chargeable to tax by virtue of this section for the year of assessment or accounting period bears to the aggregate of the relevant part of the distribution and the tax credit appropriate thereto.

25 (b) Subject to the provisions of sections 211 (2) and 455 (3) of the Income Tax Act, 1967, assessments under subsection (3) and any consequential adjustments of assessments under Schedule F may be made at any time.

30 (5) In considering for the purposes of this section whether emoluments paid to any person are or are not adequate as consideration for service or services rendered, the Revenue Commissioners shall have regard to—

35 (a) the nature of the service or services,

40 (b) the emoluments paid for similar service or services rendered at arm's length,

45 (c) the emoluments which it would be reasonable to expect to be paid for such service or services,

50 (d) any payment, other than emoluments or distributions, made to the person in respect of the service or services rendered, and

(e) any evidence tendered as to the adequacy of the emoluments or payment in question.

55 (6) In considering for the purposes of this section whether a distribution is wholly or partly in consideration of service or services rendered, the Revenue Commissioners shall have regard to—

(a) all the classes of shares issued by the company concerned,



- (b) the class or classes of shares in the said company held by the person by whom the distribution is received, the number of shares so held, the nominal value of, and the amount subscribed by him in respect of, such shares,
- (c) the rate of distribution in respect of the shares of each class,
- (d) whether shares of the class held by that person are held by any other person, and if so, the number of shares so held, and
- (e) any other matter which appears to them relevant for the purpose of forming an opinion under this subsection.

(7) An appeal shall lie to the Appeal Commissioners with respect to any opinion of the Revenue Commissioners under this section in like manner as an appeal would lie against an assessment to tax, and the provisions of the Income Tax Acts relating to appeals shall apply and have effect accordingly.”

## CHAPTER II

### *Taxation of Farming Profits*

Amendment of section 15 (farming profits to be charged under Schedule D) of Finance Act, 1974.

9.—Section 15 of the Finance Act, 1974, is hereby amended by the substitution in subsection (3) of “£75” for “£100”, and the said subsection (3), as so amended, is set out in the Table to this section.

#### TABLE

(3) Subsection (1) shall not apply, as respects any year of assessment, in the case of an individual who shows that the rateable valuation of all farm land occupied by him did not, at any time during that year of assessment, amount to £75 or more.

Amendment of section 16 (farming carried on by certain persons) of Finance Act, 1974.

10.—Section 16 of the Finance Act, 1974, is hereby amended by the deletion in subsection (1) of “(other than an individual who shows that the rateable valuation of all farm land occupied by him did not, at any time during the relevant year of assessment, exceed £50)” (inserted by the Finance Act, 1975), and the part of the subsection, as so amended, preceding paragraph (b) is set out in the Table to this section.

#### TABLE

16.—(1) In this Chapter “an individual to whom section 16 applies” means an individual who is carrying on farming in a year of assessment and—

(a) who at any time in that year of assessment is also carrying on either solely or in partnership another trade or profession,

Limit on amount of tax to be charged on certain farming profits.

11.—The following section shall be substituted for section 19 of the Finance Act, 1974:

“19.—(1) Where for any year of assessment an individual other than an individual to whom section 16 applies, is chargeable to tax in respect of profits or gains from farming, the amount of tax so chargeable for that year of assessment shall not exceed—

(a) where the rateable valuation of the farm land occupied by him for that year of assessment does not exceed £75,



one-tenth of the tax appropriate to the profits or gains from farming;

- 5 (b) where the rateable valuation of the farm land occupied by him for that year of assessment exceeds £75, the amount arrived at by multiplying the tax appropriate to the profits or gains from farming by a fraction the denominator of which is ten and the numerator of which is the number equivalent to the amount by which the rateable valuation of the land so occupied exceeds £74.

- 10 (2) For the purposes of this section, the tax appropriate to the profits or gains from farming shall, in relation to an individual, be so much of the tax that would, but for the provisions of this section, be payable in respect of the individual's total income as bears to that tax the same proportion as the amount of the profits or gains from farming included in the said total income bears to that total income.

(3) This section shall not apply in any case where the rateable valuation of the farm land occupied by the individual at any time during the year of assessment exceeds £84."

20 12.—The Finance Act, 1974, is hereby amended—

Assessment of  
farming profits for  
1977-78.

- (a) by the substitution for subsections (1), (2), (3) and (4) of section 21, of the following subsections:

25 " (1) Where, for the year 1977-78, an individual, other than an individual to whom section 16 applies, is, by virtue of section 15, chargeable to tax in respect of profits or gains from farming, he shall be charged to tax for that year in accordance with the provisions of this section and, subject to section 21A, not by reference to the provisions of section 58 (1) of the Income Tax Act, 1967.

30 (2) Where an individual is to be charged to tax in accordance with the provisions of this section, he shall be charged under Case I of Schedule D on an amount determined by the formula—

$$(V \times 65) - R - W$$

35 where

V is the rateable valuation of the farm land occupied by him for the year 1977-78,

R is the amount of rates payable by him for that year in respect of the farm land so occupied, and

40 W is the total amount of emoluments payable by him for that year to persons, employed as permanent employees for the purpose of working the said land, in respect of such work.

45 (3) In charging profits or gains in accordance with the provisions of this section, no deduction under any of the provisions of the Income Tax Acts shall be made from the amount determined under subsection (2).

(4) For the purposes of this section—

50 (a) a person shall be regarded as a permanent employee of an individual if that individual—

- (i) is registered as an employer under the Income Tax (Employments) Regulations, 1960 (S.I. No. 28 of 1960).



- (ii) has, in relation to all emoluments paid by him during the year 1977-78 to the said person, complied with the provisions of the said Regulations, and
- (iii) has, in respect of that person, paid employment contributions (within the meaning of the Social Welfare Act, 1952) for the period or periods during which the said person was employed by him in that year, and
- (b) emoluments payable by an individual to a person connected with the said individual shall be taken into account for the purpose of the formula in subsection (2) only in so far as the emoluments are paid to that person in cash.”, and

(b) by the insertion, after section 21, of the following section: 15

“ Appeals against assessments under section 21.

21A.—(1) An individual aggrieved by an assessment made upon him under section 21 shall be entitled to appeal against that assessment on the grounds that he elects to be charged to tax for the year 1977-78 in respect of his profits or gains from farming on an amount— 20

(a) determined in accordance with the provisions of section 58 (1) of the Income Tax Act, 1967, or

(b) equal to the full amount of those profits or gains for that year:

Provided that, in the case of an individual who elects to be charged to tax in accordance with paragraph (b) and who, for the year 1976-77, has been charged to tax in respect of his profits or gains from farming, section 11 of the Finance Act, 1967, and section 26 of the Finance Act, 1971, shall not apply for the year 1977-78, in relation to any qualifying machinery or plant (within the meaning of those sections) provided for use for the purposes of farming in the interval between the basis period (within the meaning of Part XV of the Income Tax Act, 1967) for the year 1976-77 and the basis period (within the meaning aforesaid) for the year 1977-78. 25 30 35

(2) Where an individual appeals and elects as provided for in subsection (1), all such amendments of the assessment shall be made as will ensure that he is charged to tax in accordance with such election.”.

Application of section 30 (appeals against assessments and payments on account) of Finance Act, 1976, to assessments under section 21 (notional basis of assessment) of Finance Act, 1974.

13.—Section 30 of the Finance Act, 1976, shall have effect in relation to an assessment made by virtue of section 21 of the Finance Act, 1974, as if the following proviso were added to the definition of “ the specified amount of tax ”— 40

“ Provided that, and notwithstanding the provisions of subsection (2), in the case of an assessment to tax which consists of tax, or includes any amount of tax, applicable to the profits or gains from farming, charged in accordance with the provisions of section 21 of the Finance Act, 1974, ‘ the specified amount of tax ’, in relation to any instalment of tax payable on a date prior to the 1st day of January, 1978, means the tax assessed which is payable in that instalment;”.

Increase of allowances for certain capital expenditure.

14.—(1) Where, on or after the 6th day of April, 1977, a person to whom section 22 of the Finance Act, 1974 (inserted by the Corporation Tax Act, 1976) applies, incurs capital expenditure to which this section applies, being expenditure in respect of which he is entitled to claim an allowance under that section, the allowance to be granted for the chargeable period related to the expenditure or any subsequent chargeable period shall be increased by such amount 45 50 55



as is specified by the person to whom the allowance is to be made in making his claim for the allowance, and in relation to a case in which this subsection has had effect, any reference in the Tax Acts to a farm buildings allowance made under the said section 22 shall be construed as a reference to that allowance as increased under this section.

(2) This section applies to expenditure incurred on the construction of fences, roadways, holding yards or drains or on land reclamation.

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### CHAPTER III

#### Corporation Tax

15.—Section 1 (1) of the Corporation Tax Act, 1976, shall have effect for the financial year 1977 and each subsequent financial year as if for "50 per cent." there were substituted "45 per cent."

Charge of corporation tax for financial year 1977 and subsequent financial years.

15 16.—(1) Section 13 (1) of the Corporation Tax Act, 1976, shall have effect as if "twelve-twenty-fifths" were substituted for "48 per cent."

Amendment of section 13 (computation of chargeable gains) of Corporation Tax Act, 1976.

(2) The said section 13 (1), as amended by subsection (1), is hereby amended as respects the financial year 1977 and each subsequent financial year as if for "twelve-twenty-fifths" there were substituted "nineteen-forty-fifths".

(3) Where, under the said section 13 (1), as amended by the preceding subsections, different fractions are in force in different parts of an accounting period—

25 (a) the amount of the chargeable gains for the accounting period (computed in accordance with the said section 13 (1), but without making the fractional reduction specified therein) shall be apportioned between those parts, and

30 (b) the portion for each part shall be reduced under the said section 13 (1) by the fraction in force in that part.

17.—(1) Section 28 of the Corporation Tax Act, 1976, shall have effect for the financial year 1977 and each subsequent financial year as if—

Amendment of section 28 (reduction of corporation tax liability of small companies) of Corporation Tax Act, 1976.

35 (a) in subsection (1) for "40 per cent." there were substituted "35 per cent.",

(b) in subsection (2) for "10 per cent." there were substituted "20 per cent." and

40 (c) in subsection (3) for each reference to £5,000 there were substituted a reference to £10,000 and for each reference to £10,000 there were substituted a reference to £15,000.

(2) Where, by virtue of subsection (1), the said section 28 has effect with different lower and upper relevant maximum amounts in relation to different parts of the same accounting period of a company, those parts shall be treated for the purposes of that section as if they were separate accounting periods of the company, and profits and income (within the meaning, in both cases, of the said section 28) of the company for the first mentioned period shall be apportioned between those parts.

50 (3) (a) Section 28 (7) of the Corporation Tax Act, 1976, is hereby amended by the insertion after "companies within the group" of "and for this purpose a company shall



be treated as a member of a group and franked investment income received by the company from another company shall be treated as coming from companies within the group where, but only where, if such income had been such payment as is referred to in section 105 (1), it would have been paid without deduction of income tax or would have been so paid if the companies had so elected", and the said subsection (7), as so amended, is set out in the Table to this section.

- (b) This subsection shall have effect as respects franked investment income arising in the year 1976-77 or in subsequent years of assessment.

#### TABLE

(7) For the purposes of the foregoing subsections the profits of a company for an accounting period shall be taken to be the amount of its profits for that period on which corporation tax falls finally to be borne, with the addition of franked investment income other than franked investment income which the company (if a member of a group) receives from companies within the group, and for this purpose a company shall be treated as a member of a group and franked investment income received by the company from another company shall be treated as coming from companies within the group where, but only where, if such income had been such payment as is referred to in section 105 (1), it would have been paid without deduction of income tax or would have been so paid if the companies had so elected.

Amendment of section 79 (reduced rate of corporation tax for certain income) of Corporation Tax Act, 1976.

Application of sections 182 and 184 (relief in respect of certain losses and capital allowances) of Corporation Tax Act, 1976.

18.—Section 79 (1) of the Corporation Tax Act, 1976, shall have effect for the financial year 1977 and each subsequent financial year as if for "35 per cent." there were substituted "30 per cent."

19.—(1) Where an accounting period falls partly in the financial year 1976 and partly in the financial year 1977, the two parts of the accounting period shall be treated, for the purposes of sections 182 and 184 of the Corporation Tax Act, 1976, as if they were separate accounting periods.

(2) Where, under subsection (1), a part of an accounting period is treated as a separate accounting period, the corporation tax charged for the part which is so treated shall, for the purposes of the said section 184, be taken to be the corporation tax which would be charged if that part were a separate accounting period.

(3) Sections 182 (3) and 184 (3) of the said Act shall have effect for any accounting period, or any part of an accounting period treated under subsection (1) as a separate accounting period, falling wholly after the 31st day of December, 1976, as if the standard rate for the year of assessment 1976-77 and each subsequent year of assessment were 30 per cent.

#### CHAPTER IV

##### *Corporation Tax in Relation to Certain Manufacturing Companies*

Definitions.

20.—In this Chapter—

"employed contributor" and "employment contributions" have the same meanings as in the Social Welfare Act, 1952;

"relevant period" means an accounting period or part of an accounting period of a company falling within the period from the 1st day of January, 1977, to the 31st day of December, 1979;



"1977 period" means an accounting period or part of an accounting period of a company falling within the financial year 1977 and any corresponding expression in which a reference to 1978 or 1979 is followed by the word "period" means an accounting period or part of an accounting period of a company falling within the financial year 1978 or 1979, as the case may be;

"specified trade" means a trade which consists wholly of the manufacture of goods in the State:

Provided that—

(a) for any period a trade shall be regarded as a specified trade if the amount receivable by the person carrying on the trade from the sale in the period of goods manufactured in the State in the course of the trade is not less than 95 per cent. of the total amount receivable by the person from all sales made in the course of the trade in the period, and

(b) where—

(i) there are two companies one of which manufactures goods in the State and the other of which sells them in the course of its trade, and

(ii) one of the companies holds more than 90 per cent. of the ordinary shares in the other company or persons who have a controlling interest in one company hold, either directly or indirectly, more than 90 per cent. of the ordinary shares in the other company,

the goods manufactured in the State by one of the companies shall, when sold in the course of its trade by the other company, be deemed to be manufactured in the State by that other company.

21.—The standard year in relation to a specified trade means the financial year 1976, and the standard year shall be applicable in relation to the specified trade whether or not during the whole or part of the standard year the specified trade was carried on by a person other than the company by which it is carried on in the relevant period or separate parts of the specified trade were carried on by different persons.

Standard year.

22.—Where, on or after the 1st day of January, 1976, any change takes place whereby a part of a trade becomes transferred to any person—

Apportionments arising from transfer of part of trade.

(a) the amount receivable from the sale in the standard year in relation to the specified trade of goods manufactured in the State, and

(b) the number of employment contributions payable in respect of all employed contributors engaged directly or indirectly in the manufacture of goods in the State in the standard year in relation to the specified trade,

shall, as respects any relevant period in which, or prior to which, the change occurs, be apportioned for the purposes of paragraphs (c) and (d) of section 24, and every such apportionment shall be made in such manner as the Revenue Commissioners consider just, having regard to all the circumstances.

23.—Where a 1977 period is less than twelve months, the corresponding part of the standard year in relation to a specified trade is the period which begins twelve months before the date on which that 1977 period begins and which ends twelve months before the date on which that 1977 period ends.

Corresponding part of standard year.

24.—Where a company which carried on a trade on the 31st day of December, 1976, claims and proves as respects a 1977 period—

Rate of corporation tax for certain manufacturing companies.

(a) that it carries on a specified trade,



(b) that its income as computed for the purposes of corporation tax from the specified trade for the accounting period which coincides with or includes the 1977 period is not less than 95 per cent. of the total amount of its income as so computed for that accounting period, 5

(c) that the volume of sales (being the amount determined in accordance with *section 25*) by the company in the 1977 period of goods manufactured in the State, and sold, in the course of the specified trade is not less than 105 per cent. of the amount receivable from the sale, in the standard year in relation to that trade, or, where the 1977 period is less than twelve months, in the corresponding part of the standard year in relation to that trade, of goods manufactured in the State in the course of that trade, and 10 15

(d) that the number of employment contributions payable in respect of all employed contributors engaged directly or indirectly in the manufacture of goods in the State in the course of the specified trade of the company in the 1977 period is not less than 103 per cent. of the number of employment contributions payable in respect of all employed contributors engaged directly or indirectly in the manufacture of goods in the State in the course of that trade, in the standard year in relation to that trade, or, where the 1977 period is less than twelve months, in the corresponding part of the standard year in relation to that trade, 20 25

the corporation tax charged on the income of the company for the accounting period which coincides with or includes the 1977 period shall, notwithstanding the provisions of sections 1 and 79 of the Corporation Tax Act, 1976, be calculated as if the rate of corporation tax for the financial year 1977 were 25 per cent. and for this purpose the income of the company for that accounting period shall be its income for that period as defined in section 28 of the Corporation Tax Act, 1976, for the purposes of that section. 30 35

Determination  
of volume of  
sales.

25.—For the purposes of *section 24* (c) the volume of sales by a company in the 1977 period of goods manufactured in the State, and sold, in the course of a specified trade carried on by it shall be the amount which would have been receivable from the sale of those goods if the company and the buyer of the goods were independent parties dealing at arm's length and the goods were sold at the average of the prices at which they could have been sold in the course of that trade in the standard year in relation to that trade, or, where the 1977 period is less than twelve months, in the corresponding part of the standard year in relation to that trade. 40 45

Succession to trade.

26.—Where a company (referred to subsequently in this section as "the successor company") which did not carry on a trade on the 31st day of December, 1976, succeeds to a trade or part of a trade which was carried on by another company on that date, the successor company shall, for the purposes of this Chapter, be deemed to have carried on a trade on that date. 50

Exclusion of  
duties and  
value-added tax.

27.—(1) For the purposes of this Chapter, except where *subsection* (2) applies, the amount receivable by a person from the sale of goods in any period—

(a) shall be deemed to be reduced by the amount of any duty paid or payable by the person in respect of the goods or the materials used in their manufacture, and 55

(b) shall not include any amount in respect of value-added tax chargeable on the sale of the goods.



(2) For the purposes of *section 25* the average of the prices at which goods could have been sold by a company—

5 (a) shall be the average of such prices determined after excluding from those prices any amount included therein in respect of any duties which were paid, or would have been payable, by the company in respect of the goods or the materials used in their manufacture, and

10 (b) shall not include any amount in respect of value-added tax which would have been chargeable on the sale of the goods.

28.—(1) Where a company carrying on a specified trade (referred to subsequently in this subsection as “the buyer”) buys goods from another person (referred to subsequently in this subsection as “the seller”) and—

Transactions between associated persons.

15 (a) the seller has control over the buyer or, the seller being a body corporate or partnership, the buyer has control over the seller or some other person has control over both the seller and the buyer, and

20 (b) the goods are sold at a price less than the price which they might have been expected to fetch if the parties to the transaction had been independent parties dealing at arm's length,

then the income or losses of the buyer and the seller shall be computed, for any purpose of the Tax Acts, as if the goods had been  
25 sold by the seller to the buyer for the price which they would have fetched if the transaction had been a transaction between independent persons dealing as aforesaid.

(2) Where a company carrying on a specified trade (referred to subsequently in this subsection as “the seller”) sells goods to another  
30 person (referred to subsequently in this subsection as “the buyer”) and—

35 (a) the buyer has control over the seller or, the buyer being a body corporate or partnership, the seller has control over the buyer or some other person has control over both the seller and the buyer, and

(b) the goods are sold at a price greater than the price which they might have been expected to fetch if the parties to the transaction had been independent parties dealing at arm's length,

40 then, for any purpose of the Tax Acts (including this Chapter), any amount receivable from the sale of the goods and the income or losses of the buyer and the seller shall be computed as if the goods had been sold by the seller to the buyer for the price which they would have fetched if the transaction had been a transaction between independent  
45 persons dealing as aforesaid.

(3) In this section “control” has the meaning assigned to it by section 158 of the Corporation Tax Act, 1976.

50 (4) The inspector may by notice in writing require a company carrying on a specified trade to furnish him with such information or particulars as may be necessary for the purposes of this section, and *section 24* shall have effect as if the matters of which proof is required thereby included the information or particulars specified in a notice under this section.

29.—(1) Where for an accounting period—

Separate accounting periods for small companies, etc.

55 (a) corporation tax is charged at the rate of 25 per cent. on any part of a company's income, and

(b) the accounting period falls partly in the financial year 1977 and partly in the financial year 1978,



the two parts of the accounting period shall be treated, for the purposes of sections 28, 182 and 184 of the Corporation Tax Act, 1976, as if they were separate accounting periods.

(2) Where, under *subsection (1)*, a part of an accounting period is treated as a separate accounting period, the corporation tax charged for the part which is so treated shall, for the purposes of the said section 184, be taken to be the corporation tax which would be charged if that part were a separate accounting period.

(3) Where for an accounting period corporation tax is charged at the rate of 25 per cent. on all or part of a company's income—

(a) the provisions of section 28 of the Corporation Tax Act, 1976, shall not have effect for the 1977 period which coincides with, or is included in, that accounting period, and

(b) sections 182 (3) and 184 (3) of the said Act shall have effect for the 1977 period which coincides with, or is included in, that accounting period as if the standard rate for the years 1976-77 and 1977-78 were 25 per cent.

Exclusion of mining and construction operations.

30.—Section 24 shall not apply in relation to corporation tax charged on the income of a company which carries on a trade consisting wholly or partly of—

(a) any mining operations for the purpose of obtaining, whether by underground or surface working, any scheduled mineral, mineral compound or mineral substance, within the meaning of section 2 of the Minerals Development Act, 1940, or

(b) any construction operations within the meaning of section 17 of the Finance Act, 1970 (inserted by the Finance Act, 1976).

Application of section 63 (production of documents and records) of Corporation Tax Act, 1976.

31.—Section 63 of the Corporation Tax Act, 1976, shall, with any necessary modifications, apply for the purposes of this Chapter as it applies for the purposes of Part IV of the said Act.

Appeals.

32.—An appeal to the Appeal Commissioners shall lie on any question arising under this Chapter in like manner as an appeal would lie against an assessment to corporation tax and the provisions of the Tax Acts relating to appeals shall apply and have effect accordingly.

## CHAPTER V

### Capital Gains Tax

Amendment of section 3 (taxation of capital gains and rate of charge) of Capital Gains Tax Act, 1975.

33.—With effect as on and from the 6th day of April, 1976, section 3 (3) of the Capital Gains Tax Act, 1975, is hereby amended by the substitution of "sections 6 and 32" for "section 6" and the said subsection (3), as so amended, is set out in the Table to this section.

#### TABLE

(3) Subject to sections 6 and 32, the rate of capital gains tax shall be 26 per cent.

Amendment of section 31 (unit trusts) of Capital Gains Tax Act, 1975.

34.—With effect as on and from the 6th day of April, 1976, section 31 of the Capital Gains Tax Act, 1975, is hereby amended—

(a) by the insertion, after subsection (5), of the following subsection—



“(5A) Gains accruing on the disposal of units in a unit trust shall not be chargeable gains where—

5 (a) the trustees of the unit trust have at all times (but not taking into account any time prior to the 6th day of April, 1974) been resident and ordinarily resident in the State, and

10 (b) the unit trust is a scheme which is established for the purpose or has the effect, solely or mainly, of providing facilities for the participation by the public, as beneficiaries, under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever and which is administered by the holder of a licence under the Insurance Act, 1936, and for participation in which, in respect of units first issued after the 14th day of June, 1973, a policy of assurance upon human life is required to be effected (but so that the units do not become the property of the owner of the policy either as benefits or otherwise).”,

and

(b) by the deletion in subsection (6) of the words from “and in section 32” to the end of that subsection,

and the said subsection (6), as so amended, is set out in the Table to this section.

#### TABLE

30 (6) In this section “capital distribution” means any distribution from a unit trust, including a distribution in the course of terminating the unit trust, in money or money’s worth except a distribution which in the hands of the recipient constitutes income for the purposes of income tax.

35 35.—With effect as on and from the 6th day of April, 1976, the following section shall be substituted for section 32 of the Capital Gains Tax Act, 1975:

Unit trusts: relief in certain cases.

35 “32.—(1) This section shall apply—

(a) to a unit trust (referred to subsequently in this section as a ‘qualifying unit trust’)—

40 (i) which is a registered unit trust scheme within the meaning of section 3 of the Unit Trusts Act, 1972,

(ii) the trustees of which are resident and ordinarily resident in the State,

(iii) the prices of units in which are published regularly by the managers,

45 (iv) all the units in which are of equal value and carry the same rights, and

50 (v) which, at all times since it was registered in the register established under the Unit Trusts Act, 1972, but subject to subsection (6), satisfied the conditions specified in subsection (5), and

(b) to disposals of assets which are units in a qualifying unit trust (referred to subsequently in this section as ‘qualifying units’).



(2) Chargeable gains accruing to a qualifying unit trust in 1976-77 or any subsequent year of assessment shall be chargeable to capital gains tax at one-half of the rate specified in section 3 (3).

(3) For 1976-77 or any subsequent year of assessment—

5

(a) where the total amount of chargeable gains accruing to a person in the year of assessment derives from the disposal of qualifying units, the capital gains tax (if any) to which that person is chargeable (apart from this section) for the year shall be reduced by 10 50 per cent.,

(b) where the total amount of chargeable gains accruing to a person, before any deduction under section 5 (1), in the year of assessment includes—

(i) an amount in respect of such chargeable gains 15 on the disposal of qualifying units, and

(ii) an amount in respect of such chargeable gains on the disposal of assets other than qualifying units,

the amount of capital gains tax (if any) to which 20 that person is chargeable (apart from this section) for the year shall be reduced by such amount as bears to the said amount of tax the same proportion as one-half of the amount referred to in subparagraph (i) bears to the total of the amounts referred to in 25 subparagraphs (i) and (ii).

(4) For any accounting period of a company, being an accounting period for which the company is chargeable to corporation tax in respect of chargeable gains—

(a) where the total amount of chargeable gains accruing 30 to the company for the accounting period derives from the disposal of qualifying units, the amount which (apart from this section) would fall to be included in respect of chargeable gains in the company's total profits for the accounting period under 35 section 13 (1) of the Corporation Tax Act, 1976, shall be reduced by 50 per cent.,

(b) where the total amount of chargeable gains accruing to the company for the accounting period, before any deduction under section 13 (1) of the Corporation 40 Tax Act, 1976, includes—

(i) an amount in respect of such chargeable gains on the disposal of qualifying units, and

(ii) an amount in respect of such chargeable gains on the disposal of assets other than qualifying 45 units,

the amount which (apart from this section) would fall to be included in respect of chargeable gains in the company's total profits for the accounting period under section 13 (1) of the Corporation Tax Act, 1976, 50 shall be reduced by such amount as bears to the amount to be so included the same proportion as one-half of the amount referred to in subparagraph (i) bears to the total of the amounts referred to in subparagraphs (i) and (ii). 55

(5) The conditions referred to in subsection (1) (a) (v) are:

(a) not less than 80 per cent. of the units were held by persons who acquired them pursuant to an offer made to the general public,



5 (b) the number of unit holders was not less than 50 and no one unit holder was the beneficial owner of more than 5 per cent. of the units in issue at any time and, for the purposes of this paragraph, a person and any persons with whom he is connected shall be treated as one unit holder,

(c) the value of quoted securities held by the trustees on behalf of the unit trust was not less than 80 per cent. by value of the assets so held by the trustees, and

10 (d) the securities held by the trustees on behalf of the unit trust in any one company did not exceed 15 per cent. by value of the total securities so held by the trustees.

15 (6) The Revenue Commissioners may treat a unit trust as a qualifying unit trust for the purposes of this section notwithstanding that one or more of the conditions specified in subsection (5) was or were not complied with in relation to the unit trust—

20 (a) for the period ending on the 5th day of April, 1978, in case the unit trust became registered in the register established under the Unit Trusts Act, 1972, prior to the 6th day of April, 1976, and

25 (b) for the period ending on a date not more than two years after the date on which the unit trust became registered in the said register, in case the unit trust became so registered on or after the said 6th day of April, 1976.

(7) In this section—

30 'securities' includes securities falling within section 19 and stocks, shares, bonds and obligations of any government, municipal corporation, company or other body corporate;

35 'quoted securities' means securities which at any time at which they are to be taken into account for the purposes of this section, or at any time in the period of six years immediately before such time, have or have had quoted market values on a stock exchange in the State or elsewhere."

## CHAPTER VI

### *Income Tax, Corporation Tax, Corporation Profits Tax and Capital Gains Tax*

40 36.—For the purposes of the Tax Acts and the Capital Gains Tax Act, 1975, unless the contrary intention appears—

(a) references to a child (including references to a son or a daughter) include references to—

(i) a stepchild, and

45 (ii) a child adopted—

(I) under the Adoption Acts, 1952 to 1976, or

50 (II) under an adoption law, other than the Adoption Acts, 1952 to 1976, being an adoption that has, in the place where the law applies, substantially the same effect as an adoption under the Adoption Acts, 1952 to 1976, has in the State,

and

55 (b) the relationship between a child referred to in paragraph (a) (ii) and any other person, or between other persons, that would exist if such child had been born to his

Construction of references to child, son and daughter in Tax Acts and Capital Gains Tax Act, 1975.



adopter or adoptors in lawful wedlock, shall be deemed to exist between such child and that other person, or between those other persons, and the relationship of any such child and any person that existed prior to his being so adopted shall be deemed to have ceased, 5

and "adopted child" shall be construed in accordance with this section.

Continuation of certain capital allowances for period to 1st April, 1979.

37.—For the purpose of continuing, in respect of the period from the 1st day of April, 1977, to the 1st day of April, 1979, the capital allowances provided for by the sections specified in the Table to this section, the said sections (which were inserted by the Corporation Tax Act, 1976) shall have effect as if each reference therein to the 1st day of April, 1977, were a reference to the 1st day of April, 1979. 10

#### TABLE 15

Section 251, Income Tax Act, 1967

Section 254, Income Tax Act, 1967

Section 264, Income Tax Act, 1967

Section 265, Income Tax Act, 1967

Section 22, Finance Act, 1971 20

Section 26, Finance Act, 1971.

Amendment of section 8 (suspension of shipping investment allowance) of Finance Act, 1973.

38.—Section 8 (1) of the Finance Act, 1973, is hereby amended by the substitution of "the 1st day of April, 1979" for "the 1st day of April, 1977" (inserted by the Finance Act, 1975), and the said section 8 (1), as so amended, is set out in the Table to this section. 25

#### TABLE

8.—(1) Section 246 of the Income Tax Act, 1967, shall not apply to any expenditure incurred on or after the 24th day of July, 1973, and before the 1st day of April, 1979, on the purchase of a new ship. 30

Provisions in relation to Convention for reciprocal avoidance of double taxation in the State and the United Kingdom of income and capital gains.

39.—(1) (a) Subject to the provisions of sections 76 and 77 of the Income Tax Act, 1967, as modified by Part III of Schedule 6 to that Act, where a person is chargeable to income tax or corporation tax under Case III of Schedule D on income which is a dividend in respect of which the person is entitled to a tax credit under Article 11 (2) (b) of the Convention, the income so chargeable shall include the amount of the tax credit. 35 40

(b) In this subsection "dividend" means a dividend within the meaning of Article 11 (4) of the Convention paid on or after the 6th day of April, 1976.

(2) (a) Where—

(i) a person is, for the year of assessment 1976-77, chargeable to income tax under Case III of Schedule D in respect of income arising in the United Kingdom (hereinafter referred to as "the said income"), and 45



(ii) the tax chargeable for the said year of assessment is computed on the full amount of the said income arising within the year preceding the year of assessment, and

5 (iii) he is chargeable to United Kingdom income tax for that year of assessment in respect of the said income computed on the full amount of that income arising within that year,

10 relief shall, subject to the provisions of *paragraph (b)*, be granted from income tax charged in the assessment for the year 1976-77 in respect of the said United Kingdom income tax.

15 (b) The relief granted under *paragraph (a)* shall be of the same amount, and subject to the same limitations, as if it were a credit allowable under arrangements having the force of law by virtue of section 361 of the Income Tax Act, 1967, in respect of the United Kingdom income tax which would have been charged on the said income included in the assessment if that  
20 income had arisen in the year 1976-77 :

Provided that the relief shall not exceed the amount of United Kingdom income tax referred to in *paragraph (a) (iii)*.

(c) *Paragraphs (a) and (b)*—

25 (i) shall apply in relation to income tax on salaries, wages and other similar remuneration to which Article 15 of the Convention applies subject to the modification that references to 1976-77 shall be construed as references to 1977-78, and

30 (ii) shall not apply in relation to remuneration or pensions to which Article 18 of the Convention applies.

35 (3) For the purpose of giving effect to the Convention the Tax Acts shall, for any year for which the Convention is in force, have effect subject to the modifications set out in *paragraph 1* of Part III of Schedule 6 to the Income Tax Act, 1967.

40 (4) (a) In applying section 33 of the Corporation Tax Act, 1976, in the case of a society registered under the enactments for the time being in force in the United Kingdom corresponding to the Friendly Societies Acts, 1896 to 1953, only expenses of management attributable to the life business referable to contracts of assurance made on or after the 6th day of April, 1976, shall be taken into account.

45 (b) In applying section 43 (3) of the Corporation Tax Act, 1976, in the case of a society referred to in *paragraph (a)*, there shall be excluded from the liabilities of which B in the said section 43 (3) is the average any liabilities to policy holders arising from contracts made before the 6th day of April, 1976:  
50

55 Provided that this paragraph shall not affect the proportion by reference to which relief under section 33 of the Corporation Tax Act, 1976, in respect of expenses of management is to be computed by virtue of section 47 (2) of the said Act.



(c) This subsection shall be construed as one with Part III of the Corporation Tax Act, 1976.

(5) In this section and in section 54—

“the Convention” means the Convention between the Government of Ireland and the Government of the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains, and the Protocol amending the Convention, both of which are set out in the Schedule to the Double Taxation Relief (Taxes on Income and Capital Gains) (United Kingdom) Order, 1976 (S.I. No. 319 of 1976);

“the former Agreements” mean the Agreements set out in—

(a) the Fifth Schedule to the Finance Act, 1949, 15

(b) Part I of Schedule 6 to the Income Tax Act, 1967,

(c) the Second Schedule to the Finance Act, 1973, and

(d) the Double Taxation Relief (Taxes on 20 Income) (United Kingdom) Order, 1975 (S.I. No. 143 of 1975),

and the Protocol set out in the Fourth Schedule to the Finance Act, 1973.

Application of section 31 (building societies) of Corporation Tax Act, 1976, for certain years of assessment.

40.—(1) Notwithstanding the proviso to section 31 (1) of the Corporation Tax Act, 1976, any arrangements entered into by the Revenue Commissioners and any building society as respects the year of assessment 1975-76, in so far as they provide for payment of an amount representing income tax calculated in part at the standard rate and in part at a reduced rate, may, with any necessary modifications, be continued for the two years of assessment immediately following for the purpose of determining, in relation to that building society, the amount representing income tax which is referred to in paragraph (a) of the said section 31 (1), and that section shall have effect in relation to any arrangements so continued for the said two years. 25 30 35

(2) The reference to the standard rate in paragraph (i) of the proviso to subsection (3) of the said section 31 shall, in relation to the year 1976-77, be construed as a reference to the standard rate of tax increased by 10 per cent. of that rate. 40

Amendment of section 171 (construction of references to income tax paid by deduction and to repayment) of Corporation Tax Act, 1976.

41.—(1) Section 171 of the Corporation Tax Act, 1976, is hereby amended by the insertion after “Tax Acts” of “(other than in sections 3, 8 and 151)”. 45

(2) This section shall have and be deemed to have had effect as on and from the 6th day of April, 1976. 45

Miscellaneous amendments in relation to corporation tax.

42.—With effect for all relevant financial years from the beginning of the financial year 1974 onwards—

(a) the enactments specified in paragraphs 1, 2 and 5 of Part IV of the First Schedule are hereby amended as specified in that Part, and 50



(b) the other enactments specified in that Part are hereby amended for corporation tax, as so specified,

and paragraph 50 of Part I of the Second Schedule to the Corporation Tax Act, 1976, shall apply to the amendments so specified as it applies to the amendments referred to in that paragraph.

43.—The provisions of *Part V* of the *First Schedule* shall have effect for the purpose of amending sections 31 and 31A of and the Third and Fifth Schedules to the Finance Act, 1975 and section 12 of the Finance Act, 1976.

Amendment of provisions relating to relief in respect of increase in stock values.

10

## PART II

### EXCISE

44.—(1) Notwithstanding anything in Scale 1 of the First Schedule to the Finance (1909-10) Act, 1910, the duty imposed by section 43 of that Act on the licence to be taken out annually by a distiller of spirits shall be charged, levied and paid at the rate of £50.

Variation of excise duty on distillers' licences and brewers' licences.

(2) Notwithstanding anything in Scale 2 of the said First Schedule, the duty imposed by section 43 of the said Act on the licence to be taken out annually by a brewer of beer for sale shall be charged, levied and paid at the rate of £50.

(3) Provisions 3 and 4 of the provisions referred to in the said First Schedule as Provisions applicable to Manufacturers' Licences shall not apply to a licence referred to in *subsection (1)* or (2) of this section.

(4) This section shall have effect in relation to licences granted on or after the 1st day of October, 1977.

45.—Section 41 of the Finance Act, 1932, shall have effect in relation to beer brewed in the year beginning on the 1st day of July, 1977, as if the reference contained in that section (by virtue of section 6 of the Finance Act, 1955) to a rate of two pounds per standard barrel were a reference to a rate of one pound per standard barrel.

Reduction of rebate on beer brewed from home malted cereals.

46.—The drawback on beer provided for in paragraph 7 (3) of the Imposition of Duties (No. 221) (Excise Duties) Order, 1975 (S.I. No. 307 of 1975) shall, as on and from the 1st day of September, 1977, be calculated according to the original specific gravity of the beer at the rate of £60.595 on every thirty-six gallons of beer of which the original specific gravity was 1,055 degrees in lieu of the rate mentioned in section 36 (2) of the Finance Act, 1976.

Drawback on beer.

## PART III

### STAMP DUTIES

47.—(1) In this section "contract" means a contract made before the 1st day of January, 1979, for the construction, alteration or enlargement of a building in respect of which stamp duty has been duly paid under the provisions of section 50 of the Finance Act, 1969.

Relief from stamp duty on certain contracts.

(2) In any case where it is shown to the satisfaction of the Revenue Commissioners that the whole of the construction, alteration or enlargement to which a contract relates was carried out between the 26th day of January, 1977, and the 31st day of December, 1978, they shall repay the total amount of the said stamp duty paid on the instrument or instruments containing the contract.

(3) In any case where a part, but not the whole, of the construction, alteration or enlargement to which a contract relates was carried out between the 26th day of January, 1977, and the 31st day of



December, 1978, the Revenue Commissioners shall repay the amount of the said stamp duty paid on the instrument or instruments containing the contract arrived at by applying to the total amount of stamp duty so paid the fraction  $\frac{A}{B}$

where—

A is the part of the construction, alteration or enlargement that is shown to the satisfaction of the Revenue Commissioners to have been carried out between the dates aforesaid, and

B is the whole of the construction, alteration or enlargement to which the contract relates.

(4) A claim for the repayment of duty under this section shall be made in writing to the Revenue Commissioners within 30 days of the completion of the contract or of the 31st day of December, 1978, whichever is the earlier, and the repayment, if any, shall be made on production of the instrument or instruments duly stamped under the said section 50.

Exemption from stamp duty of certain instruments.

48.—Stamp duty shall not be chargeable or payable in respect of any conveyance, transfer or letting made by Alfred Lane Beit and Clementine Mabel Beit, or either of them, to The Alfred Beit Foundation (which was incorporated under the Companies Act, 1963, on the 23rd day of March, 1976).

#### PART IV

#### WEALTH TAX

Amendment of section 1 (interpretation) of Wealth Tax Act, 1975.

49.—Section 1 of the Wealth Tax Act, 1975, is hereby amended by the substitution of the following definition for the definition of “discretionary trust” in subsection (1)—

“‘discretionary trust’ means any disposition whereby, or by virtue or in consequence of which, property is held on trust to accumulate the income or part of the income of the property, or any disposition whereby, or by virtue or in consequence of which, property is held on trust to apply, or with a power to apply, the income or capital or part of the income or capital of the property to or for the benefit of any person or persons or of any one or more of a number or of a class of persons whether at the discretion of trustees or any other person and notwithstanding that there may be a power to accumulate all or any part of the income or that the income or capital or part of the income or capital of the property is limited to any person for any period of time other than the life of such person and for the purposes of this definition ‘disposition’ includes any disposition whether by deed or will and any covenant, agreement or arrangement whether effected with or without writing;”.

Amendment of section 6 (taxable wealth of private non-trading company) of Wealth Tax Act, 1975.

50.—Section 6 of the Wealth Tax Act, 1975, is hereby amended by the substitution for subsection (5) of the following subsection—

“(5) (a) A body corporate to which this subsection applies shall not be a private non-trading company for the purposes of this Act.

(b) This subsection applies to a body corporate (in this paragraph referred to as the first body corporate)—

(i) of which a body corporate which is not a private non-trading company has control, or



(ii) in respect of which the market value on the valuation date of the property to which it is beneficially entitled in possession on that date is represented as to not less than 90 per cent. thereof by the market value of shares in or debentures of a body corporate which is not a private non-trading company and of which the first body corporate has control.”

51.—(1) Section 28 of the Wealth Tax Act, 1975, is hereby amended by the addition of the following subsection—

Amendment of section 28 (agreements for relief of double taxation) of Wealth Tax Act, 1975.

“(6) (a) Where the Commissioners are satisfied that a tax of a similar character to wealth tax was paid in a territory outside the State in respect of any property (other than real property in the State) by reference to any date prior to but within twelve months of a valuation date, they may make an allowance by way of credit against the wealth tax due and payable on that date in respect of such property or grant exemption in respect of such property for that valuation date.

(b) This subsection shall have effect in respect of wealth tax due and payable on a valuation date but it shall not have effect in relation to a foreign tax in respect of which there is, for the time being, an order in force under this section providing for double taxation relief.”

(2) Subsection (1) of this section shall be deemed to have come into operation on the 5th day of April, 1975.

## PART V

### 30 MISCELLANEOUS

52.—(1) In this section—

Capital Services Redemption Account.

“the principal section” means section 22 of the Finance Act, 1950;

“the 1976 amending section” means section 80 of the Finance Act, 1976;

35 “the twenty-seventh additional annuity” means the sum charged on the Central Fund under subsection (4) of this section;

“the Minister”, “the Account” and “capital services” have the same meanings respectively as they have in the principal section.

40 (2) In relation to the twenty-nine successive financial years commencing with the financial year ending on the 31st day of December, 1977, subsection (4) of the 1976 amending section shall have effect with the substitution of “£8,033,711” for “£9,472,954”.

(3) Subsection (6) of the 1976 amending section shall have effect with the substitution of “£5,071,333” for “£6,097,945”.

45 (4) A sum of £10,985,618 to redeem borrowings, and interest thereon, in respect of capital services shall be charged annually on the Central Fund or the growing produce thereof in the thirty successive financial years commencing with the financial year ending on the 31st day of December, 1977.



(5) The twenty-seventh additional annuity shall be paid into the Account in such manner and at such times in the relevant financial year as the Minister may determine.

(6) Any amount of the twenty-seventh additional annuity not exceeding £7,071,680 in any financial year, may be applied towards defraying the interest on the public debt.

(7) The balance of the twenty-seventh additional annuity shall be applied in any one or more of the ways specified in subsection (6) of the principal section.

Residence treatment of donors of gifts to the State.

53.—(1) In this section—

“the Acts” means—

(a) the Tax Acts,

(b) the Capital Gains Tax Act, 1975,

(c) the Wealth Tax Act, 1975, and

(d) the Capital Acquisitions Tax Act, 1976:

“donor” means an individual who makes a gift to the State;

“gift” means a gift of property to the State which, upon acceptance of the gift by the Government pursuant to the State Property Act, 1954, becomes vested, pursuant to that Act, in a State authority within the meaning of that Act;

“Irish tax” means any tax imposed by the Acts;

“property” includes interests and rights of any description;

“relevant date”, in relation to an individual (being a donor or spouse of a donor), means the date (being a date not earlier than the 1st day of September, 1974) on which he leaves the State for the purpose of residence (other than occasional residence) outside the State;

“tax in that country” means any tax imposed in that country which is identical with or substantially similar to Irish tax;

“visits” means—

(a) in relation to a donor, visits by him to the State after the relevant date for the purpose of advising on the management of the property which is the subject of the gift, being visits that are, in the aggregate, less than 182 days in any year of assessment in which they are made, and

(b) in relation to the spouse of a donor, visits by the said spouse when accompanying the donor on visits of the kind referred to in paragraph (a).

(2) Where, for any year of assessment, a person (being a donor or the spouse of a donor) is resident in a country outside the State for the purposes of tax in that country and is chargeable to that tax without any limitation as to chargeability, then, notwithstanding anything to the contrary in the Tax Acts—

(a) as respects the year of assessment in which the relevant date occurs, that person shall not, as from the relevant date, be regarded as ordinarily resident in the State for the purposes of Irish tax, and

(b) as respects any subsequent year of assessment, in determining whether that person is resident or ordinarily resident in the State for the purposes of Irish tax, visits shall be disregarded.



54.—(1) (a) Each enactment mentioned in *column (2) of Part I of the Second Schedule* to this Act is hereby repealed to the extent specified in *column (3) of that Schedule* and the Order mentioned in the said *column (2)* is hereby revoked to the extent specified in the said *column (3)*.

Repeals.

(b) The enactment mentioned in *column (2) of Part II of the Second Schedule* to this Act is hereby repealed to the extent specified in *column (3) of that Schedule*.

10 (c) (i) Subject and without prejudice to so much of the Convention (within the meaning of *section 39* of this Act) as retains any of the former Agreements (within the said meaning) in force for years of assessment ending on or before the 5th day of April, 1977, *paragraph (a)* of this subsection shall be deemed to have come into operation on the 6th day of April, 1976.

15 (ii) *Paragraph (b)* of this subsection shall be deemed to have come into operation on the 6th day of April, 1977.

20 (2) The enactment mentioned in *column (2) of Part III of the Second Schedule* to this Act is hereby repealed to the extent specified in *column (3) of that Part*.

25 (3) (a) The enactment mentioned in *column (2) of Part IV of the Second Schedule* to this Act is hereby repealed to the extent specified in *column (3) of that Part* in relation to a gift or inheritance in respect of which the date of the gift or the date of the inheritance, as the case may be, is on or after the date of the passing of this Act.

30 (b) In *paragraph (a)* "gift", "inheritance", "date of the gift" and "date of the inheritance" have the meanings assigned to them by *section 2* of the Capital Acquisitions Tax Act, 1976.

55.—All taxes and duties imposed by this Act are hereby placed under the care and management of the Revenue Commissioners.

Care and management of taxes and duties.

56.—(1) This Act may be cited as the Finance Act, 1977.

Short title, construction and commencement.

35 (2) *Parts I and V* of this Act (so far as relating to income tax) shall be construed together with the Income Tax Acts and (so far as relating to corporation profits tax) shall be construed together with Part V of the Finance Act, 1920, and the enactments amending or extending that Part and (so far as relating to corporation tax) shall be  
40 construed together with the Corporation Tax Act, 1976, and the enactments amending or extending that Act and (so far as relating to capital gains tax) shall be construed together with the Capital Gains Tax Act, 1975, and the enactments amending or extending that Act.

45 (3) *Part II* of this Act shall be construed together with the Statutes which relate to the duties of excise and the management of those duties.

(4) *Part III* of this Act shall be construed together with the Stamp Act, 1891, and the enactments amending or extending that Act.

50 (5) *Part IV* of this Act and *Part V* of this Act (so far as relating to wealth tax) shall be construed together with the Wealth Tax Act, 1975.

(6) *Part V* of this Act (so far as relating to capital acquisitions tax) shall be construed together with the Capital Acquisitions Tax  
55 Act, 1976.



(7) Part I of this Act shall, save as is otherwise expressly provided therein, be deemed to have come into force and shall take effect as on and from the 6th day of April, 1977, and Part IV of this Act shall, save as is otherwise expressly provided therein, be deemed to have come into force and shall take effect as on and from the 5th day of April, 1977.

(8) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended by or under any other enactment including this Act.



# FIRST SCHEDULE

## AMENDMENT OF ENACTMENTS

Section 2.

### PART I

#### *Amendments Consequential on Amendment of Section 236 of Income Tax Act, 1967*

1. In paragraphs 1 and 4 (inserted by the Finance Act, 1974) of Schedule 5 to the Income Tax Act, 1967, "£2,000" shall be substituted for "£1,500" in each place where it occurs.

2. The following Table shall be substituted for the Table to the said paragraph 4—

Year of Birth	Sum	Percentage
1916 or 1917	£2133	16
1914 or 1915	2266	17
1912 or 1913	2400	18
1910 or 1911	2533	19
1909 or any earlier year	2667	20

### PART II

Section 5.

#### *Amendments Consequential on Changes in Rates of Tax*

1. The Income Tax Act, 1967, is, in relation to income tax for the year 1977-78 and subsequent years of assessment, hereby amended in accordance with the following provisions of this paragraph:

(a) in section 1 (1)—

(i) the following shall be substituted for the definition of "higher rates",

" 'higher rates', in relation to tax, means the rates of tax, known by that description, provided for in section 5 of the Finance Act, 1977; ",

(ii) the following shall be inserted after the definition of "incapacitated person":

" 'initial rate', in relation to tax, means the rate of tax, known by that description, provided for in section 5 of the Finance Act, 1977; ",

(iii) the following shall be substituted for the definition of "reduced rate":

" 'reduced rate', in relation to tax, means the rate of tax, known by that description, provided for in section 5 of the Finance Act, 1977; ";

(iv) the following shall be substituted for the definition of "standard rate":

" 'standard rate', in relation to tax, means the rate of tax, known by that description, provided for in section 5 of the Finance Act, 1977; ";

(b) in section 153 (1), the following paragraph shall be substituted for paragraph (dd)—



“(dd) he shall not be entitled to the benefit of the provision contained in section 5 of the Finance Act, 1977, whereby part of taxable income is in certain circumstances chargeable at a rate or rates less than the standard rate and, accordingly, he shall be charged to tax at the standard rate in respect of that part of his taxable income in respect of which he would otherwise be charged to tax at a rate or rates less than the standard rate.”;

(c) in section 497, for “reduced rate”—

(i) where it firstly occurs, there shall be substituted “initial rate or the reduced rate”, and

(ii) where it secondly occurs, there shall be substituted “initial rate or the reduced rate, as appropriate”;

(d) in section 525 (1), the following subparagraph shall be substituted for subparagraph (i):

“(i) in any assessment to be made on the individual, he shall be treated as having paid tax—

(a) at the initial rate on so much thereof as is chargeable at the initial rate,

(b) at the reduced rate on so much thereof as is chargeable at the reduced rate, and

(c) at the standard rate on so much thereof as is chargeable at the standard or the higher rates;”.

2. The Corporation Tax Act, 1976, is, as respects distributions made on or after the 6th day of April, 1977, hereby amended in accordance with the following provisions of this paragraph:

(a) in section 66 (3) (b)—

(i) in subparagraphs (i) and (ii), for “at a rate or rates higher than the reduced rate” there shall be substituted “at the standard rate or the higher rates”,

(ii) for subparagraph (iii) there shall be substituted:

“(iii) in relation to so much of his income which is represented by the said distribution (or the aggregate of the said distributions, as the case may be) as is charged to tax at a rate lower than the standard rate, be tax at that lower rate on the amount charged at that lower rate together with tax on the same amount at a rate per cent. equal to

$$\frac{D \times E}{F}$$

where—

D is the difference between the standard rate per cent. for the year of assessment and the lower rate per cent. at which the amount is charged and, for this purpose, ‘the lower rate per cent.’ means the rate at which the amount is charged to tax, being a rate less than the standard rate,

E is the rate of imputation per cent. for the year of assessment, and for this purpose ‘the rate of imputation per cent.’ for a year of assessment means an amount determined by the formula

$$B \times \frac{100}{A}$$



where A and B have the same meanings as in subsection (2), and

F is the standard rate per cent. for the year of assessment, and ”,

(b) in section 82 (6), by the substitution of—

(i) “at a rate lower than the standard rate” for “at the reduced rate”, and

(ii) “of that lower rate” for “of the reduced rate”.

### PART III

Section 6.

#### *Amendments Consequential on Changes in Personal Reliefs*

Section 138 of the Income Tax Act, 1967, is hereby amended in accordance with the following provisions:

(a) in subsection (1), for “£1,010” in each place where it occurs, there shall be substituted “£1,100”, for “£620” there shall be substituted “£665” and for “£1,125” there shall be substituted “£1,215”, and

(b) in subsection (2), for “£620” in each place where it occurs, there shall be substituted “£665”, and for “£685” there shall be substituted “£735”.

### PART IV

Section 42.

#### *Miscellaneous Amendments in Relation to Corporation Tax*

1. The Corporation Tax Act, 1976, is hereby amended in accordance with the following provisions of this paragraph:

(a) in section 58 (10), “182 (relief in respect of unrelieved losses and capital allowances carried forward from the year 1975-76),” shall be inserted after “sections”,

(b) in section 109 (1) “this Part” shall be substituted for “that section”,

(c) in section 176 (6) (a), subparagraph (iii) shall be deleted,

(d) in the Fifth Schedule, in paragraph 1 (6), “paragraph” shall be substituted for “section”.

2. The Finance Act, 1968, is hereby amended by the substitution in section 37 (4) of “33” for “33 (2)” (inserted by the Corporation Tax Act, 1976).

3. The Finance Act, 1972, is hereby amended by the substitution in subsection (4) (inserted for corporation tax by the Corporation Tax Act, 1976) of section 16 of “33” for “33 (2)”.

4. The Finance Act, 1973, is hereby amended in accordance with the following provisions of this paragraph:

(a) in subsection (9) (inserted for corporation tax by the Corporation Tax Act, 1976) of section 24, “33” shall be substituted for “33 (2)”,

(b) in section 26, as amended for corporation tax by the Corporation Tax Act, 1976,



(i) "(c)" shall be substituted for "(e)", and

(ii) "33" shall be substituted for "33 (2)".

5. The Finance Act, 1974, is hereby amended by the substitution in section 55 (4) of "33" for "15 or 33 (2)" (inserted by the Corporation Tax Act, 1976).

**Section 43.**

**PART V**

*Amendment of Provisions Relating to Relief in respect of Increase in Stock Values*

1. The Finance Act, 1975, is hereby amended in accordance with the following provisions of this paragraph:

(a) in section 31—

(i) the following paragraph shall be substituted for paragraph (b) of subsection (4):

"(b) There shall be made such assessments, additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to this section."

(ii) with effect as on and from the 6th day of April, 1976, the following subsection shall be substituted for subsection (8) (inserted by section 26 (1) (a) (iii) of the Finance Act, 1976):

"(8) Where, in relation to an accounting period of a company which ends on a date in the year 1974-75 or 1975-76, the company's opening stock value exceeds its closing stock value, the excess (in this section referred to as the company's 'decrease in stock value') shall be deducted from the amount of the company's increase in stock value in the next succeeding accounting period in which such an increase occurs and the amount which remains after such deduction shall, for the purposes of subsection (4) (a), be the company's increase in stock value in that succeeding accounting period:

Provided that—

(a) where the amount of a company's decrease in stock value in an accounting period exceeds the amount of the company's increase in stock value in the next succeeding accounting period in which such an increase occurs, the excess shall, for the purposes of this section, be deemed to be a decrease in stock value in that next succeeding accounting period and shall be deducted from the amount of the company's increase in stock value in the next succeeding accounting period in which such an increase occurs, and so on;

(b) the provisions of this subsection shall not apply so as to affect the amount of any assessment for the year 1974-75."



(iii) the following subsection shall be added:

“(9) Where in any accounting period which ends on or after the 6th day of April, 1973, a company carries on a trade which consists partly of trading operations of any of the classes mentioned in the definition of ‘trade’ in subsection (1) (hereinafter referred to as ‘qualifying trading operations’) and partly of other trading operations, the company shall be regarded as carrying on a trade which consists wholly or mainly of qualifying trading operations if, but only if, the total amount receivable by the company from sales made in the course of the qualifying trading operations in the accounting period is not less than 75 per cent. of the total amount receivable by the company from all sales made in the course of its trade in the accounting period.”.

(b) in section 31A (inserted by section 26 of the Finance Act, 1976)—

(i) in the definition of “accounting period” in subsection (1) “, which ends on a date in the period from the 6th day of April, 1975, to the 5th day of April, 1976” shall be deleted,

(ii) the following proviso shall be substituted for the proviso to subsection (4) (a):

“Provided that—

(i) in no case shall the amount of the deduction as so computed exceed—

(I) where the accounting period of the company ends before the 6th day of April, 1976, the amount of the company's trading income for that period, and

(II) where the accounting period of the company ends on or after the 6th day of April, 1976, the amount of the company's trading income for that period after all reductions of income for that period by virtue of sections 16 and 18 of the Corporation Tax Act, 1976, and after all deductions and additions for that period by virtue of section 14 of that Act,

(ii) the company's trading income to be taken into account in computing a deduction shall be that income before any deduction is made under this section or the Fifth Schedule, and

(iii) a deduction shall not be allowed under the provisions of this section in computing a company's trading income for any accounting period which ends on or after the 6th day of April, 1977.”.

(iii) the following paragraph shall be substituted for paragraph (b) of subsection (4):

“(b) There shall be made such assessments, additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to this section.”.



- (iv) the following subsections shall, with effect as on and from the 6th day of April, 1976, be substituted for subsection (7):

“(7) Where in relation to an accounting period a company's opening stock value exceeds its closing stock value, the amount of the excess (in this section referred to as the company's ‘decrease in stock value’) shall, if the accounting period ends on a date before the 6th day of April, 1977, be treated in the computation of the company's trading income for the purposes of corporation tax, as a trading receipt of the company's trade for that accounting period:

Provided that the amount which is treated as a trading receipt of the company's trade for any accounting period shall not exceed an amount determined by the formula

$$A+B-C$$

where—

A is the aggregate amount of the deductions which, under the provisions of this section, the company was entitled to make in computing its trading income for the preceding accounting periods,

B is the aggregate amount of the deductions which, by virtue of the provisions of section 26 (1) (a) (i) of the Finance Act, 1976, the company was entitled to make in computing its trading income for the purposes of income tax, and

C is the aggregate of the amounts which, under this subsection, were treated as trading receipts of the company's trade for the preceding accounting periods.

(8) (a) This subsection applies to—

(i) any amount which under section 31 (8) would fall to be deducted from a company's increase in stock value but which has not been so deducted, and

(ii) any amount which by reason of the proviso to subsection (7) is not treated as a trading receipt of the company's trade.

(b) An amount to which this subsection applies shall be deducted—

(i) if it is an amount referred to in paragraph (a) (i), from the company's increase in stock value in the earliest accounting period in which such an increase occurs, and

(ii) if it is an amount referred to in paragraph (a) (ii), from the company's increase in stock value in the next succeeding accounting period in which such an increase occurs,

and the amount which remains after such deduction shall, for the purposes



of subsection (4) (a), be the company's increase in stock value in that accounting period:

Provided that where any amount to which this subsection applies exceeds the amount of the increase in stock value from which it is to be deducted, the excess shall be deemed to be a decrease in stock value in the accounting period in which such increase occurs and shall be deducted from the amount of the company's increase in stock value in the next succeeding accounting period in which there is an increase in stock value and so on.

(9) In the computation of a company's trading income for the purposes of corporation tax for any accounting period which ends on or after the 6th day of April, 1977, in which there is a decrease in stock value, there shall be treated as a trading receipt of the company's trade for that accounting period the amount (if any) by which A exceeds the aggregate of B and C where—

A is the aggregate amount of the company's decreases in stock value in all accounting periods which ended on or after the 6th day of April, 1977,

B is the aggregate amount of the company's increases in stock value in all accounting periods which ended on or after the 6th day of April, 1977, and

C is the aggregate of the amounts which under this subsection are treated as trading receipts of the company's trade for preceding accounting periods:

Provided that the amount which, by virtue of this subsection, is treated as a trading receipt of the company's trade for any accounting period shall not exceed an amount determined by the formula

$$D+E-F$$

where—

D is the aggregate amount of the deductions which, under the provisions of this section, the company was entitled to make in computing its trading income,

E is the aggregate amount of the deductions which, under the provisions of section 26 (1) (a) (i) of the Finance Act, 1976, the company was entitled to make in computing its trading income for the purposes of income tax, and

F is the aggregate of the amounts which, under the provisions of this section, were treated as trading receipts of the trade for preceding accounting periods.



(10) Where in an accounting period a company ceases to carry on a trade or ceases to be resident in the State or ceases to be within the charge to tax under Case I of Schedule D in respect of a trade, the company's closing stock value shall, for the purposes of subsections (7) and (9), be deemed to be nil.

(11) Where in any accounting period which ends on or after the 6th day of April, 1975, a company carries on a trade which consists partly of trading operations of any of the classes mentioned in the definition of 'trade' in subsection (1) (hereinafter referred to as 'qualifying trading operations') and partly of other trading operations the company shall be regarded as carrying on a trade which consists wholly or mainly of qualifying trading operations if, but only if, the total amount receivable by the company from sales made in the course of the qualifying trading operations in the accounting period is not less than 75 per cent. of the total amount receivable by the company from all sales made in the course of its trade in the accounting period."

(c) in the Third Schedule—

(i) in paragraph 1 (1)—

(I) "or, as the case may be, the company's decrease in stock value" shall be inserted after "increase in stock value", and

(II) "or, as the case may be, subsection (8)" shall be inserted after "subsection (2)".

(ii) in paragraph 2—

(I) the following paragraph shall be inserted after subparagraph (1):

"(1A) In any case where paragraph 1 (1) applies, a company's decrease in stock value in the accounting period shall be determined for the purposes of section 31 by the formula

$$\frac{A (O - C)}{N}$$

where—

A, O, C and N have the same meanings as in subparagraph (1):

Provided that in any case where the accounting period mentioned in section 12 (7) of the Finance Act, 1976, is comprised in the company's reference period, the decrease in stock value in any accounting period which is comprised in that reference period shall be determined as if N (instead of being the number of months in the reference period) were the number of months in the period from the beginning of the reference period to the end of the accounting period so mentioned.", and

(II) "or, as the case may be, where a company's decrease in stock value in an accounting period falls to be determined in accordance with



subparagraph (1A)," shall be inserted in subparagraph (2) after "in accordance with subparagraph (1).",

(d) in the Fifth Schedule to the Finance Act, 1975 (inserted by section 26 of the Finance Act, 1976)—

(i) in paragraph 1 (1)—

(I) "or, as the case may be, the company's decrease in stock value" shall be inserted after "increase in stock value", and

(II) "or, as the case may be, subsection (7)" shall be inserted after "subsection (2)",

(ii) in paragraph 2—

(I) the following subparagraph shall be inserted after subparagraph (1):

"(1A) In any case where paragraph 1 (1) applies, a company's decrease in stock value in the accounting period shall be determined for the purposes of section 31A by the formula

$$\frac{A(O - C)}{N}$$

where—

A, O, C and N have the same meanings as in subparagraph (1):

Provided that in any case where the accounting period mentioned in section 31A (10) is comprised in the company's reference period, the decrease in stock value in any accounting period which is comprised in that reference period shall be determined as if N (instead of being the number of months in the reference period) were the number of months in the period from the beginning of the reference period to the end of the accounting period so mentioned.", and

(II) "or, as the case may be, where a company's decrease in stock value in an accounting period falls to be determined in accordance with subparagraph (1A)," shall be inserted in subparagraph (2) after "in accordance with subparagraph (1).",

2. Section 12 of the Finance Act, 1976, shall be amended in accordance with the following provisions of this paragraph:

(a) in subsection (3) "1977-78" shall be substituted for "1976-77",

(b) with effect as on and from the 6th day of April, 1976, the following subsections shall be substituted for subsection (5)—

"(5) In the computation of a person's trading income for an accounting period in which there is a decrease in stock value and which ends on a date in the year 1976-77, the amount of that decrease shall be treated as a trading receipt of the trade for that accounting period:



Provided that the amount which is so treated shall not exceed the aggregate amount of the deductions which the person was entitled to make under this section in computing his trading income for accounting periods which ended on a date in the year 1975-76.

(6) In the computation of a person's trading income for any accounting period in which there is a decrease in stock value and which ends on or after the 6th day of April, 1977, there shall be treated as a trading receipt of the trade for that accounting period the amount (if any) by which A exceeds the aggregate of B and C

where—

A is the aggregate amount of the person's decreases in stock value in all accounting periods which ended on or after the 6th day of April, 1977,

B is the aggregate amount of the person's increases in stock value in all accounting periods which ended on or after the 6th day of April, 1977, and

C is the aggregate of the amounts which are treated as trading receipts of the person's trade for preceding accounting periods which ended on or after the 6th day of April, 1977:

Provided that the amount which, by virtue of this subsection, is treated as a trading receipt of the person's trade for any accounting period shall not exceed an amount determined by the formula

D—E

where—

D is the aggregate amount of the deductions which, under the provisions of this section, the person was entitled to make in computing his trading income for accounting periods which ended on or after the 6th day of April, 1975, and

E is the aggregate of the amounts which under the provisions of this section, were treated as trading receipts of the trade for preceding accounting periods.

(7) Where a deduction allowed by virtue of this section in computing a person's trading profits of a trade for an accounting period has effect for the year 1977-78—

(a) the person shall not be entitled to relief under section 309 of the Income Tax Act, 1967, for the year 1978-79 or any later year in respect of a loss sustained in the trade before the 6th day of April, 1977,

(b) the person shall not be entitled to relief under section 311 of the Income Tax Act, 1967, for the year 1976-77 or any earlier year in respect of a loss sustained in the trade, and

(c) the provisions of section 241 (3) of the Income Tax Act, 1967, or of that section as applied by any other provision of the Income Tax Acts, shall not apply as respects a capital allowance or part of a capital allowance which is, or is deemed to be, all or part of a capital allowance for the year 1977-78 and to which full effect has not been given in that year owing to there being no profits or gains chargeable for that year or an insufficiency of profits or gains chargeable for that year.



(8) Where in an accounting period a person ceases to carry on a trade or ceases to be resident in the State or ceases to be within the charge to tax under Case I of Schedule D in respect of a trade, the person's closing stock value shall, for the purposes of subsections (5) and (6), be deemed to be nil.

(9) The foregoing provisions of this section shall apply to a trade carried on by a partnership as they apply to a trade carried on by a person."

Section 54.

## SECOND SCHEDULE ENACTMENTS REPEALED PART I

Number and Year (1)	Short Title (2)	Extent of Repeal (3)
No. 13 of 1949	Finance Act, 1949.	Section 21 and the Fifth Schedule so far as it is unrepealed.
No. 17 of 1966	Finance Act, 1966.	Section 22.
No. 6 of 1967	Income Tax Act, 1967.	Sections 355, 357 and 369 (2), Parts I and II and paragraphs 2, 3, 4 and 5 of Part III of Schedule 6 and Schedule 7.
No. 33 of 1968	Finance Act, 1968.	In section 35(2), the words "(a) Northern Ireland and Great Britain".
No. 19 of 1973	Finance Act, 1973.	Sections 32 and 38 and the Second and Fourth Schedules.
No. 20 of 1975	Capital Gains Tax Act, 1975.	The proviso to section 4(2).
No. 7 of 1976	Corporation Tax Act, 1976.	Subsections (6) and (7) of section 42.
S.I. No. 143 of 1975	Double Taxation Relief (Taxes on Income) (United Kingdom) Order, 1975.	The whole Order.

## PART II

Number and Year (1)	Short Title (2)	Extent of Repeal (3)
No. 6 of 1967	Income Tax Act, 1967.	Section 356.

## PART III

Number and Year (1)	Short Title (2)	Extent of Repeal (3)
No. 25 of 1938	Finance Act, 1938.	Section 17.

## PART IV

Number and Year (1)	Short Title (2)	Extent of Repeal (3)
No. 8 of 1976	Capital Acquisitions Tax Act, 1976.	Section 67(4).



**BILLE***(mar a tionscnaíodh)**dá ngairtear*

Acht do mhuirearú agus d'fhorchur dleachtanna áirithe custam agus ioncain intíre (lena n-áirítear mál), do leasú an dlí a bhaineann le custaim agus ioncam intíre (lena n-áirítear mál) agus do dhéanamh tuilleadh forálacha i dtaobh airgeadais.

*An tAire Airgeadais a thíolaic,  
26 Aibreán, 1977*

**BAILE ÁTHA CLIATH:****ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR.**

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An Act to charge and impose certain duties of customs and inland revenue (including excise), to amend the law relating to customs and inland revenue (including excise) and to make further provisions in connection with finance.

*Presented by the Minister for Finance,  
26th April, 1977*

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