

CYPRUS

INCOME TAX

CHAPTER 323 OF THE LAWS

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1959

CHAPTER 323.

INCOME TAX.

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A LAW TO AMEND AND CONSOLIDATE THE LAW RELATING TO INCOME TAX.

2 of 1959.

[28th January, 1959.]

Short title.

1. This Law may be cited as the Income Tax Law.

Interpretation.

2. In this Law unless the contrary intention appears—

“body of persons” means any body politic, corporate or collegiate and any company, fraternity, fellowship or society of persons whether corporate or unincorporate;

“chargeable income” means the aggregate amount of the income of any person from the sources specified in section 5 remaining after deducting such sums as are permitted by or under this Law;

“Commissioner” means the Commissioner of Income Tax charged with the administration of this Law as provided in subsection (1) of section 3;

“the Commonwealth” shall be deemed to include those territories and their dependencies which are named in the Third Schedule to this Law;

Third Schedule.

“Commonwealth tax” means any income tax charged under any Law in force in any part of the Commonwealth other than the United Kingdom;

“company” means any company incorporated or registered under any Law in force in the Colony and any company which, though incorporated or registered outside the Colony, carries on business or has an office or place of business therein;

“Comptroller” means the Comptroller of Inland Revenue;

" Court " means the District Court of the district where the person chargeable with the tax has his usual place of abode or business;

" earned income " means income derived from any trade, profession, vocation, employment, pension, charge or annuity;

" guardian " in relation to an infant includes a parent;

" incapacitated person " means any married woman, infant, lunatic, idiot or insane person;

" person " includes a body of persons;

" prescribed " means prescribed in Rules made under subsection (3) of section 75;

" tax " means the income tax imposed by this Law;

" United Kingdom tax " means any income tax charged under any law in force in the United Kingdom;

" year of assessment " means the period of twelve months commencing on the first day of January in each year.

PART I.

ADMINISTRATION.

3. (1) For the due administration of this Law the Governor may appoint a Commissioner of Income Tax and shall furnish such Commissioner with a warrant of appointment under his hand. Appointment of officers.

(2) The Governor may appoint such other officers as he shall consider necessary to exercise such powers and perform such duties as the Commissioner shall direct.

4. (1) Every person having any official duty or being employed in the administration of this Law shall regard and deal with information and all documents, returns and assessment lists relating to the income of any person as secret and confidential and shall make and subscribe a declaration to that effect in a form prescribed before a Judge of a District Court. Official secrecy.

(2) A person having information or possessing or having control over or access to any document, return or assessment list relating to the income of any other person shall not at any time communicate or attempt to communicate such information or anything contained in such document, return or list otherwise than for the purposes of this Law:

Provided that the Governor may authorise any such information or anything contained in any such document,

return or list to be communicated to such person or persons as he shall specify.

(3) Where under any law in force in any part of the Commonwealth provision is made for the allowance of relief from income tax in respect of the payment of tax in the Colony, the obligation as to secrecy imposed by this section shall not prevent the disclosure to the authorised officers of the Government in that part of the Commonwealth of such facts as may be necessary to enable the proper relief to be given in cases where relief is claimed from tax in the Colony or from income tax in that part of the Commonwealth.

PART II.

IMPOSITION OF TAX.

Charge of
tax.

5. (1) Tax shall, subject to the provisions of this Law, be payable at the rate or rates specified hereafter for the year of assessment commencing the 1st day of January, 1941, and for each subsequent year of assessment upon the income of any person accruing in, derived from, or received in the Colony in respect of—

- (a) gains or profits from any trade, business, profession or vocation, for whatever period of time such trade, business, profession or vocation may have been carried on or exercised;
- (b) gains or profits from any employment including the estimated annual value of any quarters or board or residence or of any other allowance granted in respect of employment whether in money or otherwise;
- (c) the annual value of immovable property and improvements thereon used by or on behalf of the owner for the purpose of residence or enjoyment and not for the purpose of gain or profit, such annual value being deemed to be four per centum of the value of such immovable property as assessed for immovable property tax under the Immovable Property Tax Law and a person who is allowed by an owner to occupy premises rent free shall be deemed to occupy the same for and on behalf of the owner;
- (d) any dividend, interest or discount;
- (e) any pension, charge or annuity;
- (f) any rent, royalty, premium or other profit arising from property;

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- (g) the value of any produce receivable in respect of the use of capital, property, seed or stock for the purpose of husbandry or any share of profits receivable in respect of such use; and
 - (h) any annual profit or gain not falling under any of the foregoing paragraphs.
- (2) For the purposes of this section—
- (a) the whole of the income derived by any person from gains or profits in any trade or business shall be deemed to be derived from the Colony if the control and management of such trade or business are exercised in the Colony;
 - (b) any income which is applied outside the Colony by a person resident in the Colony in or towards the satisfaction—
 - (i) of a debt for money lent to him in the Colony or for interest on money so lent; or
 - (ii) of a debt for money lent to him outside the Colony and received in or brought to the Colony; or
 - (iii) of a debt incurred for satisfying in whole or in part a debt as specified in (i) or (ii), shall be deemed to have been received by him in the Colony; and
 - (c) the expression “trade” shall include every manufacture or adventure or concern in the nature of trade.

6. Tax shall be charged, levied and collected for each year of assessment upon the chargeable income of any person for the year immediately preceding the year of assessment:

Basis of
assessment.

Provided that in computing the chargeable income of any person who derives income from emoluments as defined in section 63 and for the purposes of Part XIII and section 75 of this Law, the emoluments of the year of assessment shall be substituted for the emoluments of the year immediately preceding the year of assessment.

7. Where the Commissioner is satisfied that any person usually makes up the accounts of his trade or business on some day other than that immediately preceding any year of assessment, the Commissioner may permit the gains or profits of that trade or business to be computed for the purpose of this Law upon the income of the year terminating

Special
periods of
assessment.

on that day in the year immediately preceding the year of assessment on which the accounts of the said trade or business have been usually made up:

Provided that where permission has been given for any year of assessment, tax shall be charged, levied and collected for each subsequent year upon the gains or profits for the full year terminating on the like date in the year immediately preceding the year of assessment, subject to any such adjustment as, in the opinion of the Commissioner, may be just and reasonable.

Exemptions.

8. There shall be exempt from the tax—

- (a) the official emoluments received by the Officer administering the Government during the period in which he is administering the Government and the official emoluments drawn by the Governor while on leave;
- (b) the income of any local authority in so far as such income is not derived from a trade or business carried on by the local authority:

Provided that the Governor in Council may, by Order, subject to such conditions as he may impose and for such period as may be stated in the Order, exempt from tax the income of any local authority derived from a trade or business if he is satisfied that the public interest is best served by such exemption;

- (c) the income of any statutory or registered building, friendly or co-operative society;
- (d) the income of any religious, charitable or educational institution of a public character in so far as such income was, during the year immediately preceding the year of assessment, applied to religious, charitable or educational purposes;
- (e) the emoluments payable to members of the permanent consular services of foreign countries in respect of their offices or in respect of services rendered by them in their official capacity or to permanent official agents of such countries who are not British subjects and who are not employed in any trade, business or other undertaking carried on for the purpose of profit;
- (f) the emoluments payable from Imperial funds to members of Her Majesty's Forces and to persons in the permanent service of the Imperial

Government in the Colony in respect of their offices under the Imperial Government;

- (g) wound and disability pensions granted to members of Her Majesty's Forces;
- (h) gratuities granted to members of Her Majesty's Forces in respect of services rendered during any war;
- (i) any lump sum received by way of retiring gratuity, commutation of pension, death gratuity or as consolidated compensation for death or injuries;
- (j) the income arising from a scholarship, exhibition, bursary or any other similar educational endowment held by a person receiving full-time instruction at a university, college, school or other educational establishment;
- (k) the income of any co-operative savings bank;
- (l) capital sums accruing to individuals from any payments which are allowable deductions under section 16;
- (m) subject to such conditions as the Governor may impose, the income of any institution operating in the Colony for the benefit or welfare of Her Majesty's Forces or of any Allied or Commonwealth Force;
- (n) subject to such conditions as the Governor in Council may impose, the income of any body of persons formed exclusively for the purpose of promoting art, science or sport not involving the acquisition of gain by such body or by its individual members and whose activities are confined solely to that purpose;
- (o) the income of any society or fund which has been approved by the Commissioner under paragraph (c) of subsection (1) of section 16:

Provided that nothing in this section shall be construed as exempting in the hands of a recipient any dividend, interest, bonus, salary, or wage paid or credited wholly or in part out of the income so exempted.

9. The Governor may by proclamation published in the Gazette declare that the interest payable on any loan charged on the public revenue of the Colony shall be exempted from the tax, either generally or in respect only of interest payable to persons not resident in the Colony; and such interest shall, as from the date and to the extent specified in the proclamation, be exempt accordingly.

Government
loans.

Deductions
allowed.

10. (1) For the purpose of ascertaining the chargeable income of any person there shall be deducted all outgoings and expenses wholly and exclusively incurred by such person in the production of the income, including—

- (a) any sum expended for repair of premises, plant or machinery employed in acquiring the income or for the renewal, repair or alteration of any implement, utensil or article so employed;
- (b) contributions regularly and ordinarily paid by an employer to a fund approved by the Commissioner pursuant to paragraph (c) of subsection (1) of section 16;
- (c) bad debts incurred in any trade, business, profession or vocation proved to the satisfaction of the Commissioner to have become bad debts during the year immediately preceding the year of assessment notwithstanding that such bad debts were due and payable prior to the commencement of the said year:

Provided that all sums recovered during the said year on account of amounts previously written off or allowed in respect of bad debts shall, for the purposes of this Law, be treated as receipts of the trade, business, profession or vocation for that year;

- (d) any expenditure on scientific research incurred by a person engaged in any trade, business, profession or vocation and proved to the satisfaction of the Commissioner to have been incurred for the use and benefit of the trade, business, profession or vocation:

Provided that no deduction shall be allowed under the provisions of this paragraph in the case of any such expenditure on plant or machinery or buildings including employees' dwellings, in respect of which any deduction is allowable under section 11 of this Law; and

Provided further that any such expenditure of a capital nature not qualifying for any deduction under section 11 shall be spread equally over the year of assessment in which it has been incurred and the five years next following;

- (e) any expenditure on patents or patent rights incurred by a person engaged in a trade,

business, profession or vocation and proved to the satisfaction of the Commissioner to have been incurred for the use and benefit of the trade, business, profession or vocation:

Provided that any such expenditure of a capital nature shall be spread over the life of the patent or patent rights in a reasonable manner to the satisfaction of the Commissioner; and

Provided further that any sums received or receivable from any sales of such patents or patent rights or any part thereof and all royalties or other income received or receivable in respect thereof shall be included as chargeable income;

(f) such other deductions as may be prescribed.

(2) The method of computing or calculating or estimating the sums deductible as provided in this section shall be as may be prescribed.

11. (1) In this section "property" means plant and machinery and buildings, including employees' dwellings, owned by a person engaged in a trade, business or vocation and used and employed by such person in such trade, business, profession or vocation or in scientific research proved to the satisfaction of the Commissioner to be for the benefit of such trade, business, profession or vocation.

Deductions
and
additions
on account
of property
used in
trade, etc.

(2) In ascertaining the chargeable income of any person engaged in a trade, business, profession or vocation, there shall be allowed—

(a) subject to the provisions of this section, a deduction of a reasonable amount for the exhaustion and wear and tear of property arising out of the use and employment of such property in the trade, business, profession or vocation during the year immediately preceding the year of assessment:

Provided that the total of any such deductions shall not exceed the capital expenditure incurred in acquiring the property;

(b) where property consisting of plant and machinery is acquired and is first used and employed in the year immediately preceding the year of assessment an initial deduction of one-fifth of the capital expenditure thereon;

(c) where capital expenditure is incurred on the construction, reconstruction, extension or adapta-

tion of property consisting of buildings and such buildings are first used and employed in the year immediately preceding the year of assessment, an initial deduction of one-tenth of the capital expenditure thus incurred:

Provided that the deductions allowed by paragraphs (b) and (c) shall be additional to, and shall not form a part of, any deductions allowed under paragraph (a).

(3) Where under the provisions of this section any deduction has been allowed in any year of assessment in ascertaining the chargeable income of a person engaged in a trade, business, profession or vocation and any of the following events occurs in the year immediately preceding the year of assessment, that is to say—

- (a) the property or any part thereof ceases to belong to the person carrying on the trade, business, profession or vocation whether on a sale of the property or any part thereof or in any other circumstances of any description; or
- (b) while continuing to belong to the person carrying on the trade, business, profession or vocation the property or any part thereof permanently ceases to be used for the purposes of the trade, business, profession or vocation carried on by him; or
- (c) the trade, business, profession or vocation is permanently discontinued, the property not having previously ceased to belong to the person carrying on the trade, business, profession or vocation,

the person shall, in the year of assessment, render to the Commissioner at the same time as he renders his return of income as provided in section 34 a statement (hereinafter referred to as a “balancing statement”) in respect of the property in question showing the items following—

- (i) the amount of the capital expenditure on the provision thereof;
- (ii) the total depreciation which has occurred by reason of exhaustion or wear and tear since the date of purchase of such property including the aggregate amount of all deductions previously allowed under the provisions of this section:

Provided that in the case of any property acquired on or after the first day of January, 1954, for the purpose of arriving at the aggregate

amount of all deductions previously allowed, no account shall be taken of any deductions previously allowed under paragraphs (b) and (c) of subsection (2); and

- (iii) the amount of all sale, insurance, salvage or compensation moneys in respect thereof.

(4) In ascertaining the chargeable income of a person who is required under subsection (3) to render a balancing statement to the Commissioner a deduction (hereinafter referred to as a "balancing deduction") shall be allowed or, as the case may be, an addition (hereinafter referred to as a "balancing addition") shall be made and such balancing deduction or balancing addition shall be calculated by reference to the balancing statement or statements rendered by the person in respect of the year immediately preceding the year of assessment as follows—

- (a) the amount of a balancing deduction shall be the amount by which the amount of item (i) of the balancing statement exceeds the sum of the amounts of item (ii) and item (iii) of that statement; or
- (b) the amount of the balancing addition shall be the amount by which the sum of the amounts of item (ii) and item (iii) of the balancing statement exceeds the amount of item (i) of that statement:

Provided that in no case shall the balancing addition exceed the aggregate amount of any deduction previously allowed under the provisions of this section and included in item (ii) of the balancing statement.

(5) Where property, in the case of which any of the events mentioned in paragraphs (a) and (b) of subsection (3) has occurred, is replaced by the owner thereof and a balancing addition falls to be made by reason thereof, then, if by notice in writing to the Commissioner he so elects, the following provisions shall have effect, that is to say—

- (a) if the amount of the balancing addition which would have been made is greater than the capital expenditure on providing the new property—
 - (i) the balancing addition shall be an amount equal to the difference; and
 - (ii) no balancing deduction under subsection (4) and no deduction under paragraph (a) of subsection (2) shall be allowed in respect of such new property; and

in considering whether any balancing addition falls to be made in respect of the capital expenditure on providing such new property the aggregate amount of all deductions previously allowed in respect of such property under the provisions of this section, excluding in the case of property acquired on or after the 1st day of January, 1954, deductions allowed under paragraphs (b) and (c) of subsection (2), shall be deemed to be equal to the full amount of such expenditure; and

(b) if the capital expenditure on providing the new property is equal to or greater than the amount of the balancing addition that would have been made—

(i) the balancing addition shall not be made; and

(ii) the amount of any deductions under the provisions of this section other than deductions under paragraphs (b) and (c) of subsection (2) shall be calculated as if the capital expenditure on providing such new property had been reduced by the amount of the balancing addition; and

in considering whether any balancing deduction or balancing addition falls to be made in respect of such new property, the aggregate amount of all deductions previously allowed in respect of such property under the provisions of this section, excluding in the case of property acquired on or after the 1st day of January, 1954, deductions allowed under sub-paragraphs (b) and (c) of subsection (2), shall be deemed to have been increased by an amount equal to the amount of the balancing addition that would have been made.

(6) Where a person has delivered a balancing statement, the Commissioner may—

(a) accept the statement and make a balancing deduction or addition accordingly; or

(b) refuse to accept the statement and, to the best of his judgment, determine the amount of the balancing deduction or addition and make a balancing deduction or addition accordingly.

(7) For the purposes of this section—

- (a) the capital expenditure on providing any property shall be the amount which in the opinion of the Commissioner such property would have cost if bought in the open market at the time it was provided;
- (b) the sale moneys in respect of any property sold shall be the amount which in the opinion of the Commissioner such property would have realised if sold in the open market at the time it was sold; and
- (c) where there is no sale, insurance, salvage or compensation in respect of any property the amount deemed to be receivable as such in respect of such property, shall be the amount which in the opinion of the Commissioner such property would have realised if sold in the open market at the time of the event.

(8) Where any property has been sold and either—

- (a) the buyer is a person over whom the seller has control or the seller is a person over whom the buyer has control or both the seller and the buyer are persons over whom some other person has control; or
- (b) it appears with respect to the sale or with respect to transactions of which the sale is one that the sole or main benefit which might have been expected to accrue to the parties or any of them was the obtaining of a deduction under this section,

then, notwithstanding the preceding provisions of this section, the Commissioner may refuse to allow any deductions under this section in respect of such property.

(9) Where the income is derived from carrying on a trade of mining there shall be allowed, in lieu of any allowances or deductions under the foregoing sub-sections such allowances or deductions as are specified in the First Schedule to this Law.

First
Schedule.

12. For the purpose of ascertaining the chargeable income of any person no deduction shall be allowed in respect of—

Deductions
not allowed.

- (a) domestic or private expenses including the cost of travelling between residence and place of business;

- (b) the rent of any premises owned and used in connection with the carrying on by him of his trade, business, profession or vocation;
- (c) any remuneration or interest on capital paid or credited to himself;
- (d) the cost price of any goods taken out of the business for the use of the proprietor or any partner or the family of such proprietor or partner;
- (e) any disbursements or expenses not being money wholly and exclusively laid out or expended for the purpose of acquiring the income;
- (f) any capital withdrawn or any sum employed or intended to be employed as capital;
- (g) the cost of any improvements;
- (h) any sum recoverable under an insurance or contract of indemnity;
- (i) rent of or cost of repairs to any premises or part of premises not paid or incurred for the purpose of producing the income;
- (j) any amounts paid or payable in respect of tax, United Kingdom tax or Commonwealth tax;
- (k) any payments of a voluntary nature except such payments as are allowed under section 16; or
- (l) any expenses applicable to the income from immovable property charged under paragraph (c) of subsection (1) of section 5.

Valuation of trading stock on discontinuance of trade, etc.

13. (1) In computing, for the purposes of this Law, the chargeable income of any person engaged in a trade, business, profession or vocation which has been discontinued in the year immediately preceding the year of assessment, any trading stock belonging to the trade, business, profession or vocation at the discontinuance thereof shall be valued as follows:—

(a) in the case of any such trading stock—

(i) which is sold or transferred for a valuable consideration to a person who carries on or intends to carry on a trade, business, profession or vocation in the Colony; and

(ii) the cost whereof may be deducted by the purchaser as an expense in computing, for the purposes of this Law, the chargeable income of that trade, business, profession or vocation,

the value thereof shall be taken to be the amount realized on the sale or the value of the consideration given for the transfer; and

- (b) in the case of any other such trading stock, the value thereof shall be taken to be the amount which it would have realized if it had been sold in the open market on the discontinuance of the trade, business, profession or vocation.

(2) The provisions of this section shall not apply in a case where a trade, business, profession or vocation carried on by a single individual is discontinued by reason of his death.

(3) For the purposes of this section, the expression "trading stock" in relation to any trade, business, profession or vocation means property of any description, whether movable or immovable, being either—

- (a) property such as is sold in the ordinary course of trade or would be so sold if it were mature or if its manufacture or construction were complete; or
- (b) materials such as are used in the manufacture, preparation or construction of any such property as is referred to in the foregoing paragraph.

14. (1) Where the amount of a loss incurred in the year preceding any year of assessment in any trade, business, profession or vocation carried on by any person either solely or in partnership is such that it cannot be wholly set off against his income from other sources for that year of assessment the amount of such loss shall, to the extent to which it is not so set off, be carried forward and shall, subject as is hereinafter provided, be set off against what would otherwise have been his chargeable income for subsequent years: Allowance
of trade
losses.

Provided that the amount of any such loss allowed to be set off in computing the chargeable income of any year shall not be set off in computing the chargeable income of any other year.

(2) Nothing in this section contained shall be construed as permitting the set off of any loss incurred in any trade, business, profession or vocation, which is carried on outside the Colony unless such trade, business, profession or vocation is controlled from the Colony.

15. (1) Subject to the provisions of subsections (2) and (3) and section 17— Deductions
for children

- (a) any individual, being an individual the major part

of whose income is derived from emoluments as, defined in section 63, who proves to the satisfaction of the Commissioner that he has or had a child or children living at any time during the year of assessment; and

- (b) any individual, not being an individual specified in paragraph (a) who proves to the satisfaction of the Commissioner that he had a child or children living at any time during the year immediately preceding the year of assessment,

shall be allowed when his chargeable income is being ascertained—

- (i) in respect of a child under the age of sixteen years at the commencement of the year of assessment or the year immediately preceding the year of assessment, as the case may be, or in respect of a child receiving full-time education in any school, college, university or other educational institution, a deduction of fifty pounds; or

- (ii) in respect of a child over the age of eight years and under the age of twenty-five years receiving full-time education in a school, college, university or other educational institution outside the Colony a deduction equal to the amount expended on his maintenance and education but not exceeding two hundred and fifty pounds.

(2) No deduction shall be allowed in respect of any child whose chargeable income for the year of assessment or the year immediately preceding the year of assessment, as the case may be, exceeds the amount of the deduction which would otherwise be allowed.

(3) In this section the expression “child” shall mean a lawful unmarried child of the individual being assessed and shall include such a child who is a step child or a child adopted under any law for the time being in force by the individual being assessed and the unmarried illegitimate child of a woman being assessed not being a woman whose income is charged in name of her husband as provided in section 19.

(4) Where two or more individuals are eligible for a deduction in respect of the same child under the provisions of this section the amount allowed in respect of the child shall be apportioned between the individuals as the Commissioner shall determine.

16. (1) Subject to the provisions of subsection (2) and section 17 in ascertaining the chargeable income of any individual who—

Deduction in respect of life insurance and contributions to pensions and other funds.

- (a) shall have made insurance on his life or the life of his wife with any insurance company; or
- (b) shall have made a contribution under a widows' and orphans' pensions fund or scheme established under any law in force in the Commonwealth or any part thereof; or
- (c) shall have made a contribution to a pensions, provident or other society or fund which may be approved by the Commissioner subject to such conditions as he may determine; or
- (d) shall have paid a premium or made a contribution under an annuity contract approved by the Commissioner subject to such conditions as he may determine and having for its main object the provision for the individual of a life annuity in old age,

there shall be allowed a deduction of the annual amount of the premium paid by him for such insurance or of the amount of such premium or contribution, as the case may be:

Provided—

- (i) that in the case of any policy of insurance securing a capital sum on death the amount of the deduction allowed shall not exceed seven per centum of that capital sum, exclusive of any additional benefit by way of bonus or otherwise; and
- (ii) that no such deduction shall be allowed in respect of any premium or contribution beyond an amount equal to one-sixth part of the chargeable income of such person computed in accordance with the provisions of this Law before making the deductions specified in this section and in sections 15 and 18.

(2) Where any deduction is made under subsection (1) in respect of any premium or contribution on a policy of insurance made after the second day of December, 1954, or on any annuity contract entered into after the first day of January, 1958, the Commissioner shall prepare a statement showing the items following—

- (i) the total tax payable by the individual under this Law;
- (ii) the total tax which would have been payable by

the individual under this Law if the said deduction had not been made; and

(iii) the amount equal to three hundred mils in the pound of the said premium or contribution,

and there shall be added to the amount of the total tax payable under this Law any amount by which the difference between the amounts in items (i) and (ii) of the statement exceeds the amount of item (iii) of the statement.

Deductions
for non-
residents.

17. (1) Save as provided in subsection (2) no deduction shall be allowed under the provisions of section 15 or 16 to an individual who is not resident in the Colony.

(2) An individual who is not resident in the Colony who satisfies the Commissioner that he is a British subject shall be allowed the deductions permitted by section 15 or 16:

Provided that the tax payable by such individual shall not be reduced by reason of such deductions below an amount which bears the same proportion to the tax which would be payable by him if it were calculated on his total income from all sources including income not subject to tax in the Colony as the income subject to tax in the Colony bears to the income from all sources as aforesaid.

Deduction
in respect
of earned
income and
certain
classes of
wife's
income.

18. (1) In ascertaining the chargeable income of any individual there shall be allowed a deduction equal to one-tenth of the earned income of such individual:

Provided that in cases where the income of a wife is deemed to be income of the husband any reference in this subsection to the earned income of an individual shall not include any income of the wife in respect of which a deduction is allowable under subsection (2) of this section.

(2) In ascertaining the chargeable income of any individual in which is included any income of his wife derived from any trade, business, profession, vocation, employment, pension, charge or annuity, there shall be allowed a deduction equal to the amount of such income of the wife but not exceeding in any case one hundred pounds:

Provided that the deduction shall not be made in any case if the income of the wife is derived from any trade, business, profession or vocation carried on in partnership with her husband or from employment where the employer is her husband or a firm in which he is a partner or a director.

(3) For the purposes of this section the term "business" shall include the letting of buildings.

19. (1) The income of a married woman living with her husband shall, for the purposes of this Law, be deemed to be the income of the husband and shall be charged in the name of the husband:

Wife's
income.

Provided that the wife may be required to pay that part of the total tax charged upon the husband which bears the same proportion to that total tax as the income of the wife bears to the total income of the husband and wife notwithstanding that assessment has not been made upon her.

(2) If either a husband or a wife makes written application to that intent to the Commissioner before the 31st January in the year of assessment, returns of income shall be required to be rendered by the husband and wife separately in the year of assessment and in subsequent years until the application is revoked and the amount of the tax chargeable on the husband pursuant to subsection (1) shall be apportioned between the spouses in such manner as to the Commissioner appears reasonable and the amounts so apportioned shall be assessed and charged on each spouse separately.

(3) Nothing in this section contained shall prevent a woman living with her husband from being assessed in her own name in respect of income received in her own right where the husband is absent from the Colony.

20. (1) In the case of an insurance company (other than a life insurance company) where the gains or profits accrue in part outside the Colony, the gains or profits on which tax is payable shall be ascertained by taking the gross premiums and interest and other income received or receivable in the Colony less any premiums returned to the insured and premiums paid on re-insurances and deducting from the balance so arrived at a reserve for unexpired risks at the percentage adopted by the company in relation to its operations as a whole for such risks at the end of the year preceding the year of assessment and adding thereto a reserve similarly calculated for unexpired risks outstanding at the commencement of the year preceding the year of assessment and from the net amount so arrived at deducting the actual losses less the amount recovered in respect thereof under re-insurance, the agency expenses in the Colony and a fair proportion of the expenses of the head office of the company.

Special
provisions
as to
insurance
and shipping
companies.

(2) In the case of a life insurance company, whether mutual or proprietary, the gains or profits on which tax is

payable shall be the investment income less the management expenses including commission:

Provided that where such a company received premiums outside the Colony the gains or profits shall be the same proportion of the total investment income of the company as the premiums received in the Colony bears to the total premiums received after deducting from the amount so arrived at the agency expenses in the Colony and a fair proportion of the expenses of the head office of the company.

(3) (a) In the case of a shipowner, the gains or profits of his business as shipowner shall, if he produces or causes to be produced to the Commissioner a certificate as is mentioned in paragraph (b) of this subsection, be taken to be a sum bearing the same ratio to the sums payable in respect of fares or freight for passengers, goods or mails shipped in the Colony as his total profits for the relevant accounting period shown by that certificate bears to the gross earnings for that period.

(b) The certificate mentioned in paragraph (a) of this subsection shall be a certificate by the taxing authority of the place in which the principal place of business of the shipowners is situated and shall state—

(i) that the shipowner has furnished to the satisfaction of that authority an account of the whole of his business; and

(ii) the ratio of the gains or profits for the relevant accounting period as computed according to the income tax law of that place after deducting interest on any money borrowed and employed in acquiring the gains and profits to the gross earnings of the shipowner's fleet or vessel for that period.

(c) If the gains or profits of a shipowner have been computed on any basis other than the ratio of the gains or profits shown by a certificate as aforesaid and an assessment made accordingly, the shipowner shall, upon production of a certificate as provided in paragraph (b) of this subsection at any time within two years from the end of the year of assessment, be entitled to such adjustment as may be necessary to give effect to the said certificate and to have any tax paid in excess refunded.

(d) In this subsection the expression "shipowner" means an owner or charterer of ships whose principal place of business is situated outside the Colony, but in the Commonwealth.

(4) The provisions of this section shall have effect notwithstanding the provisions of any other section of this Law.

21. (1) Gains or profits arising from the business of shipping carried on by a person not resident in the Colony shall be exempted from tax provided that the Governor is satisfied that an equivalent exemption from income tax is granted by the country in which such person is resident to persons resident in the Colony and, if that country is a country other than the United Kingdom, to persons resident in the United Kingdom.

Special exemption as to shipping companies where reciprocal concessions prevail.

(2) In this section the expression "business of shipping" means the business carried on by an owner or charterer of ships and a company shall be deemed to be resident in that country only in which the central management and control of its business is situate.

22. Tax shall not be payable in respect of any income arising outside the Colony and received in the Colony by any person who is in the Colony for some temporary purpose only and not with any intent to establish his residence there and who has not actually resided in the Colony at one or more times for a period equal in the whole to six months in the year preceding the year of assessment.

Temporary residents.

PART III.

RATE OF TAX.

23. There shall be levied and paid upon chargeable incomes tax at the rates and in accordance with the provisions set forth in the Second Schedule to this Law.

Rate as per Second Schedule.

PART IV.

COMPANY DIVIDENDS.

24. (1) Every company which is registered in the Colony shall deduct from the amount of any dividend payable to any shareholder tax at the rate paid or payable by the company, double taxation relief being left out of account, on the income out of which such dividend is paid:

Deduction of tax from dividends of companies.

Provided that where tax is not paid or payable by the company on the whole income out of which the dividend is paid, the deduction shall be restricted to that portion of the

dividend which is paid out of income on which tax is paid or payable by the company.

(2) Every such company shall, upon payment of a dividend, furnish each shareholder with a certificate in a form approved by the Commissioner setting forth the amount of the dividend paid to that shareholder and the amount of tax which the company has deducted in respect of that dividend, and where the tax paid, or payable by the company is affected by double taxation relief, the rate (hereinafter in this Law referred to as "the net Colonial rate") of the tax paid or payable by the company after taking double taxation relief into account.

(3) In this section the expression "double taxation relief" means any credit for foreign income tax which is allowable against income tax chargeable under this Law by virtue of arrangements having effect under section 50 and any relief allowance under section 47 or 48, including any credit or relief which has been taken into account in determining the net Colonial rate applicable to any dividends received by the company.

Setting off
tax so
deducted.

25. Any tax which a company has deducted under the last preceding section from a dividend paid to a shareholder and any tax applicable to the share to which any person is entitled in the income of a body of persons assessed under this Law, shall, when such dividend or share is included in the chargeable income of such shareholder or person, be set off for the purposes of collection against the tax charged on that chargeable income.

PART V.

TRUSTEES, AGENTS, ETC.

Charge-
ability of
trustees, etc.

26. A receiver, trustee, guardian, curator or committee having the direction, control or management of any property or concern on behalf of any person, shall be chargeable to tax in respect of income derived from such property or concern in like manner and to the like amount as such person would be chargeable if he had received such income and every such receiver, trustee, guardian, curator or committee shall be answerable for doing all matters and things required to be done under this Law for the purpose of assessment and payment of tax:

Provided that nothing in this section shall affect the liability of any person represented by any such receiver,

trustee, guardian, curator or committee to be himself charged to tax in his own name.

27. (1) A person not resident in the Colony (hereinafter in this section referred to as "a non-resident person"), whether a British subject or not, shall be assessable and chargeable in the name of his trustee, guardian, curator or committee or of any attorney, factor, agent, receiver, manager or custodian whether such attorney, factor, agent, receiver, manager or custodian has the receipt of the income or not, in like manner and to the like amount as such non-resident person would be assessed and charged if he were resident in the Colony and in the actual receipt of such income.

Charge-ability of agent of person residing out of the Colony.

(2) A non-resident person shall be assessable and chargeable in respect of any income arising, whether directly or indirectly, through or from any attorneys, factorship, agency, receivership, management or custodianship, and shall be so assessable and chargeable in the name of the attorney, factor, agent, receiver, manager or custodian.

(3) Where a non-resident person carries on business with a resident person and it appears to the Commissioner that owing to the close connection between the resident person and the non-resident person and to the substantial control exercised by the non-resident person over the resident person, the course of business between those persons can be so arranged and is so arranged that the business done by the resident person in pursuance of his connection with the non-resident person produces to the resident person either no profits or less than the ordinary profits which might be expected to arise from that business, the non-resident person shall be assessable and chargeable to tax in the name of the resident person as if the resident person were an agent of the non-resident person.

(4) Where it appears to the Commissioner that the true amount of the gains or profits of any non-resident person chargeable with tax in the name of a resident person cannot in any case be readily ascertained, the Commissioner may assess and charge the non-resident person on a fair and reasonable percentage of the turnover of the business done by the non-resident person through or with the resident person in whose name he is chargeable as aforesaid and in such case the provisions of this Law relating to the delivery of returns or particulars by persons acting on behalf of

others shall extend so as to require returns or particulars to be furnished by the resident person of the business so done by the non-resident person through or with the resident person in the same manner as returns or particulars of income are to be delivered by persons acting for incapacitated or non-resident persons:

Provided that the amount of the percentage shall in each case be determined having regard to the nature of the business.

(5) Nothing in this section shall render a non-resident person chargeable in the name of a broker or general commission agent or other agent where such broker, general commission agent or agent is not an authorised person carrying on the regular agency of the non-resident person or a person chargeable as if he were an agent in pursuance of subsections (3) and (4) of this section in respect of gains or profits arising from sales or transactions carried out through such broker or agent.

(6) The fact that a non-resident person executes sales or carries out transactions with other non-residents in circumstances which would make him chargeable in pursuance of subsections (3) and (4) in the name of a resident person shall not of itself make him chargeable in respect of gains or profits arising from those sales or transactions.

(7) Where a non-resident person is chargeable to tax in the name of any attorney, factor, agent, receiver, manager or custodian in respect of any gains or profits arising from the sale of goods or produce manufactured or produced out of the Colony by the non-resident person the person in whose name the non-resident person is so chargeable may if he thinks fit apply to the Commissioner to have the assessment to tax in respect of those gains or profits made or amended on the basis of the profits which might reasonably be expected to have been earned by a merchant or, where the goods are retailed by or on behalf of the manufacturer or producer by a retailer of the goods sold who had bought from the manufacturer or producer direct and on proof to the satisfaction of the Commissioner of the amount of the profits on the basis aforesaid the assessment shall be made or amended accordingly.

Trustees,
etc. answer-
able for
persons for
whom they
act.

28. The person who is chargeable in respect of an incapacitated person or in whose name a non-resident is chargeable shall be answerable for all matters required to be done by virtue of this Law for the assessment of the

income of any person for whom he acts and for the payment of the tax chargeable thereon.

29. Every person who in whatever capacity is in receipt of any income arising from any of the sources mentioned in this Law or belonging to any other person who is chargeable in respect thereof or who would be so chargeable if he were resident in the Colony and not an incapacitated person shall whenever required so to do by any notice from the Commissioner prepare and deliver within the period mentioned in such notice a list in a form approved by the Commissioner signed by him containing—

Lists to be prepared by representative or agent.

- (a) a true and correct statement of all such income; and
- (b) the name and address of every person to whom the same shall belong.

30. The manager or other principal officer of every corporate body of persons shall be answerable for doing all such acts, matters and things as are required to be done by virtue of this Law for the assessment of such body and for payment of the tax.

Manager of corporate bodies of persons.

31. Any resident, agent, trustee, mortgagor or other person who transmits rent, interest or income derived from any other source within the Colony to a non-resident person shall be deemed to be the agent of such non-resident person and shall be assessed and shall pay tax at the appropriate rate as provided in this Law for companies and all other bodies corporate or unincorporate unless the non-resident person by delivering a return of his total income derived from the Colony shall establish his right to be charged at the rates provided in the Second Schedule for individuals.

Agents, etc. of non-residents to be assessed.

32. Every person answerable under this Law for the payment of tax on behalf of another person may retain out of any money coming into his hands on behalf of such other person so much thereof as shall be sufficient to pay such tax and shall be and is hereby indemnified against any person whatsoever for all payments made by him pursuant to this Law.

Indemnification of representative.

33. When any person dies the legal representative of such person shall be assessable and chargeable to the tax to which such person would have been assessable and chargeable and shall be answerable for doing all such acts, matters

Deceased persons.

shall be deemed to be the share to which he was entitled during the year preceding the year of assessment in the income of the partnership, such income being ascertained in accordance with the provisions of this Law, and shall be included in the return of income to be made by such partner under the provisions of this Law; and

(b) the precedent partner, that is to say, the partner who of the partners resident in the Colony—

(i) is first named in the agreement of partnership, or

(ii) if there be no agreement, is named singly or with precedence to the other partners in the usual name of the firm, or

(iii) is the precedent acting partner, if the partner named with precedence is not an acting partner,

shall when required by the Commissioner make and deliver a return of the income of the partnership for any year, such income being ascertained in accordance with the provisions of this Law and shall declare therein the names and addresses of the other partners in the firm together with the amount of the share of the said income to which each partner was entitled for that year;

(2) Any return required under the provisions of this section where no partner is resident in the Colony shall be made and delivered by the attorney, agent, manager or factor of the firm resident in the Colony.

PART VIII.

ASSESSMENTS.

Commis-
sioner to
make
assessments.

37. (1) The Commissioner shall proceed to assess every person chargeable with the tax as soon as may be after the expiration of the time allowed to such person for the delivery of his return.

(2) Where a person has delivered a return the Commissioner may—

(a) accept the return and make an assessment accordingly; or

(b) refuse to accept the return and to the best of his judgment determine the amount of the chargeable income of the person and assess him accordingly.

(3) Where a person has not delivered a return and the Commissioner is of the opinion that such person is liable to pay tax, he may, according to the best of his judgment, determine the amount of the chargeable income of such person and assess him accordingly:

Provided that such assessment shall not affect any liability otherwise incurred by such person by reason of his refusal, failure or neglect to deliver a return.

38. The Governor may appoint a committee in each district in the Colony consisting of not more than three persons to whom the Commissioner may refer any matter relating to any return or the assessment of any person for assistance and advice.

Committees
to whom
Commis-
sioner may
refer.

39. (1) For the purpose of facilitating the assessment of the income of persons residing in the United Kingdom, the Governor may appoint an agent in the United Kingdom who shall make inquiries on behalf of the Commissioner in respect of any such person as may apply to be dealt with through such agent.

Appoint-
ment of
agent in the
United
Kingdom.

(2) The agent shall ascertain the amount of the chargeable income of such person in accordance with this Law and shall forward to the Commissioner a report as to the same together with the accounts and computations upon which his report is based and the Commissioner shall make an assessment on such person:

Provided that if it appears to the Commissioner that any error has occurred in the accounts or computation he may before making the assessment refer the report back for further consideration.

40. (1) After completing assessments, the Commissioner shall prepare lists (in this Law referred to as "the assessment lists") of persons liable to tax.

Lists of
persons
assessed.

(2) Assessment lists shall contain the names and addresses of the persons assessed to tax, the amount of the chargeable income of each person, the amount of tax payable by him and such other particulars as the Commissioner shall deem necessary.

Notice to
be served
on persons
assessed.

41. The Commissioner shall cause to be served personally on or sent by registered post to each person whose name appears on the assessment lists a notice addressed to him at his usual place of abode or business stating the amount of his chargeable income and the amount of tax payable by him and informing him of his rights under section 42.

Objections
to assess-
ments.

42. (1) If any person disputes an assessment he may apply to the Commissioner, by notice of objection in writing, to review and to revise the assessment made upon him. Such application shall state precisely the grounds of his objections to the assessment and shall be made within fifteen days from the date of the service of the notice of assessment:

Provided that the Commissioner, upon being satisfied that owing to absence from the Colony, sickness or other reasonable cause, the person disputing the assessment was prevented from making the application within such period, shall extend the period as may be reasonable in the circumstances.

(2) The grounds of objections to an assessment under the provisions of subsection (1) may, unless the contrary intention is expressly stated in this Law, include any alleged wrongful exercise in the making of such assessment of any discretionary power conferred on the Commissioner or other person appointed by the Governor for the administration of this Law.

(3) On receipt of a notice of objection referred to in subsection (1) the Commissioner may require the person giving the notice of objection to furnish such particulars as the Commissioner may deem necessary with respect to the income of the person assessed and to produce all accounts, books or other documents in his custody or under his control relating to such income and may summon such person or any other person, not being the clerk, agent, servant or other person confidentially employed in the affairs of the person to be charged, who he believes is able to give evidence respecting the assessment to attend before him and may examine any such person on oath or otherwise:

Provided that the Commissioner may require the person giving notice of objection to furnish him with such particulars in respect of his private assets and liabilities as well as those of any other person whose income is, under the provisions of this Law, deemed to be or is treated as, the income

of the person objecting, as the Commissioner may deem necessary and for this purpose the Commissioner shall have, in respect of such private assets and liabilities, all the other powers hereinbefore set out.

(4) In the event of any person assessed, who has objected to an assessment made upon him, agreeing with the Commissioner as to the amount at which he is liable to be assessed, the assessment shall be amended accordingly and notice of the tax payable shall be served upon such person.

43. (1) Any person who, being aggrieved by an assessment made upon him, has failed to agree with the Commissioner in the manner provided in subsection (4) of section 42, may appeal against the assessment to the Court upon giving notice in writing to the Commissioner within fifteen days from the date of the refusal of the Commissioner to amend the assessment as desired:

Appeals
against
assessment.

Provided that, notwithstanding the lapse of such period of fifteen days, any person may appeal against such assessment if he shows to the satisfaction of the Court that, owing to absence from the Colony, sickness or other reasonable cause, he was prevented from giving notice of appeal within such period and that there has been no unreasonable delay on his part.

(2) Except by leave of the Court, the appellant shall not, in his notice of appeal, state, or at the hearing be allowed to rely upon, any ground of appeal not specifically set out in the notice of objection given under the provisions of subsection (1) of section 42.

(3) Every person appealing shall attend before the Court in person on the day and at the time fixed for the hearing of his appeal:

Provided always that if it be proved to the satisfaction of the Court that owing to absence from the Colony, sickness or other reasonable cause any person is prevented from attending in person at the hearing of his appeal on the day and at the time fixed for that purpose, the Court may postpone the hearing of the appeal for such reasonable time as it thinks necessary for the attendance of the appellant or it may admit the appeal to be made by an agent, clerk or servant of the appellant on his behalf.

(4) Seven clear days notice shall, unless rules made under

subsection (12) otherwise provide, be given to the Commissioner of the date fixed for the hearing of the appeal.

(5) The onus of proving that the assessment complained of is excessive shall be on the appellant.

(6) If the Court is satisfied that the appellant is overcharged it may reduce the amount of the assessment by the amount of the overcharge and if it is satisfied that the appellant is undercharged it may increase the amount of the assessment by the amount of the undercharge.

(7) Notice of the amount of tax payable under the assessment as determined by the Court shall be served by the Commissioner upon the appellant.

(8) All appeals shall be heard *in camera* unless the Court on the application of the appellant shall otherwise direct.

(9) The costs of the appeal shall be in the discretion of the Court hearing the appeal and shall be a sum fixed by the Court.

(10) The decision of the Court hearing the appeal shall be final:

Provided that the Court hearing such appeal may and on the application of the appellant or the Commissioner shall, state a case on a question of law for the opinion of the Supreme Court and such case stated shall be heard and determined, by way of appeal, by the Supreme Court.

(11) Notwithstanding anything contained in section 57, if the Court is satisfied that tax in accordance with its decision upon the appeal may not be recovered, the Court may require the appellant forthwith to furnish such security for payment of any tax which may become payable by the appellant as may seem to the Court to be proper and if such security is not given the tax assessed shall become payable forthwith and shall be recoverable as provided in section 59.

(12) The Chief Justice may make rules appointing places for the hearing of appeals under this section, the procedure to be followed including the procedure to be followed on a case being stated and the fees to be paid.

Assess-
ments, etc.
not void by
reason of
errors
therein in
names and
descriptions.

44. (1) No assessment, warrant or other proceeding purporting to be made in accordance with the provisions of this Law shall be quashed or deemed to be void or voidable for want of form or be affected by reason of a mistake, defect or omission therein if the same is in substance and effect in conformity with or according to the intent and meaning of this Law and if the person assessed or intended

to be assessed or affected thereby is designated therein according to common intent and understanding.

(2) An assessment shall not be impeached or affected—

(a) by reason of a mistake therein as to the name or surname of a person liable, the description of any income or the amount of tax charged; or

(b) by reason of any variance between the assessment and the notice thereof:

Provided that the notice thereof shall be duly served on the person intended to be charged and such notice shall contain in substance and effect the particulars on which the assessment is made.

45. Where it appears to the Commissioner that any person liable to tax has not been assessed or has been assessed at a less amount than that which ought to have been charged, the Commissioner may, within the year of assessment or within six years after the expiration thereof, assess such person at such amount or additional amount as according to his judgment ought to have been charged and the provisions of this Law shall apply to such assessments and to the tax charged thereunder.

Omissions and under-charges may be rectified within six years.

PART IX.

REPAYMENT OF TAX.

46. (1) If it be proved to the satisfaction of the Commissioner that any person for any year of assessment has paid tax by deduction or otherwise in excess of the amount with which he is properly chargeable, such person shall be entitled to have the amount so paid in excess refunded.

Circumstances under which repayment may be made.

(2) Every claim for repayment under this section shall be made within six years from the end of the year of assessment to which the claim relates and if admitted the Commissioner shall give a certificate of the amount to be repaid and upon the receipt of the certificate the Accountant-General shall cause repayment to be made in conformity therewith.

(3) Notwithstanding the provisions of subsection (1) the Commissioner may refuse to make any repayment to any person in respect of any year during which such person has been convicted of an offence against this Law or during which any such offence committed by such person has been compounded under the provisions of section 72.

(4) Where any person is entitled to a repayment under the provisions of this section and authorizes, by a duly certified notice in writing addressed to the Commissioner, some other person to receive such repayment on his behalf, such notice shall be exempt from any stamp duty payable under any Law in force for the time being relating to stamp duties.

PART X.

RELIEF IN CASE OF DOUBLE TAXATION.

Relief in
respect of
United
Kingdom
tax.

47. (1) Any person who has paid tax by deduction or otherwise, or is liable to pay tax for any year of assessment on any part of his income and who proves to the satisfaction of the Commissioner that he has paid, by deduction or otherwise, or is liable to pay, United Kingdom tax for that year in respect of the same part of his income, shall be entitled to relief from tax paid or payable by him on that part of his income at a rate equal to the amount by which the rate of tax appropriate to his case under this Law exceeds half the appropriate rate of United Kingdom tax:

Provided that if the rate of tax appropriate to his case under this Law exceeds the appropriate rate of United Kingdom tax he shall be entitled only to relief at a rate equal to half the appropriate rate of United Kingdom tax: and

Provided further that where in the case of any person, but for this proviso, the amount of tax payable under this Law after allowance of any relief as aforesaid when added to the amount of income tax payable in the United Kingdom in respect of the same part of his income after allowance of such relief as is granted by section 27 of the Finance Act, 1920 (which amount is hereinafter referred to as "the net United Kingdom Tax") would exceed the greater of the amounts of tax which, but for the reliefs aforesaid, would be payable under this Law and in the United Kingdom respectively (which amounts are hereinafter referred to respectively as "the gross Cyprus tax" and "the gross United Kingdom tax"), the Commissioner, may, if he is satisfied that special hardship would otherwise be caused, grant such additional relief from the tax payable under this Law as he may think fit up to an amount sufficient to reduce the net tax so payable to an amount which, when added to the net United Kingdom tax, will be equivalent

to the gross Cyprus tax or the gross United Kingdom tax, whichever is the greater.

(2) For the purposes of this section a certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom shall be receivable as evidence of the appropriate rate of United Kingdom tax or the net United Kingdom tax in any particular case.

(3) For the purposes of this section the expression "rate of tax" when applied to tax paid or payable under this Law means the rate determined by dividing the amount of the tax paid or payable for the year (before the deduction of any relief granted under this section) by the amount of the income in respect of which the tax paid or payable under this Law has been charged for that year, except that where the income which is the subject of a claim to relief under this section is computed by reference to the provisions of section 27 of this Law on an amount other than the ascertained amount of the actual profits, the rate of tax shall be determined by the Commissioner.

48. (1) Subject to the provisions of subsection (3) if any person resident in the Colony, who has paid tax by deduction or otherwise or is liable to pay tax for any year of assessment on any part of his income, proves to the satisfaction of the Commissioner that he has paid, by deduction or otherwise, or is liable to pay, Commonwealth tax for that year in respect of the same part of his income, he shall be entitled to relief from tax paid or payable by him on that part of his income at a rate thereon to be determined as follows:

Relief in
respect of
Common-
wealth tax.

(a) if the rate of Commonwealth tax does not exceed one-half of the rate of tax appropriate to his case under this Law the rate at which relief is to be given shall be the rate of Commonwealth tax; and

(b) in any other case the rate at which relief is to be given shall be half the rate of tax appropriate to his case under this Law.

(2) Subject to the provisions of subsection (3) if any person not resident in the Colony who has paid tax by deduction or otherwise or is liable to pay tax for any year of assessment on any part of his income, proves to the satisfaction of the Commissioner that he has paid, by deduction or otherwise, or is liable to pay Commonwealth tax for

that year of assessment in respect of the same part of his income, he shall be entitled to relief from tax paid or payable by him under this Law on that part of his income at a rate thereon to be determined as follows:

- (a) if the rate of Commonwealth tax appropriate to his case does not exceed the rate of tax appropriate to his case under this Law, the rate at which relief is to be given shall be one-half of the rate of Commonwealth tax; and
- (b) if the rate of Commonwealth tax appropriate to his case exceeds the rate of tax appropriate to his case under this Law, the rate at which relief is to be given shall be equal to the amount by which the rate of tax appropriate to his case under this Law exceeds one-half of the rate of Commonwealth tax.

(3) No relief shall be granted in accordance with the provisions of subsection (1) or (2) in respect of Commonwealth tax charged in any part of the Commonwealth unless the legislature of that part has provided for relief in respect of tax charged on income both in that part and in the Colony in a manner similar to that provided for in this section.

(4) For the purposes of this section, the rate of tax under this Law shall be computed in the manner provided by subsection (3) of section 47 and the rate of Commonwealth tax shall be computed in a similar manner.

(5) Where a person is, for any year of assessment, resident both in the Colony and in a place in which Commonwealth tax is charged, he shall, for the purposes of this section be deemed to be resident where, during that year, he resides for the longer period.

Period
within
which a
claim may
be made
for relief
from double
taxation.

49. A claim for relief under section 47 or section 48 shall be made within two years from the end of the year of assessment to which it relates:

Provided that such a claim, though not made within the said period of two years, shall be admitted if made within six years from the end of the said year of assessment and within six months from the date upon which the relevant amount of United Kingdom tax or Commonwealth tax, as the case may be, has been ascertained.

Double
taxation
arrange-
ments,

50. (1) If the Governor in Council by Order declares that

arrangements specified in the Order have been made with the Government of any territory outside the Colony with a view to affording relief from double taxation in relation to income tax and any tax of a similar character imposed by the laws of that territory and that it is expedient that those arrangements should have effect, the arrangements shall have effect in relation to income tax notwithstanding anything in any Law contained.

(2) On the making of an Order under this section with respect to arrangements relating to the United Kingdom, section 47 of this Law shall cease to have effect except in so far as the arrangements otherwise provide.

(3) On the making of an Order under this section with respect to arrangements relating to any territory forming part of the Commonwealth (other than the United Kingdom) section 48 shall cease to have effect as respects that territory except in so far as the arrangements otherwise provide.

(4) Any Order made under this section may be revoked by a subsequent Order.

(5) Where any arrangements have effect by virtue of this section the obligation as to secrecy imposed by section 4 shall not prevent the disclosure to any authorised officer of the Government with which the arrangements are made of such information as is required to be disclosed under the arrangements.

51. (1) The provisions of this section shall apply where, ^{Tax credits.} under arrangements having effect under section 50, tax payable in respect of any income in the territory with the Government of which the arrangements are made, is to be allowed as a credit against tax payable in respect of that income in the Colony; and in this section the expression "foreign tax" means any tax payable in that territory which under the arrangements is to be so allowed.

(2) The amount of the tax chargeable in respect of the income shall be reduced by the amount of the credit:

Provided that credit shall not be allowed against tax for any year of assessment unless the person entitled to the income is resident in the Colony for that year.

(3) The credit shall not exceed the amount which would be produced by computing the amount of the income in accordance with the provisions of this Law and then charging it to tax at a rate ascertained by dividing the tax

chargeable (before allowance of credit under any arrangements having effect under section 50 of this Law) on the total income of the person entitled to the income by the amount of his total income.

(4) Without prejudice to the provisions of subsection (3) the total credit to be allowed to a person for any year of assessment for foreign tax under all arrangements having effect under section 50 shall not exceed the total tax payable by him for that year of assessment.

(5) In computing the amount of the income—

(a) no deduction shall be allowed in respect of foreign tax whether in respect of the same or any other income;

(b) where the tax chargeable depends on the amount received in the Colony, the said amount shall be increased by the appropriate amount of the foreign tax in respect of the income;

(c) where the income includes a dividend and under the arrangements foreign tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any credit is to be given against tax in respect of the dividend, the amount of the income shall be increased by the amount of the foreign tax not so chargeable which falls to be taken into account in computing the amount of the credit:

Provided that notwithstanding anything in the preceding provisions of this subsection a deduction shall be allowed of any amount by which the foreign tax in respect of the income exceeds the credit therefor.

(6) Paragraphs (a) and (b) of subsection (5) shall apply to the computation of total income for the purposes of determining the rate mentioned in subsection (3) and shall apply thereto in relation to all income in the case of which credit falls to be given for foreign tax under arrangements for the time being in force under section 50.

(7) Where—

(a) the arrangements provide, in relation to dividends of some classes but not in relation to dividends of other classes, that foreign tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering

whether any credit is to be given against tax in respect of the dividends; and

- (b) a dividend is paid which is not of a class in relation to which the arrangements so provide,

then, if the dividend is paid to a company which controls, directly or indirectly, not less than one-half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

(8) Credit shall not be allowed under the arrangements against tax chargeable in respect of the income of any person for any year of assessment if he elects that credit shall not be allowed in the case of his income for that year.

(9) Any claim for an allowance by way of credit shall be made not later than two years after the end of the year of assessment and in the event of any dispute as to the amount allowable the claim shall be subject to objection and appeal in like manner as an assessment.

(10) Where the amount of any credit given under the arrangements is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in the Colony or elsewhere, nothing in this Law limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than two years from the time when all such assessments, adjustments and other determinations have been made, whether in the Colony or elsewhere, as are material in determining whether any credit falls to be given.

52. (1) Where the tax paid or payable by a company is affected by double taxation relief the amount to be set off under section 25 or to be repaid under subsection (1) of section 46, in respect of the tax deductible from any dividend paid by the company shall be reduced as follows—

Set off of tax deducted by companies affected by double taxation relief.

- (a) if no tax is chargeable on the recipient in respect of the dividend, the reduction shall be an amount equal to tax on the gross dividend at the rate of double taxation relief applicable thereto;

- (b) if the rate of tax chargeable on the recipient in respect of the dividend is less than the rate of double taxation relief applicable to the dividend, the reduction shall be an amount equal to tax

on the gross dividend at the difference between those two rates.

(2) For the purposes of this section the expression "double taxation relief" has the same meaning as in section 24 and the expression "the rate of double taxation relief" means the rate which represents the excess of the rate of tax deductible from the dividend over the net Colonial rate applicable thereto.

PART XI.

GENERAL POWERS OF COMMISSIONER.

Power of Commissioner to require particulars to be furnished.

53. The Commissioner may, by notice in writing, require any person to furnish him with such particulars as he may require for the purposes of this Law with respect to the income of such person or to attend before him and give evidence with respect to his income and to produce any accounts, books or other documents in his custody or under his control relating to such income.

Public officers to assist Commissioner.

54. (1) The Commissioner may require any public officer to supply such particulars as may be required for the purposes of this Law and which may be in the possession of such officer.

(2) Every public officer having in his custody any registers, books, records, papers or documents the inspection whereof may tend to secure any tax or to prove or lead to the discovery of any fraud or omission in relation to any tax shall at all reasonable times permit any person authorised in writing by the Commissioner to inspect for such purpose such registers, books, records, papers or documents and to take such notes and extracts as he may deem necessary without fee or charge.

(3) No public officer shall by virtue of this section be obliged to disclose any information or particulars as to which he is under a statutory obligation to observe secrecy.

(4) In this section "public officer" includes any officer in the employ of a Municipal Corporation.

Certain undistributed profits to be treated as distributed.

55. (1) Where it appears to the Commissioner that with a view to the avoidance or reduction of tax a company controlled by not more than five persons has not distributed

to its shareholders as dividend profits which could be distributed without detriment to the company's business or without detriment to the future expansion or development of the Company's business, he may treat any such undistributed profits as distributed and the persons concerned shall be assessed accordingly.

(2) In this section a "company controlled by not more than five persons" means a company in which the number of shareholders does not exceed fifty and more than half the shares issued are held by not more than five persons, their wives or minor children either directly or through nominees.

56. (1) Where the Commissioner is of opinion that any transaction which reduces or would reduce the amount of tax payable by any person is artificial or fictitious he may disregard any such transaction and the persons concerned shall be assessable accordingly.

Certain transactions to be disregarded.

(2) Where by virtue or in consequence of any disposition made during the life of the disponent, other than a disposition for valuable and sufficient consideration, any income is payable to or for the benefit of any person in any year immediately preceding the year of assessment, the income shall, if at the commencement of that year the person was under the age of eighteen years and unmarried, be treated for the purposes of this Law as the income of the disponent.

(3) In this section "disposition" includes any trust, grant, covenant, agreement or arrangement.

PART XII.

COLLECTION AND RECOVERY OF TAX.

57. (1) The Commissioner shall from time to time forward to the Comptroller certified extracts from the assessment lists containing the names and addresses of the persons assessed together with the amount of tax payable by each such person.

Extracts from lists to be sent to Comptroller and procedure in cases where objection or appeal is pending.

(2) Collection of tax shall in cases where notice of an objection or an appeal has been given remain in abeyance until such objection or appeal is determined:

Provided that the Comptroller may in any such case

enforce payment of any portion of the tax which is not in dispute.

Time within which payment is to be made.

58. Tax shall be payable by such date or dates as may be prescribed.

Penalty for non-payment of tax; and enforcement of payment.

59. If any tax is not paid by the prescribed date—

(a) a sum equal to five per centum of the amount of the tax payable shall be added thereto and the provisions of this Law relating to the collection and recovery of tax shall apply to the collection and recovery of such sum; and

(b) the Comptroller may proceed to enforce payment under the law for the time being in force in the Colony relating to the collection of tax or as provided in section 61.

Collection of tax after determination of objection or appeal.

60. Where payment of tax in whole or in part has been held over pending the result of a notice of objection or of an appeal, the tax outstanding under the assessment as determined on such objection or appeal, as the case may be, shall be payable within seven days from the date of the receipt by the person assessed of the notification of the tax payable or within such extended period as the Commissioner or the Court, as the case may be, shall determine and if such tax is not paid within such period the provisions of section 59 shall apply as if the date of the expiry of such period were the prescribed date.

Suit for tax by Comptroller.

61. The Comptroller may initiate proceedings in a Court for payment of tax against any person assessed and charged with such tax and may recover the same with full legal costs as a debt payable to the Government.

Recovery of tax in certain cases.

62. (1) If in any particular case the Commissioner has reason to believe that a person who has been assessed to tax may leave the Colony before such tax becomes payable without having paid such tax, he may by notice in writing to such person demand payment of such tax within the time to be limited in such notice. Such tax shall thereupon be payable at the expiration of the time so limited and shall in default of payment, unless security for payment thereof be given to the satisfaction of the Commissioner, be recoverable forthwith in manner provided in paragraph (b) of section 59.

(2) If in any particular case the Commissioner has reason to believe that tax upon any chargeable income may not be recovered, he may at any time—

- (a) by notice in writing require any person to make a return and to furnish particulars of any such income forthwith or within a time to be specified in such notice;
- (b) make an assessment upon such person in the amount of the income returned or, if default is made in making any return or if the Commissioner is dissatisfied with such return, in such amount as the Commissioner may think reasonable; and
- (c) by notice in writing to the person assessed require that security for the payment of the tax assessed be forthwith given to his satisfaction.

(3) If in any particular case the Commissioner has reason to believe that tax upon any income which would, under the provisions of this Law, become chargeable to such tax in any future year of assessment may not be recovered, he may at any time—

- (a) by notice in writing to the person by whom the tax would be payable determine a period for which tax shall be charged and require such person to render within the time specified therein returns and particulars of such income for that period; and
- (b) make an assessment upon such person in the amount of the income returned or, if default is made in making a return or if the Commissioner is dissatisfied with such return, in such amount as the Commissioner may think reasonable. Such assessment shall be made at the rate of tax and in accordance with the provisions set forth in the Second Schedule to this Law.

(4) Notice of assessment made in accordance with the provisions of subsection (2) or (3) shall be served upon the person assessed and any tax so assessed shall be payable on demand made in writing under the hand of the Commissioner and shall in default of payment, unless security for the payment thereof be given to the satisfaction of the Commissioner, be recoverable forthwith in manner provided in paragraph (b) of section 59.

PART XIII.

ASSESSMENT, CHARGE, COLLECTION AND
RECOVERY OF TAX IN RESPECT OF
EMOLUMENTS.

Interpreta-
tion.

63. For the purposes of sections 64, 65, 66 and 75 "emoluments" means all income derived by an individual from gains or profits as specified in paragraph (b) of subsection (1) of section 5 and includes any pension.

Assessment,
charge, etc.,
on emolu-
ments.

64. Notwithstanding anything in this Law contained, tax for the year 1953 or any subsequent year of assessment shall be assessed and charged on all emoluments for any such year and on the making of any payment of, or on account of such emoluments during the year 1953 or any subsequent year of assessment, tax shall, subject to and in accordance with the Rules made by the Governor in Council under section 75, be deducted by the person making the payment of the emoluments notwithstanding that when the payment is made no assessment has been made in respect of the emoluments and notwithstanding that the emoluments are in whole or in part emoluments for some year of assessment other than the year during which the payment is made.

Income tax
in respect of
emoluments
to be a pre-
ferential
payment in
certain cases.
Cap. 5.

65. (1) There shall be included among the debts which under section 38 of the Bankruptcy Law are to be paid in priority to all other debts in the distribution of the property of a bankrupt or person dying insolvent any amounts deducted as tax by an employer from the emoluments of an employee and which have not been paid to the Comptroller during the period of twelve months preceding the date of the receiving order.

Cap. 113.

(2) There shall be included among the debts, which under section 300 of the Companies Law, are to be paid in priority to all other debts in the winding up of a company, any amounts deducted as tax by an employer from the emoluments of an employee and which have not been paid to the Comptroller during the period of twelve months preceding the relevant date as defined in the said section.

(3) Where a receiver is appointed on behalf of the holders of any debentures of a company secured by a floating charge or possession is taken by or on behalf of those debenture holders of any property comprised in or subject to the

charge, there shall be included among the debts, which under section 89 of the Companies Law, are to be paid in priority to any claim for principal or interest in respect of the debentures, any amounts deducted as tax by an employer from the emoluments of an employee and which have not been paid to the Comptroller during the period of twelve months preceding the date on which the receiver is appointed or possession is taken as aforesaid, as the case may be. Cap. 113.

66. All other provisions of this Law relating to income shall apply to income from emoluments in so far as they are consistent with sections 64 and 65. Other provisions of the Law to apply.

PART XIV.

MISCELLANEOUS.

67. Every notice given by the Commissioner under this Law shall be valid if it purports to be given under the hand of the Commissioner, or other officer appointed under the provisions of section 3 and directed by the Commissioner, by reason of the fact that the signature of the Commissioner or such officer is printed or written thereon unless it is proved that the notice was not given by the Commissioner or such officer: Validity of notices.

Provided that any notice issued by the Commissioner requiring any person to supply particulars or attend before him as provided in sections 42, 53 or 54 shall be signed personally by the Commissioner or other officer appointed and directed as aforesaid.

68. A notice may be served on a person either personally or by being sent by registered post to his last known business or private address and shall in the latter case be deemed to have been served, in the case of persons resident in the Colony, not later than the seventh day following the day when posted, and in the case of persons not so resident, not later than the thirtieth day following the day on which the notice would have been received in the ordinary course by post; and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and posted. Service of notices.

69. No deduction as provided in section 10 and no allowance or set off as provided in sections 11 and 14 of this Deductions not to be made unless

proper
accounts
kept.

Law shall be made unless proper accounts, to the satisfaction of the Commissioner, together with a computation showing the assessable profits or the losses of the trade, business, profession or vocation are produced to the Commissioner and a finding by the Commissioner that any such accounts or computation are unsatisfactory shall not be a ground of objection under the provisions of subsection (2) of section 42.

False state-
ments, etc.

70. (1) Any person who, for the purpose of obtaining for himself any deduction, rebate, reduction or repayment of tax, knowingly makes or delivers or furnishes or causes to be made or delivered or furnished under this Law any statement, return, claim, list or particulars which is or are false in any material particular shall be guilty of an offence against this Law.

(2) Any individual who aids, abets, assists, counsels, incites or induces a person—

(a) to make, deliver or furnish under this Law any statement, return, claim, list or particulars which is or are false in any material particular;
or

(b) to keep or prepare any account or record which is false in any material particular concerning any income on which tax is payable under this Law,

shall be guilty of an offence against this Law.

(3) Any person who commits any offence specified in subsection (1) or (2) shall be liable on conviction to a fine of five hundred pounds or to imprisonment for a period of two years or to both such fine and imprisonment; and being a person convicted of an offence specified in subsection (1) shall be chargeable in respect of the year of assessment in which the offence is committed with treble the amount of tax properly chargeable on his true total income for such year in addition to the tax so properly chargeable; and such additional tax chargeable under this section shall be recoverable in manner provided in paragraph (b) of section 59.

(4) For the purposes of this section a statement, return, claim, list, account, record or particulars shall be deemed to be false in a material particular if any information or amount which should properly be included therein is omitted therefrom.

71. Any person who refuses or fails or neglects to give any notice or to render any return or list or to furnish any particulars or to perform any duty required to be given, rendered, furnished or performed under the provisions of this Law and any person who otherwise contravenes any provision of this Law shall be guilty of an offence against this Law and shall be liable on conviction to a fine of one hundred pounds or to imprisonment for a term of six months or to both such imprisonment and such fine unless some other penalty is specifically provided for such offence.

Other offences.

72. The Commissioner may compound any offence under this Law and may, before judgment, compound any proceedings thereunder.

Compounding of offences.

73. Proceedings against any person under the provisions of this Law for an offence against this Law shall be without prejudice to any criminal proceedings which may be taken under any other Law.

Saving for criminal proceedings.

74. The Governor in Council may remit the whole or any part of the tax payable by any person if he is satisfied that it would be just and equitable so to do by reason of the poverty of such person.

Governor in Council may remit tax on ground of poverty.

75. (1) The Governor in Council shall make Rules with respect to the assessment, charge, collection and recovery of tax on emoluments as defined in section 63 and such Rules may include provision—

Rules.

- (a) for requiring any person making any payment of, or on account of, any such emoluments to make a deduction when making the payment, of tax calculated by reference to tax tables prepared by the Commissioner and for rendering persons who are required to make any such deduction accountable to the Commissioner;
- (b) for the production to and inspection by the Commissioner or any person authorised by him of wages sheets and other documents or records for the purpose of satisfying the Commissioner that tax has been and is being deducted and accounted for in accordance with the Rules;
- (c) for the collection and recovery, whether by deduction from income paid in any later year or otherwise, of tax in respect of emoluments to

which this Law applies which has not been deducted or otherwise recovered during the year;

- (d) for appeals with respect to matters arising under the Rules which would not otherwise be the subject of an appeal, and

the tax tables to which reference is made in paragraph (a) shall be constructed with a view to securing that, as far as possible, the total tax payable in respect of the emoluments of an individual for any year of assessment is deducted from the emoluments paid during that year.

(2) The Governor in Council may make Rules for carrying out the provisions of any arrangements having effect under section 50.

(3) The Governor in Council shall make Rules generally for carrying out the provisions of this Law and for such matters as are required or authorised by this Law to be prescribed and may make Rules with respect to any matter or thing in respect of which it is expedient to make Rules for the purpose of carrying this Law into execution.

(4) If any person fails to comply with or contravenes the provisions of any Rule made under this section he shall be guilty of an offence against this Law.

(5) All Rules made in pursuance of this section shall be published in the Gazette.

Commence-
ment.

76. This Law shall be deemed to have come into force on the first day of January, 1958.

Saving.

77. All rules, orders and appointments made and notices issued under the Law hereby repealed* shall be deemed to have been made under this Law and continue in full force until revoked, repealed or replaced under this Law; and

Provided further that, notwithstanding the repeal of the said Law, any assessments which have not been made for any year of assessment prior to the year 1958 and any tax which has not been assessed, levied and collected on the coming into force of this Law shall be assessed, levied and collected in accordance with and subject to the provisions of the Law hereby repealed.

* The Law repealed by this Law is the Income Tax Law, 1949, Cap. 297, as amended by Laws 13/50, 8/51, 31/52, 13/53, 5/55 and 14/58.

FIRST SCHEDULE.

(Section 11 (9).)

ALLOWANCES IN RESPECT OF MINING OPERATIONS.

1. (1) In this Schedule, unless the context otherwise requires—

Interpreta-
tion.

“balance of expenditure” at any date in respect of any asset or assets means the sum of any expenditure incurred by a person carrying on a trade of mining in respect of such asset or assets on or after the 1st day of January, 1946, *plus* any previous expenditure in respect of such asset or assets determined in accordance with the provisions of this Schedule from which has been deducted the following:—

- (a) any initial allowance in respect of such expenditure made under the provisions of this Schedule;
- (b) any annual allowance in respect of such expenditure or previous expenditure made under the provisions of this Schedule;
- (c) the amount of any sale, insurance, salvage or compensation moneys received or receivable in respect of any asset or assets or any part thereof which were sold, demolished or destroyed prior to such date and after the 1st day of January, 1946;

“expenditure” means capital expenditure in connection with a source of mineral deposits incurred by any person carrying on a trade of mining—

- (a) on searching for or on discovering and testing mineral deposits or winning access thereto or on development, and on general administration and management prior to the commencement of production;
- (b) on the provision of plant and machinery including any premium or consideration in the nature of a premium paid for the use of such plant and machinery;
- (c) on the construction of any buildings, structures or works, from which has been deducted the net proceeds of sale of any minerals extracted prior to the commencement of production:

Provided that the said expression shall include—

- (i) any expenditure on the acquisition of the site of the source or of the site of any such works as aforesaid, or of rights in or over any such site;
- (ii) an expenditure on the acquisition of, or of rights in or over, the deposits:

Provided also that the said expression shall not include—

- (i) any expenditure on works constructed wholly or mainly for subjecting the raw product of the source to any process, except a process designed for preparing the raw product for use as such;
- (ii) any expenditure on searching for or on discovering or testing the mineral deposits of any source or winning access thereto in cases where the search, exploration or inquiry is given up without there having been carried out any trade which consists of or includes the working of the source in question, such expenditure to be allowed as a deduction from the chargeable income in the year of

assessment immediately following that in which the search, exploration or inquiry, is given up.

"the Law" means the Income Tax Law, Cap. 323;

"minerals" means any substances or materials of economic value of a wasting nature forming part of, or derived naturally from, the crust of the earth and obtained mainly by underground excavations;

"mining" means the winning of minerals;

"source" or "source of mineral deposits" at any date means, subject to the provisions of sub-paragraphs (2) and (3), the total mineral deposits in or upon any land from which the person carrying on the trade had, at that date, any right to lift or extract such mineral deposits or any title to acquire such right being land in the same mineral field.

(2) Where separate and distinct mining operations are carried on in mines that are not contiguous and the person carrying on the trade gives notice in writing to the Commissioner within twelve months of being granted a mining lease giving the right to extract minerals from the area of such mine that he wishes the mineral deposits appertaining to each such separate mine to be treated as constituting a separate source then they shall be deemed to be separate sources for all the purposes of the Law for all years of assessment.

(3) Any references in this Schedule to assets representing any expenditure includes, in relation to expenditure on searching for, discovering and testing deposits, any results obtained from any search, exploration or inquiry upon which the expenditure was incurred.

Estimate
of ore
reserves.

2. Any person carrying on a trade of mining who claims allowances under this Schedule shall, within the year of assessment, render to the Commissioner, at the same time as he renders his return of income under section 34 of the Law an estimate of the economically payable ore reserves of the source as at the 31st day of December immediately preceding such year of assessment which shall be supported by such calculations as are necessary to show how the estimate is arrived at and, if the Commissioner so requires, by copies of key plans showing all such reserves. Such estimate shall be determined by the Commissioner and the estimate as so determined by him shall, for the purposes of this Schedule, be the total potential future output of the source as at such date. Subject to the provisions of paragraph 4 of this Schedule, such annual revision shall not affect any assessment determined or any allowance made or presumed to have been made under this Schedule.

Previous
expenditure
and initial
and annual
allowance.

3. (1) Where on the 1st of January, 1946, a person was carrying on a trade of mining, he shall be deemed to have incurred on the 1st day of January, 1946, expenditure (in this Schedule referred to as "previous expenditure") of such amount as shall be determined by the Commissioner, having regard to the total expenditure in connection with the source which was incurred by such person before the 1st day of January, 1946, the total potential future output of the source as at that date, the total output of the source prior to that date, any deductions previously allowed under section 11 of the Law and any other relevant factors:

Provided that there shall be deducted from the previous expenditure as thus determined the amount of any sale, insurance, salvage or compensation moneys received or receivable in respect of any asset or assets or

any part thereof which were sold, demolished or destroyed prior to the 1st day of January, 1946.

(2) (a) Where, on or after the 1st day of January, 1946, a person carrying on a trade of mining incurs expenditure, there shall be deducted in computing his chargeable income—

(i) for the year of assessment immediately following the year in which such expenditure is incurred an allowance (in this Schedule referred to as “an initial allowance”) equal to—

(a) one-fifth of any such expenditure incurred on the provision of plant and machinery; and

(b) one-tenth of any other such expenditure;

(ii) for each subsequent year of assessment, an allowance (in this Schedule referred to as “an annual allowance”) equal to the amount which results from applying to the balance of such expenditure the fraction of which—

(a) the numerator represents the output from the source in question during the year immediately preceding the year of assessment; and

(b) the denominator represents the sum of that output and the total potential future output of the source estimated at the end of that period,

or the fraction one-twentieth, whichever is the greater.

(b) Where a person carrying on a trade of mining has incurred previous expenditure there shall be deducted in computing his chargeable income for the year of assessment 1947 and subsequent years of assessment an annual allowance in respect of such previous expenditure calculated as in paragraph (a) of this sub-paragraph.

4. Where the source ceases to be worked or, in the case of a source worked under a concession, the concession comes to an end, the person carrying on the trade may elect that the annual allowance, if any, for the year in which that event occurs and for each of the six previous years shall be computed as if the reference in paragraph 2 of this Schedule to the potential future output of the source were a reference to the actual output of the source between the end of the year and the happening of the said event, and the said allowances shall be computed accordingly, and, notwithstanding anything in the Law contained limiting the time for the making of assessments or the allowance of claims for repayment, all such repayments and additional assessments shall be made as are necessary to enable effect to be given to this paragraph of this Schedule:

Adjustment where source ceases to be worked.

Provided that where any person elects that annual allowances shall be computed in accordance with this paragraph then the provisions of paragraph 5 of this Schedule shall apply as regards any asset or assets representing expenditure in respect of which such allowances are computed irrespective of when the event or events referred to in such paragraph occur or to whether or not the trade is permanently discontinued.

5. (1) Where in any year of assessment a person sells assets representing expenditure in respect of which any deduction has been allowed under the provisions of this Schedule or under the provisions of section 11 of the Law and the buyer of these assets buys them for the purpose of a trade carried on or to be carried on by him, being a trade which consists of or includes the working of the whole or any part of the source in connection with which the assets were provided, then the person shall, within the year of assessment, render to the Commissioner a statement

Sale of the source or part of the source as a going concern.

(in this Schedule referred to as "a balancing statement") in respect of the assets in question showing the following items, that is to say:—

- (i) the balance of expenditure at immediately prior to the date of the sale; and
- (ii) the amount of the sale moneys received or receivable in respect thereof; and
- (iii) the aggregate amount of all deductions from chargeable income previously allowed under this Schedule and of any deductions from chargeable income previously allowed under the provisions of section 11 of the Law.

(2) In ascertaining the chargeable income of a person who is required under sub-paragraph (1) of this paragraph to render a balancing statement to the Commissioner a deduction (in this Schedule referred to as "a balancing deduction") shall be allowed or, as the case may be, an addition (in this Schedule referred to as "a balancing addition") shall be made and such balancing deduction or balancing addition shall be calculated by reference to the balancing statement rendered by the person in respect of the year immediately preceding the year of assessment as follows:—

- (a) the amount of a balancing deduction shall be the amount by which the amount of item (i) of the balancing statement exceeds the amount of item (ii) of such statement; or
- (b) the amount of the balancing addition shall be the amount by which the amount of item (ii) of the balancing statement exceeds the amount of item (i) of such statement, except that in no case shall a balancing addition exceed the amount of item (iii) of the statement.

(3) The provisions of subsection (6) of section 11 of the Law shall apply as regards any balancing statement made under this Schedule.

(4) The buyer of any such asset or assets shall, for the purposes of the provisions of this Schedule relating to annual allowances, balancing deductions and balancing additions be deemed to have incurred on the assets, at the time of the sale, expenditure to which this Schedule applies equal to whichever is the lesser of the following amounts, that is to say:—

- (i) so much of the price as is attributable to the assets; and
- (ii) the balance of the expenditure incurred by the seller on the assets as at the date of the sale reduced by the amount of any balancing deduction or increased by the amount of any balancing addition made to the seller under this paragraph.

Application to expenditure incurred by persons not engaged in the trade of mining.

6. (1) Any expenditure incurred for the purpose of a trade of mining by a person about to carry it on shall be treated for the purposes of this Schedule as if it had been incurred by that person on the first day on which he does carry it on:

Provided that there shall be deducted from such expenditure the amount of any sale, insurance, salvage or compensation moneys received or receivable in respect of any asset or assets or any part thereof which were sold, demolished or destroyed prior to the day on which such person commenced a trade of mining.

(2) Where a person incurs expenditure on searching for or discovering and testing mineral deposits or winning access thereto or on development, general administration and management prior to the commencement of production and, without having commenced to carry on a trade of mining,

he sells any assets representing that expenditure, then, if the person who acquires the assets commences to carry on such a trade as aforesaid in connection with the source, that person shall, for the purposes of this Schedule, be deemed to have incurred, for the purposes of the said trade, expenditure to which this Schedule applies equal to the amount of the expenditure to which the provisions of this Schedule apply which is represented by the assets or the price paid by him for the assets, whichever is the smaller:

Provided that nothing in this paragraph contained shall authorise the making of an initial allowance in respect of any expenditure incurred before the 1st day of January, 1946.

SECOND SCHEDULE.

(Section 23.)

SCALE OF RATES OF TAX PAYABLE ON CHARGEABLE INCOME.

1. Subject to the provisions of paragraphs 2, 3 and 4 of this Schedule the rates of tax shall be as set out in the following table:—

<i>Chargeable Income.</i>	<i>Rate of Tax</i>
On every pound not exceeding £300 ...	Nil
On every pound in excess of £300 but not exceeding £350	50 mils
On every pound in excess of £350 but not exceeding £500	75 mils
On every pound in excess of £500 but not exceeding £1,000	100 mils
On every pound in excess of £1,000 but not exceeding £1,500	150 mils
On every pound in excess of £1,500 but not exceeding £2,000	300 mils
On every pound in excess of £2,000 but not exceeding £2,500	450 mils
On every pound in excess of £2,500 but not exceeding £3,000	500 mils
On every pound in excess of £3,000 but not exceeding £3,500	550 mils
On every pound in excess of £3,500 but not exceeding £4,000	600 mils
On every pound in excess of £4,000 but not exceeding £5,000	650 mils
On every pound in excess of £5,000 but not exceeding £6,000	700 mils.
On every pound in excess of £6,000 ...	750 mils.

2. In the case of an individual the major part of whose chargeable income consists of emoluments as defined in section 63 and who is a bachelor or spinster on the last day of the year of assessment and in the case of any other individual who is a bachelor or spinster on the last day of the year immediately preceding the year of assessment the tax payable pursuant to paragraph 1 of this Schedule shall be increased by 33½ per centum:

Provided that where the tax payable exceeds £90 the increase of such tax over £90 shall be by 50 per centum; and

Provided further that the total of such increases shall not exceed £500 in any one year.

3. Any individual whose chargeable income does not exceed £400 shall be exempted from payment of tax and where the chargeable income of an individual exceeds £400 but does not exceed £425 the tax payable by such individual shall be three-tenths of the amount by which such chargeable income exceeds £400.

4. Companies and all bodies corporate or unincorporate shall pay tax at the rate of four hundred and twenty-five mils on every pound of chargeable income.

THIRD SCHEDULE.

(Section 2.)

Aden.
Australia.
Bahamas.
Barbados.
Basutoland.
Bechuanaland.
Bermuda.
British Guiana.
British Honduras.
British Solomon Islands.
Brunei.
Canada.
Ceylon.
Channel Islands.
Falkland Islands.
Federation of Malaya.
Fiji.
Gambia.
Ghana.
Gibraltar.
Gilbert and Ellice Islands.
Hong Kong.
India.
Isle of Man.
Jamaica.
Kenya.
Leeward Islands.
Malta.
Mauritius.
New Hebrides.
New Zealand.
Nigeria.
North Borneo.
Northern Rhodesia.
Nyasaland Protectorate.
Pakistan.
St. Helena.
Sarawak.
Seychelles.
Sierra Leone.
Singapore.
Somaliland Protectorate.
Southern Rhodesia.
South-West Africa.
Swaziland.
Tanganyika.
Tonga.
Trinidad and Tobago.
Uganda Protectorate.
Union of South Africa.
United Kingdom of Great Britain and Northern Ireland.
Windward Islands.
Zanzibar.