

CTF

RETURN RELATING TO

**SUPPLEMENTARY FINANCIAL STATEMENT (1955-56)  
(OCTOBER 1955)**

RETURN to an Order of the Honourable The House of Commons  
dated 26 October, 1955:—*for*

**STATEMENT of CHANGES in TAXATION as proposed by the  
CHANCELLOR OF THE EXCHEQUER.**

Treasury Chambers,  
26 October, 1955 } HENRY BROOKE

*(Mr. Henry Brooke)*

*Ordered by The House of Commons to be Printed  
26 October, 1955*

**LONDON  
HER MAJESTY'S STATIONERY OFFICE**

SIXPENCE NET



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PROPOSED CHANGES IN TAXATION

INLAND REVENUE

SURTAX

It is proposed to increase the limits on the amounts which Lloyd's underwriters may deduct for surtax purposes in respect of sums paid under approved schemes to Trust Funds to meet future losses.

INCOME TAX AND PROFITS TAX

It is proposed to amend the law relating to (a) the computation of profits of dealing concerns where dividends received on shares are paid out of profits accumulated before the shares were acquired and (b) cases where exemption from tax is claimed on dividends paid out of past profits similarly accumulated.

PROFITS TAX

It is proposed as from 1st November, 1955, to increase the rate of profits tax on that part of the profit which is distributed from  $22\frac{1}{2}$  per cent. to  $27\frac{1}{2}$  per cent.

CUSTOMS AND EXCISE

EXCISE

*Purchase Tax—*

1. Except where otherwise provided below, it is proposed that the rate of tax on all goods at present chargeable at 25 per cent. of the wholesale value shall be increased to 30 per cent.; on all goods chargeable at 50 per cent., to 60 per cent.; and on all goods chargeable at 75 per cent., to 90 per cent.



PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*EXCISE—*continued**Purchase Tax—continued*

2. It is proposed that the following goods, at present exempt from tax, shall become chargeable at the rate of 30 per cent. of the wholesale value:—

Vessels for use as containers for food or drink, and lids for them; serving trays, bread boards, bowls, jugs and ewers.

Household brushes, brooms and mops.

Dustbins, buckets, pails and their lids.

Coal hods, coal scuttles and pedal-operated sanitary bins.

Wash tubs, wash boards, portable baths, ironing boards, clothes line posts, clothes pegs, clothes props and clothes airers.

Pot scourers and steel wool.

Pastry boards and rolling pins.

Coal or cinder sieves and sifters.

Electric kettles and other cooking utensils incorporating heating elements.

Smoothing irons and pressing irons, and shields and stands for them.

Interval timers.

Kitchen scales, weights and weighing machines.

Hand-operated wringers and mangles.

Shopping baskets and shopping bags.

3. It is proposed that gas and electric space and water heating appliances of a kind not suitable for operation from the mains, which are at present exempt from tax, shall become chargeable at the rate of 60 per cent. of the wholesale value.

4. It is proposed to abolish the charge of tax, at present at the rate of 50 per cent. of the wholesale value, on vases under Group 25 of the tax Schedule; they will become chargeable at the rate of 30 per cent. under Group 11.

5. It is proposed to abolish the provision under which articles, if made of cut glass, are chargeable at a higher rate of tax (at present 50 per cent. of the wholesale value) than would otherwise apply to them.

6. It is proposed to abolish the charge of tax, at present at the rate of 50 per cent. of the wholesale value, under Groups 27 and 28 of the tax Schedule on goldsmiths' and silversmiths' wares and on articles made of semi-precious materials. Accordingly, the liability to tax of articles within these Groups will no longer be determined by reference to the materials they contain, but by reference to the way in which the articles as such fall within the scope of other Groups in the Schedule. To remove possible doubt in this connection, it is proposed to make express provision in the Schedule that articles of precious metal worn on the person shall be chargeable at the new rate of 60 per cent., and that trophy cups and bowls and similar articles, picture-frames, frames and stands for photographs and similar frames and stands, shall be chargeable at the new rate of 30 per cent.

7. It is proposed to withdraw the system of D reliefs under which certain articles of wearing apparel, handkerchiefs, cloth, domestic textile articles, bedding and furniture have been chargeable with tax only on the excess, if any, of their wholesale value over a fixed amount.



PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*EXCISE—*continued**Purchase Tax—continued*

8. It is proposed that goods within these descriptions which are at present exempt from tax (for example, young children's garments and footwear) shall remain exempt, and that in addition babies' gloves and headgear, babies' high chairs, cots, playpens, and babies' cradles and stands for them, shall become exempt. It is also proposed to abolish the charge of tax, at present at the rate of 50 per cent. with D relief, on woollen domestic textile articles and soft furnishings, including travelling rugs and pram rugs. It is proposed that other goods of the kinds referred to in the previous paragraph shall be chargeable with tax at the following rates, which will apply to the full wholesale value of the goods:—

	<i>Present rate</i>	<i>Proposed rate</i>
<i>Apparel and haberdashery, not of fur—</i>		
Garments, footwear and gloves ... ..	25 per cent. with D relief	5 per cent.
Headgear—		
Woven caps, berets, sou'westers and industrial hats; knitted headgear	25 per cent. with D relief	} 10 per cent.
Other headgear ... ..	25 per cent.	
Haberdashery, not including tapes, ribbons and other narrow fabrics—		
Handkerchiefs, scarves, shawls and braces	25 per cent. with D relief	5 per cent.
Other haberdashery ... ..	25 per cent.	30 per cent.
<i>Articles of fur—</i>		
Gloves ... ..	25 per cent. with D relief	5 per cent.
Garments and footwear ... ..	50 per cent. with D relief	} 50 per cent.
Headgear, including fur-trimmed headgear; haberdashery	50 per cent.	
Dressed fur skin; fur rugs ... ..	50 per cent.	
<i>Cloth, bedding, etc.—</i>		
Woollen cloth—		
Not exceeding 3" in width ... ..	25 per cent.	} 10 per cent.
Exceeding 3" in width ... ..	50 per cent. with D relief	



PROPOSED CHANGES IN TAXATION—*continued*

CUSTOMS AND EXCISE—*continued*

EXCISE—*continued*

		<i>Present rate</i>	<i>Proposed rate</i>
<i>Purchase Tax—continued</i>			
<i>Cloth, bedding, etc.—continued</i>			
Other cloth—			
Not exceeding 3" in width	... ..	25 per cent.	} 10 per cent.
Exceeding 3" but not exceeding 12" in width	... ..	Not chargeable	
Exceeding 12" in width	... ..	Not chargeable	Not chargeable
Mattresses, pillows and bolsters	... ..	25 per cent. with D relief	} 5 per cent.
Cushions	... ..	25 per cent.	
<i>Furniture—</i>			
The following articles of domestic furniture—			
Wardrobes, cupboards, tallboys, cabinets other than refrigerator cabinets, chests, chests of drawers, dressing chests, sideboards, bureaux, bookcases, bookcase units, sets of shelves (but not including any of the above-mentioned articles which are made of metal) ... ..			
Tables, including writing tables and dressing tables, and trolleys	... ..	} 25 per cent. with D relief	} 5 per cent.
Chairs, settees, stools, pouffes and other seats	... ..		
Divans, bunks, ottomans, spring bases, box-spring mattresses and other mattresses, not being overlay mattresses			
Headboards and bedstead ends ...			
Fireside curbs ... ..			
Other domestic furniture; office furniture	... ..	25 per cent.	30 per cent.

9. These changes apply to goods delivered by registered manufacturers and wholesalers, or imported by unregistered persons, after 26th October, 1955.



## ESTIMATED EFFECT OF CHANGES IN TAXATION

	Estimate for 1955-56	Estimate for a full year
<b>INLAND REVENUE</b>		
<i>Surtax—</i>		
Increase in the limits on the amounts which qualify for relief from surtax when paid into certain Trust Funds by Lloyd's underwriters ... ..	£  Nil	£  — 500,000
<i>Profits Tax—</i>		
Increase in the rate of profits tax on distributed profits from 22½ per cent. to 27½ per cent. ... ..	Negligible	+ 38,000,000*
<b>TOTAL INLAND REVENUE ...</b>	<b>Negligible</b>	<b>+ 37,500,000</b>
<b>CUSTOMS AND EXCISE</b>		
<i>Excise—</i>		
Purchase Tax ... ..	+ 15,000,000	+ 75,000,000
<b>TOTAL CUSTOMS AND EXCISE</b>	<b>+ 15,000,000</b>	<b>+ 75,000,000</b>
<b>Total ... ..</b>	<b>+ 15,000,000</b>	<b>+ 112,500,000</b>

\* The yield in 1956-57 will be £10,000,000.



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