

Income tax: manner of granting, and effect of, allowances made by means of discharge or repayment of tax. ITA67 s254(1)(e), s296(1), (3), (4) and (5), F(MP)A68 s3(2) and Sch1; CTA76 s21(1) and Sch1 par17; FA80 s17(1) 305.—(1) (a) Where under this Part an allowance is to be made to a person for any year of assessment which is to be given by means of discharge or repayment of tax, and is to be available or available primarily against a specified class of income, the amount of the allowance shall be deducted from or set off against the person's income of that class for that year of assessment and, if the amount to be allowed is greater than the amount of the person's income of that class for that year of assessment, the balance shall be deducted from or set off against the person's income of that class for the next year of assessment, and so on for subsequent years of assessment, and tax shall be discharged or repaid accordingly.

(b) Notwithstanding paragraph (a), where an allowance referred to in that paragraph is available primarily against income of the specified class and the amount of the allowance is greater than the amount of the person's income of that class for the first-mentioned year of assessment, the person may, by notice in writing given to the inspector not later than 2 years after the end of the year of assessment, elect that the excess shall be deducted from or set off against the person's other income for that year of assessment, and it shall be deducted from or set off against that income and tax shall be discharged or repaid accordingly and only the excess, if any, of the amount of the allowance over all the person's income for that year of assessment shall be deducted from or set off against the person's income of the specified class for succeeding years.

(2) Any claim for an allowance mentioned in subsection (1) shall be made to and determined by the inspector, but any person aggrieved by any decision of the inspector on any such claim may, on giving notice in writing to the inspector within 21 days after the notification to that person of the decision, appeal to the Appeal Commissioners.

(3) The Appeal Commissioners shall hear and determine an appeal to them under subsection (2) as if it were an appeal against an assessment to income tax, and the provisions of the Income Tax Acts relating to the rehearing of an appeal and to the statement of a case for the opinion of the High Court on a point of law shall, with the necessary modifications, apply accordingly.

(4) Where any person, for the purpose of obtaining for that person or any other person any relief from or repayment of tax in respect of an allowance mentioned in subsection (1), knowingly makes any false statement or false representation, that person shall be liable to a penalty of £500.