

Method of apportioning reliefs and charging tax in cases of separate assessments. ITA67 s198; FA80 s18; FA81 s5; FA92 s2(2) (a); FA97 s8(9) and s146(1) and Sch9 Ptl par1(13) 1024.—(1) This section shall apply where pursuant to an application under section 1023 a husband and wife are assessed to tax for a year of assessment in accordance with that section.

(2) (a) Subject to subsection (3), the benefit flowing from the personal reliefs for a year of assessment may be given either by means of reduction of the amount of the tax to be paid or by repayment of any excess of tax which has been paid, or by both of those means, as the case requires, and shall be allocated to the husband and the wife, in so far as it flows from—

(i) relief under sections 244, 328, 337, 349, 364 and 371, in the proportions in which they incurred the expenditure giving rise to the relief;

(ii) relief under sections 461, 464, 465 (other than subsection (3)) and 468, in the proportions of one-half and one-half;

(iii) relief in respect of a child under section 465 (3) and relief in respect of a dependent relative under section 466, to the husband or to the wife according as he or she maintains the child or dependent relative;

(iv) relief under section 467, in the proportions in which they bear the cost of employing the person in respect of whom the relief is given;

(v) relief under section 469, in the proportions in which they bore the expenditure giving rise to the relief;

(vi) relief under sections 470 and 473, to the husband or to the wife according as he or she made the payment giving rise to the relief;

(vii) relief under section 471, in the proportions in which they incurred the expenditure giving rise to the relief;

(viii) relief under section 472, to the husband or to the wife according as the emoluments from which the deduction under that section is made are emoluments of the husband or of the wife;

(ix) relief under sections 474, 475, 476, 477, 478 and 479, in the proportions in which they incurred the expenditure giving rise to the relief;

(x) relief under section 481, in the proportions in which they made the relevant investment giving rise to the relief;

(xi) relief under Part 16, in the proportions in which they subscribed for the eligible shares giving rise to the relief;

(xii) relief under paragraphs 12 and 20 of Schedule 32, in the proportions in which they incurred the expenditure giving rise to the relief.

(b) Any reduction of income tax to be made under section 187 (4) (b) or 188 (5) for a year of assessment shall be allocated to the husband and to the wife in proportion to the amounts of income tax which but for section 187 (4) (b) or 188 (5) would have been payable by the husband and by the wife for that year.

(c) Subject to subsection (4), section 15 shall apply for the year of assessment in relation to each of the spouses concerned as if the part of the taxable income specified in Part 2 of the Table to that section which is to be charged to tax at the standard rate were one-half of the part so specified.

(3) Where the amount of relief allocated to the husband under subsection (2) (a) exceeds the income tax chargeable on his income for the year of assessment, the balance shall be applied to reduce the income tax chargeable on the income of the wife for that year, and where the amount of relief allocated to the wife under that paragraph exceeds the income tax chargeable on her income for the year of assessment, the balance shall be applied to reduce the income tax chargeable on the income of the husband for that year.

(4) Where the part of the taxable income of a spouse chargeable to tax in accordance with subsection (2) (c) at the standard rate is less than that of the other spouse and is less than the part of taxable income specified in column (1) of Part 2 of the Table to section 15 (in this subsection referred to as "the appropriate part") in respect of which the first-mentioned spouse is so chargeable to tax at that rate, the part of taxable income of the other spouse which by virtue of that subsection is to be charged to tax at that rate shall be increased by the amount by which the taxable income of the first-mentioned spouse chargeable to tax at that rate is less than the appropriate part.