

## Income Tax

## Motor Car Transactions

"A. R." bought a 12 h.p. car for £425 in 1922 and sold it in 1930 for £40, when he bought a 16 h.p. car for £400. He has made no claim for depreciation.

\*\* He can claim as a professional expense of the year 1930 £400 - £40 = £360. The net loss of £25 provides no claim, though he would have received an allowance for it if he had claimed depreciation. Presumably the new car is a better one than the original car, but the income tax authorities are not likely to raise that point, as its cost is less than that of the car displaced.

"A. E. B." bought a car in March, 1926, for £225 and sold it in April, 1931, for £15, buying another car (second-hand apparently) for £135. What allowance is he entitled to? He has not claimed depreciation.

\*\* Depreciation should undoubtedly have been claimed; the omission to make such claims nearly always involves loss sooner or later. The renewal claim which "A. E. B." can make is for £120 only—the amount of his actual out-of-pocket expenditure—and as the expense was incurred during the financial year 1931-32 it will not affect his liability for that year, but for 1932-33.

"F. Z. O." bought a car in 1907 for £550, and since then has had numerous cars, but this year bought one for £515, the majority of the other cars having cost about £350 each. The maximum allowance offered by the income tax authorities is based on a replacement value of £400.

\*\* We are not aware that the case is covered by direct judicial authority, but we fear that the income tax inspector is right. The cardinal principle is that the cost of improving, as distinct from maintaining, the equipment must be regarded as capital outlay, and it is presumably beyond argument that the present £515 car is a more powerful and better car than the original one at £550. When the price of cars rose during the war the cost of replacement was allowed though it exceeded the cost of the car replaced. "F. Z. O." was in the converse position, apparently, when he was buying his cars at £350, and now has to bear the whole cost of the "improvement."

## New Partner: Cash Basis

"P. N. B."—A has been in general practice since 1917, and has throughout been assessed on the cash basis. In 1925 he took B into partnership on a one-third basis, B purchasing one-third of the agreed value of book debts. The income tax inspector now claims that the value of all outstanding debts should be ascertained and tax paid on that amount.

\*\* We cannot see the justification for such a request. If the gross earnings of the practice are increasing so that the amount of the cash receipts is lagging behind the real earnings there is something to be said for departing from the cash basis and in future basing the assessment on the value of each year's bookings, but not for claiming tax on the amount of the value of the outstanding debts as an additional liability. The whole principle of the "cash receipts" basis is that it yields, taking one year with another, the same gross assessment as the "value of bookings basis"; and as the share of debts which B purchased has, in fact, been included in the cash receipts for assessment purposes, there appears to be no ground for the action suggested. In any case, for which year does the inspector suggest that the supplementary assessment should be made?

## Alteration of Previous Year's Assessment

"X X" left his former practice as from November 15th, 1929, and since then has been in practice elsewhere. For the final period his old practice was comparatively unprofitable, "but 1928-29 was a good one financially." The assessment for that year was a small one, and the income tax authorities are now seeking to alter it. Is this correct?

\*\* Yes; under fairly recent legislation, where a practice changes hands, the assessment on the former practitioner for the year in which the change takes place, and the previous year can be altered to the amounts of the actual profits of those years. It is apparently under that provision that the authorities propose to alter the assessment for the year ending April 5th, 1929, to the amount of the profits of the practice for that year.

## Allowance of Cost of Subscriptions

"A. T." has been informed by the inspector of taxes that the cost of his subscriptions to the British Medical Association, Royal Sanitary Institute, Society of Medical Officers of Health, and other bodies cannot be allowed as deductions from his income; the authority cited is the decision in *Simpson v. Tate*.

\*\* Presumably the income in question is the salary of an office or employment, and in that case the inspector's view is legally correct, unless it was an express or implied condition of the appointment that "A. T." should be a member of the societies, etc., specified. This results from the very strict rule applicable to Schedule E. Similar expenses would be allowed if incurred in connexion with general practice the profits of which are assessable under Schedule D.

## LETTERS, NOTES, ETC.

## Nitrous Oxide Mixtures

Dr. BELLAMY GARDNER (London, N.W.) writes: I consider that a specific name of an attractive character has long been required for nitrous oxide and its mixture with oxygen and small percentages of carbon dioxide. If we look carefully at its chemical composition, we find that only those elements which are present in the atmosphere are contained in it. I suggest, therefore, that the word *aeris*—that is, of air—would be a scientific and euphonious designation for this most acceptable and beneficent anaesthetic. The word "gas" is a misleading generic term, associated in the public mind with various unpleasant and irrespirable gases.

## Hypnosis with Spinal Anaesthesia

Dr. E. L. HOPEWELL-ASH (London, W.) writes: In his remarkably interesting study of 250 cases of spinal anaesthesia (*British Medical Journal*, May 9th) Mr. Wilfrid Adams makes an important point when he notes, "Sometimes the patient's mind is not at ease, and to avoid psychic shock requires the most thoughtful care." It is my view that in the induction of definite hypnosis he will find just the adjunct required to complete his technique. Application of a few simple rules will suffice to bring about a mental state characterized by calm and confidence, which can be reinforced by suggestion to an unlimited extent.

## Varicose Ulcers

"M. M." writes: I have read the letters in the *British Medical Journal* about varicose ulcers. I wonder if anyone has tried what I have seen somewhere described as an ointment bath. My plan is: A piece of boric lint the size and shape of the ulcer has spread on one side a fairly good supply of boric ointment made with yellow vaseline. Over this is a larger piece of lint put on dry, and the whole is kept in position by inch-wide strips of Mead's plaster going fully around the leg well above and below the ulcer. If I find the plaster irritates the skin I put gauze under it. This dressing is changed weekly, and the patient allowed to go about. The results are really very satisfactory.

## Medical Golf

The Divisional stage in the Treasurer's Cup golf competition was played by members of the Dumbartonshire Division at Cardross Golf Course, by the courtesy of the council of the club, on May 13th. In spite of very uncertain weather there was a fair turn-out, and the afternoon proved very enjoyable to those taking part. The result of the game, which was played under medal conditions, members playing from their club handicap, was as follows: Winner: Major M. Purvis, I.M.S. (ret.), Dunbeg, Helensburgh (88 - 11 = 77 net). Runner-up: Dr. L. Crombie, Dunollie, Dalmeir (87 - 10 = 77 net). Major Purvis's score was 42 for the return half, and Dr. Crombie's 46, so that the former was declared the winner. Dr. A. D. Downes, Helensburgh, who was third, participated with the winner and runner-up in the sweepstake.

## Vacancies

Notifications of offices vacant in universities, medical colleges, and of vacant residencies and other appointments at hospitals, will be found at pages 41, 42, 43, 44, 45, 48, 49, and 50 of our advertisement columns, and advertisements as to partnerships, assistantships, and locum tenencies at pages 46 and 47.

A short summary of vacant posts notified in the advertisement columns appears in the *Supplement* at page 215.