



Finance Act 1975

CHAPTER 7

FINANCE ACT 1975

PART I

VALUE ADDED TAX

- 1 VAT: eight per cent. rate
- 2 VAT: special rate for light hydrocarbon oil, etc.
- 3 Relief for " do-it-yourself " builders
- 4 Refund to diplomatic missions, etc., of VAT on importation of hydrocarbon oil

PART II

INCOME TAX AND CORPORATION TAX

- 5 Income tax: alteration of additional rates for 1974-75
- 6 Investment of pension funds in building societies
- 7 Early surrender or conversion of life policies
- 8 Surrender, etc. of policies after four years
- 9 Provisions supplementary to sections 7 and 8
- 10 Life policies, life annuities and capital redemption policies
- 11 Extension of tax exemption for certain savings certificates
- 12 Statutory corporation borrowing in foreign currency
- 13 Initial allowances for industrial buildings and structures, etc.
- 14 Expenditure on thermal insulation
- 15 Expenditure on fire safety
- 16 Trade unions
- 17 Sales, etc. at undervalue or overvalue
- 18 Relief for increase in stock values in financial year 1973

PART III

CAPITAL TRANSFER TAX

Main charging provisions

- 19 Capital transfer tax
- 20 Transfers and chargeable transfers
- 21 Settled property
- 22 Transfer on death

Meaning of estate and excluded property

- 23 Meaning of estate
- 24 Excluded property

Liability for tax

- 25 Liability for tax
- 26 Exceptions from liability
- 27 Limitation of liability
- 28 Burden of tax

Reliefs and related provisions

- 29 Exempt transfers and miscellaneous exemptions and reliefs
- 30 Relief for successive charges
- 31 Conditional exemption for certain objects on death
- 32 Charge on failure of condition of exemption
- 33 Amount and effect of charge under section 32
- 34 Conditional exemption for certain buildings etc. on death
- 35 Relief, in certain circumstances, for agricultural property
- 36 Relief for woodlands

Rate of tax and valuation

- 37 Rate of tax
- 38 Valuation

Other charges

- 39 Close companies
- 40 Tax chargeable in certain cases of future payments, etc.
- 41 Free loans etc.
- 42 Annuity purchased in conjunction with life policy

Miscellaneous

- 43 Chargeable transfers affecting more than one property
- 44 Associated operations
- 45 Persons treated as domiciled in the United Kingdom

Disposition for maintenance of family

- 46 Dispositions for maintenance of family
- 47 Deeds of family arrangement, etc.

Estate duty and obsolete death duties

- 48 Interest on repayment of estate duty and on instalments of duty
- 49 Abolition of estate duty and transitional provisions
- 50 Final abolition of obsolete death duties

Supplemental

- 51 Interpretation of Part III
- 52 Consequential amendments and repeals

PART IV

MISCELLANEOUS AND GENERAL

- 53 Recipient bodies referred to in Finance Act 1972, s. 119
- 54 Appeals on questions of value of unquoted shares or of securities
- 55 Local loans
- 56 Signature of certain requisitions and requests of the Treasury
- 57 Appointment of General Commissioners in Scotland, and amendment of declaration to be made by certain officers
- 58 Amendments of Vehicles (Excise) Act (Northern Ireland) 1972
- 59 Citation, interpretation, construction and repeals

SCHEDULES:

SCHEDULE 1 — Collection of Sums Payable Under Section 7 or 8

- 1 Any body by whom a policy to which section 7...
- 2 (1) Any sum which is to be included in a...
- 3 Where a body has paid a sum which is payable...
- 4 (1) The Board or an inspector may, by notice in...

SCHEDULE 2 — Life Policies, Life Annuities and Capital Redemption Policies

PART I — QUALIFYING POLICIES—CERTIFICATION

- 1 (1) A policy of life insurance issued in respect of...
- 2 (1) In paragraph 11(1) of Schedule 1—

PART II — AMENDMENT OF QUALIFYING CONDITIONS

- 3 (1) The following provisions of this paragraph shall have effect...
- 4 (1) In relation to any policy issued in respect of...
- 5 Where the new policy referred to in paragraph 9 of...

PART III — RELIEF UNDER SECTION 19 OR 20

- 6 (1) In section 21— (a) subsection (2) shall be omitted...
- 7 (1) Where a policy issued in the course of an...

PART IV — CHARGES IN CONNECTION WITH POLICIES OF LIFE INSURANCE,
CONTRACTS FOR LIFE ANNUITIES AND CAPITAL REDEMPTION
POLICIES

- 8 This Part of this Schedule shall have effect in relation...
- 9 (1) In section 394(1)(a)— (a) in sub-paragraph (iii) the words...
- 10 (1) At the end of section 394(4) there shall be...
- 11 (1) In section 395(1)— (a) in paragraph (a) for the...
- 12 (1) At the end of section 396(1) there shall be...
- 13 (1) In section 397(1)— (a) in paragraph (a) the words...
- 14 In section 398(1) at the end of sub-paragraph (i), there...
- 15 For the purposes of sections 394 to 402 and of...

Status: This is the original version (as it was originally enacted).

- 16 (1) Where— (a) under section 399, a gain arising in...
 17 Where, under section 397, a gain is to be treated...
 18 Where a chargeable event on the happening of which an...
 19 (1) Where such an excess as is mentioned in paragraph...
 20 (1) Section 402 shall have effect subject to the following...

SCHEDULE 3 — Increase in Stock Values : Supplementary Provisions

- 1 (1) In any case where a company's 1973 accounting period...
 2 (1) In any case where paragraph 1(1) applies, a company's...
 3 In any case where a company's 1973 accounting period comprises...
 4 (1) The provisions of this paragraph shall have effect for...
 5 (1) A company shall not be entitled to relief under...
 6 (1) Subject to the following provisions of this paragraph, where...
 7 (1) In this Schedule " the principal section " means...

SCHEDULE 4 — Administration and Collection of Capital Transfer Tax

Management of tax

- 1 The tax shall be under the care and management of...

Accounts by persons liable for tax

- 2 (1) Subject to the following provisions of this paragraph, the...

Corrective and supplementary accounts

- 3 If a person who has delivered an account under paragraph...

Returns by certain persons acting for settlors

- 4 (1) Subject to sub-paragraph (2) below, where any person, in...

Power to require information

- 5 (1) The Board may by notice in writing require any...

Notice of determination of relevant matters

- 6 (1) Where it appears to the Board that a transfer...

Appeals

- 7 (1) A person on whom a notice under paragraph 6...

Appeals out of time

- 8 An appeal under paragraph 7 above may be brought out...

Procedure before Special Commissioners

- 9 (1) On an appeal before the Special Commissioners—

Statement of case for opinion of High Court

- 10 (1) Within thirty days of the determination by the Special...

Inspection for the purposes of valuation

- 11 (1) If the Board authorise any person to inspect any...

Payment of tax

- 12 (1) Except as otherwise provided by the following provisions of...

Payment of tax by instalments

- 13 (1) Subject to the following provisions of this paragraph, where...
14 (1) Where any of the tax payable on the value...
15 Tax chargeable on such a chargeable transfer as is mentioned...
16 (1) Subject to the following provisions of this paragraph, where...

Acceptance of property in satisfaction of tax

- 17 (1) The Board may, if they think fit, on the...
18 (1) Where a person has power to sell any property...

Interest

- 19 (1) If— (a) an amount of tax charged on the...

Inland Revenue charge for unpaid tax

- 20 (1) Except as otherwise provided, where any tax charged on...
21 (1) Where property subject to an Inland Revenue charge, or...

Recovery of tax

- 22 (1) The Board shall not take any legal proceedings for...

Adjustments

- 23 (1) Where too little tax has been paid in respect...
24 (1) If it is proved to the satisfaction of the...

Certificates of discharge

- 25 (1) Where application is made to the Board by a...

Determination of questions on previous view of law

- 26 Where any payment has been made and accepted in satisfaction...

Administration actions

- 27 Where proceedings are pending in any court for the administration...

Penalties

- 28 (1) Subject to sub-paragraph (2) below, any person who—
29 A person who, after being duly summoned under paragraph 9(3)...
30 (1) If any person liable for any tax on the...
31 (1) If after any account, information or document has been...

Status: This is the original version (as it was originally enacted).

Recovery of penalties

- 32 (1) All proceedings for the recovery of penalties under this...
 33 (1) No proceedings for the recovery of a penalty under...
 34 Any penalty awarded by the Special Commissioners shall be recoverable...

Summary award of penalties

- 35 (1) Any penalty incurred by a person for a failure...

Evidence

- 36 For the purposes of the preceding provisions of this Schedule,...

Mitigation of penalties

- 37 The Board may in their discretion mitigate any penalty, or...

Refusal of probate or administration where tax unpaid

- 38 (1) After section 156 of the Supreme Court of Judicature...

Form, verification and delivery of accounts

- 39 (1) All accounts and other documents required for the purposes...
 40 In the application of this Schedule to Scotland, references to...

Service of documents

- 41 A notice or other document which is to be served...

Supplemental

- 42 (1) Sections 21, 22 and 35 of the Inland Revenue...
 43 Section 44(3) of the Finance Act 1950 and section 3(3)...
 44 In the application of this Schedule to Northern Ireland references...

SCHEDULE 5 — Settled Property

Definition of "settlement" and related expressions

- 1 (1) The following provisions of this paragraph apply for determining...

Excluded property

- 2 (1) Where property comprised in a settlement is situated outside...

Interests in possession

- 3 (1) A person beneficially entitled to an interest in possession...

Termination of interest in possession treated as transfer of value

- 4 (1) Where a person beneficially entitled to an interest in...

Relief for successive charges on interest in possession

- 5 (1) Where the value transferred by a chargeable transfer falls...

Charge on capital distributions of settled property

6 (1) Where a distribution payment is made out of property...

Rates of charge on capital distributions following chargeable transfers

7 (1) This paragraph applies where, at or after the relevant...

Rate of charge on other capital distributions

8 (1) This paragraph applies where paragraph 7 above does not...

Further property added by settlor

9 (1) The following provisions of this paragraph apply where, by...

Capital distributions after termination of interest of settlor or settlor's spouse

10 Where, after the termination of an interest in possession in...

Interpretation of paragraphs 6 to 10

11 (1) The following provisions apply for the interpretation of paragraphs...

Periodic charge to tax

12 (1) Where, at a relevant anniversary, no interest in possession...

Tax credit for periodic charge

13 (1) Subject to sub-paragraph (2) below, where tax is charged...

Transitional relief for settlements made before 27th March 1974

14 (1) In relation to a settlement made before 27th March...

Accumulation and maintenance settlements

15 (1) This paragraph applies to any settlement where—

Superannuation schemes

16 (1) This paragraph applies to any scheme or fund mentioned...

Trusts for benefit of employees, etc.

17 (1) Where settled property is held on trusts which, either...

Protective trusts

18 (1) This paragraph applies to settled property held on trusts...

Trusts for benefit of mentally disabled persons

19 (1) This paragraph applies to settled property held on trusts...

Charitable trusts

20 Paragraphs 6 to 12 above do not apply in relation...

Status: This is the original version (as it was originally enacted).

Compensation funds

21 Paragraphs 6 to 12 above do not apply in relation...

Administration period

22 (1) Where a person would have been entitled to any...

Sales and mortgages of reversionary interests

23 (1) Where a reversionary interest in settled property was before...

Close companies

24 (1) In relation to a person who is a participator...

SCHEDULE 6 — Exempt Transfers

PART I — DESCRIPTION

Transfers between spouses

1 (1) Subject to the provisions of Part II of this...

Values not exceeding £1,000

2 (1) Transfers of value made by a transferor in any...
3 (1) In relation to the period beginning with 27th March...

Small gifts to same person

4 (1) Transfers of value made by a transferor in any...

Normal expenditure out of income

5 (1) A transfer of value is an exempt transfer if,...

Gifts in consideration of marriage

6 (1) Transfers of value made by gifts in consideration of...
7 In relation to marriages before the passing of this Act...

Interpretation of paragraphs 2 to 7

8 Section 51(2) of this Act does not apply to the...

Transfers in course of trade, etc.

9 A transfer of value made in the carrying on of...

Gifts to charities

10 (1) Subject to the provisions of Part II of this...

Gifts to political parties

11 (1) Subject to the provisions of Part II of this...

Gifts for national purposes etc.

12 Subject to the provisions of Part II of this Schedule,...

Gifts for public benefit

13 (1) Subject to the provisions of Part II of this...

Gifts made before 10th December 1974 and not relevant to estate duty

14 A transfer of value made by any person before 10th...

PART II — EXCEPTIONS

15 (1) Paragraphs 1 and 10 to 13 above do not...

PART III — SUPPLEMENTARY PROVISIONS

Preliminary

16 Where any one or more of paragraphs 1 and 10...

Abatement not attributable to tax

17 Where a gift would be abated owing to an insufficiency...

Abatement for tax—specific gifts

18 Where the value attributable, in accordance with paragraph 19 below,...

Attribution of value to specific gifts

19 (1) Such part of the value transferred shall be attributable...

Attribution of value to residuary gifts

20 Such part only of the value transferred shall be attributed...

Gifts made separately out of different funds

21 Where gifts taking effect on a transfer of value take...

Allocation of relief

22 (1) The reduction referred to in the following provisions of...

Interpretation

23 (1) In this Part of this Schedule— " gift ",...

SCHEDULE 7 — Miscellaneous Exemptions and Reliefs

Death on active service, etc.

1 (1) Section 22 of this Act shall not apply in...

Cash options under approved annuity schemes

2 Where under a contract or trust scheme approved by the...

Government securities free of tax while in foreign ownership

3 (1) Where securities have been issued by the Treasury subject...

Overseas pensions

4 (1) In determining for the purposes of this Part of...

Status: This is the original version (as it was originally enacted).

Savings by persons domiciled in Channel Islands or Isle of Man

5 (1) Where the person beneficially entitled to the rights conferred...

Visiting forces and staff of allied headquarters

6 (1) The emoluments paid by the Government of any designated...

Double taxation relief

7 (1) If Her Majesty by Order in Council declares that...

8 Where the Board are satisfied that in any territory outside...

SCHEDULE 8 — Relief for Agricultural Property

PART I — CAPITAL TRANSFER TAX

Nature of relief

1 (1) Where the value transferred by a chargeable transfer is...

2 Where the value transferred is to be computed in accordance...

Conditions for relief

3 (1) The conditions referred to in paragraph 1(1) above are—...

Companies

4 So far as the value transferred is determined by reference...

Limitation of relief

5 (1) Relief under this Part of this Schedule shall be...

Farming

6 In this Schedule " farming " has the meaning which...

Agricultural property

7 In this Schedule " agricultural property " means agricultural land or...

Agricultural value

8 For the purposes of this Schedule the agricultural value of...

Multiplied rental value

9 (1) For the purposes of this Schedule the multiplied rental...

Channel Islands and Isle of Man

10 This Part of this Schedule applies in relation to land...

Saving

11 Nothing in this Part of this Schedule shall be taken...

PART II — ESTATE DUTY

Nature of relief

- 12 Where the estate chargeable with estate duty on the death...
13 (1) Where the principal value of any agricultural property is...

Companies

- 14 Where an estate comprises shares in or debentures of a...

Limitation of relief

- 15 Relief under this Part of this Schedule shall be given...

Supplementary

- 16 (1) For the purposes of relief under this Part of...

SCHEDULE 9 — Relief for Woodlands

Nature of relief

- 1 (1) Subject to the following provisions of this Schedule, where...

Tax chargeable on disposal of trees or underwood

- 2 (1) Subject to the following provisions of this paragraph, where,...

Basis and rate of tax chargeable under paragraph 2

- 3 Where the value of any trees or underwood has been...

Credit for tax charged under paragraph 2

- 4 Where a disposal on which tax is chargeable under paragraph...

Conditions of relief

- 5 (1) The conditions referred to in paragraph 1 above are...

Interpretation

- 6 (1) In this Schedule— (a) references to the value transferred...

SCHEDULE 10 — Valuation

PART I — GENERAL

Liabilities

- 1 (1) Except as otherwise provided by this Part of this...
2 A liability which is an incumbrance on any property shall, ...
3 Where a liability taken into account is a liability to...

Tax on capital gains borne by donee

- 4 (1) Where a chargeable transfer is or includes a disposal...

Restriction on freedom to dispose

- 5 (1) Where, by a contract made at any time, the...

Status: This is the original version (as it was originally enacted).

Incidental expenses incurred by transferor

- 6 In determining the value transferred by a transfer of value,...

Valuation of related property

- 7 (1) Where the value of any property comprised in a...

Value of lessor's interest

- 8 Where, under paragraph 1(3) of Schedule 5 to this Act,...

Value transferred on death

- 9 (1) In determining the value of a person's estate immediately...

Value of amounts due

- 10 In determining the value of a right to receive a...

Value of life policies, etc.

- 11 (1) Subject to the following provisions of this paragraph, in...

Farm cottages

- 12 In determining the value of any agricultural property which includes...

Open market price of unquoted shares and securities

- 13 (1) In determining the price which unquoted shares or securities...

PART II — —VALUATION OF CERTAIN SECURITIES SOLD WITHIN TWELVE MONTHS OF DEATH

Interpretation

- 14 (1) In this Part of this Schedule— " the appropriate...

The relief

- 15 On a claim being made in that behalf by the...
16 Subject to the following provisions of this Part of this...
17 Subject to paragraph 18 below, if a claim is made...
18 (1) If a claim is made under this Part of...

The appropriate person

- 19 For the purposes of this Part of this Schedule—
20 A claim made by the appropriate person under paragraph 15...

Valuation on sale and purchase

- 21 In any case where, for the purposes of this Part...
22 (1) Subject to sub-paragraph (2) below, for the purposes of...

Value of part of a fund

- 23 (1) In any case where— (a) part only of a...

Exchanges of qualifying investments

24 (1) Subject to sub-paragraph (3) below, if, within the period...

Aggregation of capital receipts with sale price of investments

25 (1) For the purposes of paragraph 15(b) above, if—

Payment of calls

26 For the purposes of paragraph 15(a) above if—

Effect of changes in a holding between death and sale

27 (1) This paragraph applies in any case where, within the...

Effect of purchase, etc., of investments of the same description

28 (1) If, at any time within the period of twelve...

Attribution of values to specific investments

29 (1) This paragraph shall have effect in determining the value...

Limitation of loss on sale

30 In any case where, apart from this paragraph, the loss...

SCHEDULE 11 — Amendment of Estate Duty Enactments

PART I — —GREAT BRITAIN

1 In Part I of Schedule 17 to the Finance Act...

2 (1) In section 121(1)(c) of the Finance Act 1972 (which...

3 Section 23 of the Finance Act 1925 and section 28...

PART II — —NORTHERN IRELAND

4 In Part I of Schedule 1 to the Finance Act...

5 (1) In Article 5(1)(c) of the Finance (Northern Ireland) Order...

6 Section 3 of the Finance (No. 2) Act (Northern Ireland)...

SCHEDULE 12 — Consequential Amendments

General

1 References in any enactment, or in any instrument made under...

2 The amendments made by the following paragraphs—

The Local Registration of Title (Ireland) Act 1891

3 (1) In the Local Registration of Title (Ireland) Act 1891,...

The Colonial Probates Act 1892

4 In section 2(1) of the Colonial Probates Act 1892 after...

The Land Registration Act 1925

5 (1) The Land Registration Act 1925 shall be amended as...

Status: This is the original version (as it was originally enacted).

The Inheritance (Family Provision) Act 1938

- 6 (1) In section 3(1) of the Inheritance (Family Provision) Act...

The Finance Act 1946

- 7 (1) In section 50 of the Finance Act 1946—

The Crown Proceedings Act 1947

- 8 In section 14(1) of the Crown Proceedings Act 1947—
9 In section 14 of the Crown Proceedings Act 1947, as...

Small Estates (Representation) Act 1961

- 10 (1) In relation to Scotland section 1 of the Small...

The Licensing Act 1964

- 11 In section 14(3) of the Licensing Act 1964 for the...

The Finance Act 1965

- 12 For section 25A of the Finance Act 1965 there shall...
13 For section 26 of that Act there shall be substituted...
14 (1) Section 31 of that Act shall be amended as...
15 In section 32 of that Act for the words from...

The Income and Corporation Taxes Act 1970

- 16 (1) Section 430 of the Taxes Act shall be amended...

The Finance Act 1971

- 17 In paragraph 11 of Schedule 12 to the Finance Act...

The Land Charges Act 1972

- 18 (1) The Land Charges Act 1972 shall be amended as...

The Finance Act 1974

- 19 (1) Schedule 1 to the Finance Act 1974 shall be...

The Inheritance (Family Provision) Act (Northern Ireland) 1960

- 20 (1) In section 5(1) of the Inheritance (Family Provision) Act...

The Land Registration Act (Northern Ireland) 1970

- 21 In Schedule 6 to the Land Registration Act (Northern Ireland)...

SCHEDULE 13 — Repeals

PART I — DEATH DUTIES

PART II — MISCELLANEOUS