



Finance Act 1975

1975 CHAPTER 7

PART III

CAPITAL TRANSFER TAX

Disposition for maintenance of family

46 Dispositions for maintenance of family

- (1) A disposition is not a transfer of value if it is made by one party to a marriage in favour of the other party or of a child of either party and is—
 - (a) for the maintenance of the other party, or
 - (b) for the maintenance, education or training of the child for a period ending not later than the year in which he attains the age of eighteen or, after attaining that age, ceases to undergo full-time education or training.
- (2) A disposition is not a transfer of value if it is made in favour of a child who is not in the care of a parent of his and is for his maintenance, education or training for a period ending not later than the year in which—
 - (a) he attains the age of eighteen ; or
 - (b) after attaining that age he ceases to undergo full-time education or training;but paragraph (b) above applies only if before attaining that age the child has for substantial periods been in the care of the person making the disposition.
- (3) A disposition is not a transfer of value if it is made in favour of a dependent relative of the person making the disposition and is a reasonable provision for his care or maintenance.
- (4) A disposition is not a transfer of value if it is made in favour of an illegitimate child of the person making the disposition and is for the maintenance, education or training of the child for a period ending not later than the year in which he attains the age of eighteen or, after attaining that age, ceases to undergo full-time education or training.

*Status: This is the original version (as it was originally enacted). This
item of legislation is currently only available in its original format.*

- (5) Where a disposition satisfies the conditions of the preceding provisions of this section to a limited extent only so much of it as satisfies them and so much of it as does not satisfy them shall be treated as separate dispositions; and where a disposition satisfying those conditions is a disposal of an interest in possession in settled property, the interest shall not, by virtue of paragraph 4(1) of Schedule 5 to this Act, be treated for the purposes of that Schedule as coming to an end.
- (6) In this section—
- " child " includes a step-child and an adopted child and " parent " shall be construed accordingly ;
 - " dependent relative " means, in relation to any person, a relative of his, or of his spouse, who is incapacitated by old age or infirmity from maintaining himself, or the mother of that person, or of his spouse, if the mother is widowed or living apart from her husband, or, in consequence of dissolution or annulment of marriage, a single woman ;
 - " marriage", in relation to a disposition made on the occasion of the dissolution or annulment of a marriage, and in relation to a disposition varying a disposition so made, includes a former marriage ; and
 - " year " means any period of twelve months ending with 5th April.

47 Deeds of family arrangement, etc.

- (1) So far as a deed of family arrangement or similar instrument which is made not more than two years after the death of any person varies the dispositions (whether effected by will or under the law relating to intestacy) of the property of which he was competent to dispose.—
- (a) the variation shall not be a transfer of value ; and
 - (b) this Part of this Act shall apply as if the variation had been effected by the deceased.
- (2) Where a legacy or any interest in a deceased person's estate is disclaimed within two years of his death and the disclaimer is not made for a consideration in money or money's worth, the disclaimer is not a transfer of value.
- (3) An election by a surviving spouse under section 47A of the Administration of Estates Act 1925 (redemption of life interest in residuary estate) is not a transfer of value ; and where such an election is made this Part of this Act shall have effect as if the surviving spouse, instead of being entitled to the life interest, had been entitled to a sum equal to the capital value mentioned in that section.
- (4) Where a person becomes entitled to an interest in settled property but disclaims the interest, then, if the disclaimer is not made for a consideration in money or money's worth, this Part of this Act shall apply as if he had not become entitled to the interest.
- (5) In relation to a death occurring before the passing of this Act but not before 10th December 1972 subsection (1) above shall have effect as if the reference to a deed of family arrangement or similar instrument made not more than two years after the death were a reference to such a deed or instrument made not more than two years after the passing of this Act.