



Capital Transfer Tax Act 1984

1984 CHAPTER 51

PART I

GENERAL

Main charges and definitions

1 Charge on transfers

Capital transfer tax shall be charged on the value transferred by a chargeable transfer.

2 Chargeable transfers and exempt transfers

- (1) A chargeable transfer is a transfer of value which is made by an individual but is not (by virtue of Part II of this Act or any other enactment) an exempt transfer.
- (2) A transfer of value made by an individual and exempt only to a limited extent—
 - (a) is, if all the value transferred by it is within the limit, an exempt transfer, and
 - (b) is, if that value is partly within and partly outside the limit, a chargeable transfer of so much of that value as is outside the limit as well as an exempt transfer of so much of that value as is within the limit.
- (3) Except where the context otherwise requires, references in this Act to chargeable transfers, to their making or to the values transferred by them shall be construed as including references to occasions on which tax is chargeable under Chapter III of Part III of this Act (apart from section 79), to their occurrence or to the amounts on which tax is then chargeable.

3 Transfers of value

- (1) Subject to the following provisions of this Part of this Act, a transfer of value is a disposition made by a person (the transferor) as a result of which the value of his estate immediately after the disposition is less than it would be but for the disposition; and the amount by which it is less is the value transferred by the transfer.

- (2) For the purposes of subsection (1) above no account shall be taken of the value of excluded property which ceases to form part of a person's estate as a result of a disposition.
- (3) Where the value of a person's estate is diminished and that of another person's estate, or of settled property in which no interest in possession subsists, is increased by the first-mentioned person's omission to exercise a right, he shall be treated for the purposes of this section as having made a disposition at the time (or latest time) when he could have exercised the right, unless it is shown that the omission was not deliberate.
- (4) Except as otherwise provided, references in this Act to a transfer of value made, or made by any person, include references to events on the happening of which tax is chargeable as if a transfer of value had been made, or, as the case may be, had been made by that person; and "transferor" shall be construed accordingly.

4 Transfers on death

- (1) On the death of any person tax shall be charged as if, immediately before his death, he had made a transfer of value and the value transferred by it had been equal to the value of his estate immediately before his death.
- (2) For the purposes of this section, where it cannot be known which of two or more persons who have died survived the other or others they shall be assumed to have died at the same instant.

5 Meaning of estate

- (1) For the purposes of this Act a person's estate is the aggregate of all the property to which he is beneficially entitled, except that the estate of a person immediately before his death does not include excluded property.
- (2) A person who has a general power which enables him, or would if he were sui juris enable him, to dispose of any property other than settled property, or to charge money on any property other than settled property, shall be treated as beneficially entitled to the property or money; and for this purpose "general power" means a power or authority enabling the person by whom it is exercisable to appoint or dispose of property as he thinks fit.
- (3) In determining the value of a person's estate at any time his liabilities at that time shall be taken into account, except as otherwise provided by this Act.
- (4) The liabilities to be taken into account in determining the value of a transferor's estate immediately after a transfer of value include his liability for capital transfer tax on the value transferred but not his liability (if any) for any other tax or duty resulting from the transfer.
- (5) Except in the case of a liability imposed by law, a liability incurred by a transferor shall be taken into account only to the extent that it was incurred for a consideration in money or money's worth.

6 Excluded property

- (1) Property situated outside the United Kingdom is excluded property if the person beneficially entitled to it is an individual domiciled outside the United Kingdom.

- (2) Where securities have been issued by the Treasury subject to a condition authorised by section 22 of the Finance (No. 2) Act 1931 (or section 47 of the Finance (No. 2) Act 1915) for exemption from taxation so long as the securities are in the beneficial ownership of persons neither domiciled nor ordinarily resident in the United Kingdom, the securities are excluded property if they are in the beneficial ownership of such a person.
- (3) Where the person beneficially entitled to the rights conferred by any of the following, namely—
- (a) war savings certificates;
 - (b) national savings certificates (including Ulster savings certificates);
 - (c) premium savings bonds;
 - (d) deposits with the National Savings Bank or with a trustee savings bank;
 - (e) a certified contractual savings scheme within the meaning of section 415 of the Taxes Act;
- is domiciled in the Channel Islands or the Isle of Man, the rights are excluded property.
- (4) Property to which this subsection applies by virtue of section 155(1) below is excluded property.