



Finance (1909-10) Act 1910

1910 CHAPTER 8

PART I

DUTIES ON LAND VALUES.

Increment Value Duty.

1 Duty on increment value.

Subject to the provisions of this Part of this Act, there shall be charged, levied, and paid on the increment value of any land a duty, called increment value duty, at the rate of one pound for every complete five pounds of that value accruing after the thirtieth day of April nineteen hundred and nine, and—

- (a) on the occasion of any transfer on sale of the fee simple of the land or of any interest in the land, in pursuance of any contract made after the commencement of this Act, or the grant, in pursuance of any contract made after the commencement of this Act, of any lease (not being a lease for a term of years not exceeding fourteen years) of the land; and
- (b) on the occasion of the death of any person dying after the commencement of this Act, where the fee simple of the land or any interest in the land is comprised in the property passing on the death of the deceased within the meaning of sections one and two, subsection, (1) (a), (b), and (c), and subsection three, of the Finance Act, 1894, as amended by any subsequent enactment; and
- (c) where the fee simple of the land or any interest in the land is held by any body Corporate or by any body unincorporate as defined by section twelve of the Customs and Inland Revenue Act, 1885, in such a manner or on such permanent trusts that the land or interest is not liable to death duties, on such periodical occasions as are provided in this Act,

the duty, or proportionate part of the duty, so far as it has not been paid on any previous occasion, shall be collected in accordance with the provisions of this Act.

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2 Definition of increment value.

- (1) For the purposes of this Part of this Act the increment value of any land shall be deemed to be the amount (if any) by which the site value of the land, on the occasion on which increment value duty is to be collected as ascertained in accordance with this section, exceeds the original site value of the land as ascertained in accordance with the general provisions of this-Part of this Act as to valuation.
- (2) The site value of the land on the occasion, on which increment value duty is to be collected shall be taken to be—
 - (a) where the occasion is a transfer on sale of the fee simple of the land, the value of the consideration for the transfer ; and
 - (b) where the occasion is the grant of any lease of the land, or the transfer on sale of any interest in the land, the value of the fee simple of the land, calculated on the basis of the value of the consideration for the grant of the lease or the transfer of the interest; and
 - (c) where the occasion is the death of any person, and the fee simple of the land is property passing on that death, the principal value of the land as ascertained for the purposes of Part I. of the Finance Act, 1894, and where any interest in the land is property passing on that death the value of the fee simple of the land calculated on the basis of the principal value of the interest as so ascertained ; and
 - (d) where the occasion is a periodical occasion on which the duty is to be collected in respect of the fee simple of any land or of any interest in any land held by a body corporate or unincorporate, the total value of the land on that occasion to be estimated in accordance with the general provisions of this Part of this Act as to valuation ;

subject in each, case to the like deductions as are made, under the general provisions of this Part of this Act as to valuation, for the purpose of arriving at the site value of land from the total value.

- (3) Where it is proved to the Commissioners on an application made for the purpose within the time fixed by this section that the site value of any land at the time of any transfer on sale of the fee simple of the land or of any interest in the land, which took place at any time within twenty years before the thirtieth day of April, nineteen hundred and nine, exceeded the original site value of the land as ascertained under this Act, the site value at that time shall be substituted, for the purposes of increment value duty, for the original site value as so ascertained, and the provisions of this Part of this Act shall apply accordingly.

Site value shall be estimated for the purposes of this provision by reference to the consideration given on the transfer in the same manner as it is estimated by reference to the consideration given on a transfer where increment value duty is to be collected on the occasion of such a transfer after the passing of this Act.

This provision shall apply to a mortgage of the fee simple of the land or any interest in land in the same manner as it applies to a transfer, with the substitution of the amount secured by the mortgage for the consideration.

An application for the purpose of this section must be made within three months after the original site value of the land has been finally settled under this Part of this Act.

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3 General provisions as to collection of increment value duty.

- (1) On each occasion on which increment value duty is collected on the increment value of any land, such an amount of duty shall be deemed to be unsatisfied as the Commissioners determine, after giving credit for the amount of duty paid on previous occasions. The Commissioners shall make such apportionments and re-apportionments of any duty paid on previous occasions as they think necessary for the purpose of giving effect to this provision.
- (2) Where increment value duty is collected on the occasion of the transfer or passing on death of the fee simple of any land, or on any periodical occasion in the case of land held in fee simple by a body corporate or unincorporate, the whole amount of the duty which is determined to be unsatisfied shall be collected by the Commissioners in accordance with rules made by them for the purpose.
- (3) Where increment value duty is collected on the occasion of the grant of a lease, or on the transfer or passing on death of any interest in land, or on any periodical occasion in the case of an interest in land held by a body corporate or unincorporate, such proportionate part of the duty shall be collected as may be determined by the Commissioners to be payable in respect of the interest in land created, transferred, passing on death, or held, in accordance with rules made by them for the purpose.
- (4) Where on the occasion of the death of any person the property passing on the death comprises settled land in which the deceased or any other person had an interest ceasing on the death of the deceased, then—
 - (a) if the subject of the settlement at the time of the death is the fee simple of the land, increment value duty shall be collected as if the fee simple of the land passed; and
 - (b) if the subject of the settlement at the time of the death is any other interest in the land, increment value duty shall be collected as if that interest passed;but that duty shall not be collected on any such occasion if under the provisions of section five of the Finance Act, 1894, as amended by any subsequent enactment, estate duty is not payable in respect of the settled land.
- (5) For the purpose of the collection of duty on the increment value of any land under this section, the increment value shall be deemed to be reduced on the first occasion for the collection of increment value duty by an amount equal to ten per cent. of the original site value of the land, and on any subsequent occasion by an amount equal to ten per cent. of the site value on the last preceding occasion for the collection of increment value duty, and the amount of duty to be collected shall be remitted in whole or in part accordingly.

Any duty which by reason of this provision is remitted on any occasion shall not be collected and shall be deemed to have been paid:

Provided that no remission shall be given under this provision on any occasion which will make the amount of the increment value on which duty has been remitted during the preceding period of five years exceed twenty-five per cent. of the site value of the land on the last occasion for the collection of increment value duty prior to the commencement of that period or of the original site value if there has then been no such occasion.

- (6) Increment value duty shall be a stamp duty collected and recovered in accordance with the provisions of this Act.

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4 Collection and recovery of duty in cases of transfers and leases.

- (1) On any transfer on sale of the fee simple of any land or of any interest in land, or on the grant of any lease of any land for a term exceeding fourteen years, increment value duty shall be assessed by the Commissioners and paid by the transferor or lessor, as the case may be.
- (2) It shall be the duty of the transferor or lessor, on the occasion of any transfer on sale of the fee simple of any land or of any interest in land or on the grant of any lease of any land for a term exceeding fourteen years, to present to the Commissioners, in accordance with regulations made by them, the instrument by means of which the transfer or the lease is effected or agreed to be effected or reasonable particulars thereof for the purpose of the assessment of duty thereon, and, if the transferor or lessor fails to comply with this provision, he shall be liable on summary conviction to a fine not exceeding ten pounds, and to pay interest at the rate of five per cent. per annum on any duty ultimately payable by him as from the date on which the instrument has been executed, but any person aggrieved by any conviction or order of a court of summary jurisdiction under this provision may appeal therefrom to a court of quarter sessions.
- (3) Any such instrument shall not, for the purposes of section fourteen of the Stamp Act, 1891, and notwithstanding anything in section twelve of that Act, be deemed to be duly stamped unless it is stamped—
 - (a) either with a stamp denoting that the increment value duty has been assessed by the Commissioners and paid in accordance with the assessment; or
 - (b) with a stamp denoting that all particulars have been delivered to the Commissioners, which, in their opinion, are necessary for the purpose of enabling them to assess the duty, and that security has been given for the payment of duty in any case where the Commissioners have required security; or
 - (c) with a stamp denoting that upon the occasion in question no increment value duty was payable;but where an instrument is so stamped, it shall, notwithstanding any objection" relating to the increment value duty, be deemed to be duly stamped so far as respects that duty.
- (4) Any duty assessed by the Commissioners under this -section shall be a debt due to the Crown from the transferor or lessor, as the case may be, and for the purpose of calculating the amount of increment value duty to be collected on any subsequent occasion shall be deemed to have been paid.
- (5) Regulations may be made by the Commissioners with respect to the mode in which any instrument is to" be presented to them in order to be dealt with under this section, and for dispensing with the presentation of any instrument, or particulars thereof, in cases where arrangements are made for obtaining those particulars through any registry of lands, deeds, or title, or through a Register of Sasines, and with respect to the mode in which any application for a return of duty under this section is to be made, and for the payment of any increment value duty by instalments in the case of any lease or transfer on sale where the consideration is in the form of a periodical payment; and the Commissioners shall deal with any instrument presented to them and allow payment by instalments in accordance with those regulations. The regulations shall provide that where the duty to be collected on the grant of a lease is payable by instalments, and the lease is determined before all such instalments have fallen due, the instalments which have not fallen due shall be. remitted, and that in that case the amount of duty which, under this section, is deemed to have been paid shall be reduced by the amount of the instalments so remitted:

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- (6) In any case where increment value duty shall have been paid under the provisions of this section, but the transaction in respect of which the duty shall have been paid was subsequently not carried, into execution, the duty shall be returned to the transferor or lessor on his making application to the Commissioners within two years after the payment of the duty in accordance with regulations to be made by them under this section, and in that case the duty returned shall not be deemed to have been paid for the purposes of this section.
- (7) Where any agreement for a transfer or agreement for a lease is stamped in accordance with this section, it shall not be necessary to stamp any conveyance, assignment, or lease made subsequently to and in conformity with the agreement, but the Commissioners shall, if an application is made to them for the purpose, denote on the conveyance, assignment, or lease the amount of duty paid.

5 Collection and recovery of duty in case of death.

The provisions as to the assessment, collection, and recovery of estate duty under the Finance Act, 1894, shall apply as if increment value duty to be collected on the occasion of the death of any person were estate duty; but, where any interest in land in respect of which increment value duty is payable is property passing to the personal representative as such, the duty shall be payable out of that interest in land in exoneration of the rest of the deceased's estate, and shall be collected upon an account to be delivered by the personal representative, setting forth the particulars of the increment value in respect of the property :

Provided that in respect of all property of the deceased, other than that assessed to increment value duty, the Crown shall, as a creditor in respect of such increment value duty, rank *pari passu* with the other creditors of the deceased.

6 Collection and recovery of duty in case of property held by bodies corporate or unincorporate.

- (1) Where the fee simple of any land or any interest in land is held by any body corporate or by any body unincorporate, as defined by section twelve of the Customs and Inland Revenue Act, 1885, in such a manner or on such permanent trusts that the land or interest is not liable to death duties, the occasions on which increment value duty is to be collected shall be the fifth day of April in the year nineteen hundred and fourteen and in every subsequent fifteenth year.
- (2) The account to be delivered under section fifteen of the Customs and Inland Revenue Act, 1885, shall, in the case of the account to be delivered in the year nineteen hundred and fourteen and in every subsequent fifteenth year, contain an account of the increment value of the land, as on the preceding fifth day of April, and that section shall, save as in this Act is hereafter provided, apply for the purpose of increment value duty, whether the body corporate or unincorporate are chargeable with duty under Part II. of the Customs and Inland Revenue Act, 1885, or not. ,
- (3) The provisions of sections thirteen to eighteen, of subsection (1) of section nineteen, and of section twenty of the Customs and Inland Revenue Act, 1885 (with the exception of any provisions relating to appeals), shall have effect for the purpose of the assessment and recovery of increment value duty as they have effect for the purpose of the duty charged under section eleven of that Act:

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Provided that increment value duty may, if the body corporate or unincorporate chargeable therewith so desire, be paid by fifteen equal yearly instalments, and the first instalment shall be due immediately after the assessment of the duty.

Any part of any duty so payable by instalments may be paid up at any time.

- (4) Any increment value duty assessed by the Commissioners on an account delivered in accordance with this section shall, for the purpose of determining the amount of increment value duty to be collected on any subsequent occasion, be deemed to have been paid.
- (5) Nothing in this section shall affect the collection of increment value duty on the occasion of the grant of any lease or the transfer on sale of the fee simple of any land or any interest in land by a body corporate or unincorporate, or oblige an account to be delivered of the increment value of any land on any periodical occasion, if, under the subsequent provisions of this Part of this Act, increment value duty in respect thereof is not to be collected on that occasion.

7 Exemption for agricultural land.

Increment value duty shall not be charged in respect of agricultural land while that land has no higher value than its market value at the time" for agricultural purposes only :

Provided that any value of the land for sporting purposes, or for other purposes dependent upon its use as agricultural land, shall be treated as value for agricultural purposes only, except where the value for any such purpose exceeds the agricultural value of the land.

8 Exemption of small houses and properties in owner's occupation.

- (1) Increment value duty shall not be charged on the increment value of any land, being the site of a dwelling-house, where immediately before the occasion on which the duty is to be collected the house was, and had been for twelve months previously, used by the owner thereof as his residence, and the annual value of the house, as adopted for the purpose of income tax under Schedule A, does not exceed—
 - (a) in the case of a house situated in the administrative county of London, forty pounds ; and
 - (b) in the case of a house situated in a borough or urban district with a population according to the last-published Census for the time being of fifty thousand or upwards, twenty-six pounds ; and
 - (c) in the case of a house situated elsewhere, sixteen pounds.
- (2) Increment value duty shall not be charged on the increment value of any agricultural land where, immediately before the occasion on which the duty is to be collected, the land was, and had been for twelve months previously, occupied and cultivated by the owner thereof, and the total amount of that land, together with any other land belonging to the same owner, does not exceed fifty acres, and the average total value of the land does not exceed seventy-five pounds per acre:

Provided that the exemption under this provision shall not apply to any land occupied together with a dwelling-house the annual value of which, as adopted for income tax under Schedule A, exceeds thirty pounds.

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- (3) Where a dwelling-house is valued for the purposes of income tax under Schedule A. together with other land, and it is necessary for the purpose of this section to determine the annual value of the dwelling-house, the total annual value shall be divided between the dwelling-house and the other land in such manner as the Commissioners may determine.
- (4) For the purposes of this section—
 - (a) the expression "owner" includes a person who holds land under a lease which was originally granted for a term of fifty years or more; but in such a case nothing in this section shall prevent the collection of increment value duty so far as it is payable in respect of any other interest in the land other than that leasehold interest; and
 - (b) the site of a dwelling-house shall include any offices, courts, and yards, and gardens not exceeding one acre in extent, occupied together with the dwelling-house.
- (5) Any increment value duty which would, but for this section, be charged shall, for the purpose of the provisions of this Act as to the collection of the duty, be deemed to have been paid.

9 Special provision for increment value duty in the case of land used for games and recreation.

Increment value duty shall not be collected on any periodical occasion in respect of the fee simple of, or any interest in, any land which is held by any body corporate or unincorporate, without any view to the payment of any dividend or profit out of the revenue thereof, *bonâ fide* for the purpose of games or other recreation, if the Commissioners are satisfied that the land is so used under some agreement with the owner which as originally made could not be determined for a period of at least five years, or under other circumstances' which render it probable that the land will continue to be so used, without prejudice, however, to the collection of the duty on any other occasion.

10 Provision as to Crown lands, &c.

- (1) Any increment value duty in respect of the fee simple of, or any interest in, any land held by, or in trust for, His Majesty or any department of Government, which would have been collected on any occasion had it been held by a private person, shall for the purposes of the provisions of this Act as to the collection of increment value duty be deemed to have been paid.
- (2) Neither section seventy-seven of the Crown Lands Act, 1829, nor section thirty-eight of the Post Office Act, 1908, nor any other enactment exempting from stamp duty any document made or executed on behalf of, or for the purpose of, the Crown or any Government department, shall apply so as to prevent increment value duty being collected on any instrument by which the transfer on sale of the fee simple of, or any interest in, any land, or the grant of any lease of any land, to the Crown or to any Government department, or to any officer on behalf of, or for the purposes of, the Crown or any Government department, is effected or agreed to be effected.

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11 Special provision as to flats.

Where a building is used for the purpose of separate tenements, flats, or dwellings, the grant of a lease of any such separate tenement, flat, or dwelling, and the transfer on sale or passing on death of any lease of any such separate tenement, flat, or dwelling, shall not be an occasion on which increment value duty is to be collected under this Act, nor shall duty be collected on any periodical occasion from a body corporate or unincorporate where the interest held by the body is only a leasehold interest in any such separate tenement, flat, or dwelling.

12 Provision as to claims for deductions.

A person shall not be entitled to claim any deduction for the purpose of ascertaining the site value of any land on any occasion on which increment value duty becomes payable if the deduction is one which could have been, but was not, claimed for the purpose of ascertaining the original site value of the land.