



Finance Act 1960

1960 CHAPTER 44

PART IV

ESTATE DUTY

64 Estate duty: graduation of charge on gifts, etc.

- (1) Where, in the case of a person dying after the fourth day of April, nineteen hundred and sixty, any property is deemed to pass on the death by virtue of a gift or any other relevant disposition or event (estate duty being chargeable on the property apart from this section), and the death takes place in the third, fourth or last year of the five-year period, then subject to the provisions of this section the principal value of the property shall be reduced for estate duty purposes—
- (a) by fifteen per cent. thereof, if the death takes place in the third year,
 - (b) by thirty per cent. thereof, if the death takes place in the fourth year,
 - (c) by sixty per cent. thereof, if the death takes place in the fifth year.

In this section " the five-year period " means the period of five years beginning with the relevant disposition or event.

- (2) In this section " relevant disposition or event" means—
- (a) any such disposition as is mentioned in paragraph (a) of subsection (2) of section thirty-eight of the Customs and Inland Revenue Act, 1881 (gifts inter vivos), including—
 - (i) any such payment or application of money or money's worth as is mentioned in subsection (2) of section thirty-one of the Finance Act, 1939 (discharge of debts etc. disallowable for estate duty valuation),
 - (ii) any such disposition in favour of a relative or company as under section forty-four of the Finance Act, 1940, is to be treated as a gift made by the deceased,
 - (iii) any such creation or extinguishment of a debt or other right as under section forty-five of the Finance Act, 1940, is to be deemed to have been a disposition of property, and

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- (iv) any such payment of a premium as under subsection (2) of section thirty-four of the Finance Act, 1959, is to be treated as a gift;
 - (b) any such disposition or determination of an interest as is mentioned in subsection (1) of section forty-three of the Finance Act, 1940 (disposition or determination of life interests);
 - (c) any such disposition of the personal interest of a tenant in tail as is mentioned in section forty-five of the Finance Act, 1950 (Parliamentary settled estates);
 - (d) any such purchase of an interest in settled property as is mentioned in paragraph (b) of subsection (1) of section twenty-eight of the Finance Act, 1958 (purchases of interests in expectancy).
- (3) Where, irrespective of the interval between the relevant disposition or event and the death, duty would be chargeable (apart from this section) by reason of a person's not being entirely excluded from possession and enjoyment of property and of any benefit to him by contract or otherwise, then:—
- (a) if he was not so excluded immediately before the death, subsection (1) of this section shall not apply ;
 - (b) if he was so excluded at any previous time and continued to be so excluded until the death (but duty would be chargeable as aforesaid by reason of that time not falling early enough before the death), subsection (1) of this section shall apply with the substitution for the reference to the five-year period of a reference to the period of five years beginning with that time.
- (4) Where—
- (a) under subsection (2) of section three of the Finance Act, 1894, a deduction from the value of the property falls to be made in respect of partial consideration, or
 - (b) under the provisions of subsection (1) of section forty-four of the Finance Act, 1940 (dispositions in favour of relatives) and of subsection (2) of section forty of the Finance Act, 1944 (relaxation of those provisions) one or more deductions fall to be made in the course of determining the amount on which estate duty is payable in accordance with those provisions, or
 - (c) by virtue of subsection (8) of section twenty-eight of the Finance Act, 1958, any debt incurred or encumbrance created for the purpose of or in consideration of the purchase of an interest in expectancy is allowable as a deduction for estate duty purposes,
- subsection (1) of this section shall have effect subject to the modification that the reduction provided for by that subsection shall be applied after allowing for any such deduction.
- (5) Notwithstanding the foregoing provisions of this section, in subsection (2) of section fifty-nine of the Finance (1909-10) Act, 1910 (exemption for small gifts inter vivos), section thirty-three of the Finance Act, 1949 (extension of exemption for certain small gifts inter vivos) and subsection (11) of section thirty-eight of the Finance Act, 1957 (marginal relief in respect of the exemption provided for by the said section thirty-three), references to the aggregate value or amount of any gifts shall be construed as references to the aggregate value or amount thereof apart from any reduction under this section.

65 Estate duty: graduation of charge where benefits from company surrendered

- (1) Where, in the case of a person dying after the fourth day of April, nineteen hundred and sixty, such a surrender as is mentioned in subsection (1) of section forty-eight of the Finance Act, 1940 (under which a surrender of title to benefits from a company will not defeat a charge to estate duty under section forty-six of that Act) is made bona fide at a time before the beginning of the two years ending with the death, the amount of any benefits treated as accruing to the deceased from the company which are so treated by virtue only of the operation of the said section forty-eight in relation to that surrender shall be reduced—
 - (a) by fifteen per cent. thereof if the said time fell during the first of the three years ending with the death,
 - (b) by thirty per cent. thereof if it fell during the first of the four years ending with the death, or
 - (c) by sixty per cent. thereof if it fell earlier.
- (2) Where subsection (2) of section fifty-one of the Finance Act, 1940 (under which where estate duty is payable in respect of shares or debentures by virtue of which benefits accrued to the deceased, relief from duty under section forty-six of the Act is given by reference to the value of the shares or debentures) has effect as respects any shares or debentures by reason of any benefits being treated as accruing to the deceased, being benefits of which under the foregoing subsection the amount is reduced by any percentage, paragraphs (a) and (b) of the said subsection (2) shall so have effect as if for references to the value of the shares or debentures there were substituted references to their value reduced in the proportion which that percentage of the amount of the said benefits bears to the amount of all benefits accruing or treated as accruing to the deceased from the company by virtue of any interest that he at any time had in the shares or debentures or by virtue of a power's having at any time been exercisable by him or with his consent in relation thereto, and other references in the said section fifty-one shall be construed accordingly.

66 Valuation of assets of certain companies

- (1) Subject to the provisions of this section, in the case of a person dying after the fourth day of April, nineteen hundred and sixty, the principal value of assets of a company which are used in, and in the case of land or buildings are occupied for the purposes of, a trade or business carried on by the company shall be estimated for the purposes of section fifty-five of the Finance Act, 1940 (valuation, by reference to assets, of shares and debentures of certain companies) on the footing that the sale by reference to which (in accordance with subsection (5) of section seven of the Finance Act, 1894) the value of the assets is to be estimated is a sale of the business where the assets are subject to an enforceable restriction that they are to be used or occupied only for the purposes of that business.
- (2) In the case of a company whose business consists wholly or mainly of one or more of the following, that is to say dealing in securities, stocks or shares, land or buildings or making or holding investments, subsection (1) of this section shall not apply to securities, stocks, shares, land or buildings belonging to the business at the time of the death.
- (3) Subsection (1) of this section shall not have effect so as to reduce the principal value of shares or debentures below whichever is the lower of—

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- (a) the amount at which it would have been estimated in accordance with subsection (5) of section seven of the Finance Act, 1894,
- (b) the amount at which it would have been estimated (under section fifty-five of the Finance Act, 1940) if this section had not been passed ;

and in section twenty-eight of the Finance Act, 1954 (reduced rate of duty on certain business assets), in subsection (2), after the words " section fifty-five of the Finance Act, 1940 " there shall be inserted the words " or where paragraph (a) of subsection (3) of section sixty-six of the Finance Act, 1960, operates to determine the principal value of any such shares or debentures ".