



Finance Act 1939

1939 CHAPTER 41

PART IV

ESTATE DUTY.

29 Increased rates of Estate duty.

In the case of persons dying after the twenty-fifth day of April, nineteen hundred and thirty-nine, the rates of Estate duty set out in the Second Schedule to the Finance Act, 1930, shall, so far as they relate to estates the principal value of which exceeds fifty thousand pounds, be increased, in the case of each rate, by one-tenth of the amount thereof:

Provided that, where an interest in expectancy within the meaning of Part I of the Finance Act, 1894, in any property (other than property deemed to pass on a death by virtue of section thirty-five of the Finance Act, 1930) has, before the twenty-sixth day of April, nineteen hundred and thirty-nine, been bona fide sold or mortgaged for full consideration in money or money's worth, then no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would have been payable if this section had not passed, and, in the case of a mortgage, any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee.

30 Estate duty on certain interests arising on death.

- (1) Paragraph (d) of subsection (1) of section two of the Finance Act, 1894, (which provides that property passing on the death of a deceased person shall be deemed to include any annuity or other interest purchased or provided by the deceased) shall have effect in relation to an annuity or other interest that was purchased or provided wholly or in part by any person who was at any time entitled to, or amongst whose resources there was at any time included, any property derived from the deceased, as if that annuity or other interest had been provided by the deceased, or, if it is proved to the satisfaction of the Commissioners that the application of all the property derived from the deceased would have been insufficient to provide the whole of that annuity

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or other interest, as if a similar annuity or interest of an amount reduced to an extent proportionate to the insufficiency proved had been provided by the deceased :

Provided that for the purpose of determining whether there would have been any such insufficiency as aforesaid, and the extent thereof, there shall be excluded from the property derived from the deceased any part thereof as to which it is proved to the satisfaction of the Commissioners that the disposition of which it, or the property which it represented, was the subject matter was not made with reference to, or with a view to enabling or facilitating, the purchase or provision of the annuity or other interest, or the recoument in any manner of the cost thereof.

- (2) For the purpose of section four of the Finance Act, 1894, the deceased shall be deemed to have had an interest in any property included by virtue of this section in the property passing on the death of the deceased.
- (3) In this section the following expressions have the meanings hereby assigned to them respectively, that is to say—
 - (a) " property derived from the deceased " means any property which was the subject matter of a disposition made by the deceased, either by himself alone or in concert or by arrangement with any other person, otherwise than for full consideration in money or money's worth paid to him for his own use or benefit, or which represented any of the subject matter of such a disposition, whether directly or indirectly, and whether by virtue of one or more intermediate dispositions, and whether any such intermediate disposition was or was not for full or partial consideration;
 - (b) " disposition " includes any trust, covenant, agreement or arrangement; and
 - (c) " subject matter " includes, in relation to any disposition, any annual or periodical payment made or payable under or by virtue of the disposition.
- (4) This section shall have effect only in the case of a person dying after the twenty-fifth day of April, nineteen hundred and thirty-nine.

31 Exclusion of certain debts, and c, from deduction in valuing for estate duty.

- (1) Any allowance which, but for this provision, would be made under subsection (1) of section seven of the Finance Act, 1894, for a debt incurred by the deceased as mentioned in paragraph (a) of that subsection, or for an incumbrance created by a disposition made by the deceased as therein mentioned, shall be subject to abatement to an extent proportionate to the value of any of the consideration given therefor which consisted of—
 - (a) property derived from the deceased; or
 - (b) consideration not being such property as afore said, but given by any person who was at any time entitled to, or amongst whose resources there was at any time included, any property derived from the deceased :

Provided that if, where the whole or a part of the consideration given consisted of such consideration as is mentioned in paragraph (b) of this subsection, it is proved to the satisfaction of the Commissioners that the value of the consideration given, or of that part thereof, as the case may be, exceeded that which could have been rendered available by application of all the property derived from the deceased, other than such (if any) of that property as is included in the consideration given or as to which the like facts are proved in relation to the giving of the consideration as are mentioned in the proviso to subsection (1) of the last preceding section in relation to the purchase

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or provision of an annuity or other interest, no abatement shall be made in respect of the excess.

- (2) Money or money's worth paid or applied by the deceased in or towards satisfaction or discharge of a debt or incumbrance in the case of which subsection (1) of this section would have had effect on his death if the debt or incumbrance had not been satisfied or discharged, or in reduction of a debt or incumbrance in the case of which that subsection has effect on his death, shall, unless so paid or applied three years before the death, be treated as property deemed to be included in the property passing on the death by virtue of paragraph (c) of subsection (1) of section two of the Finance Act, 1894, and Estate duty shall, notwithstanding anything in section three of that Act, be payable in respect thereof accordingly.
- (3) The provisions of subsection (3) of the last preceding section shall have effect for the purpose of this section as they have effect for the purpose of that section.
- (4) This section shall have effect only in the case of a person dying after the twenty-fifth day of April, nineteen hundred and thirty-nine.