



Finance Act 1959

1959 CHAPTER 58

PART V

MISCELLANEOUS

33 Profits tax: increase of limits on deductions for directors' remuneration

- (1) Paragraph 11 of the Fourth Schedule to the Finance Act, 1937 (which, as set out in section thirty-four of the Finance Act, 1952, limits the deduction which may be made for the purposes of the profits tax in respect of the remuneration of full-time working directors of director-controlled companies) shall have effect with the substitution for any reference to two thousand five hundred pounds of a reference to three thousand pounds, for any reference to four thousand pounds of a reference to five thousand pounds, for any reference to five thousand five hundred pounds of a reference to seven thousand pounds, for any reference to seven thousand pounds of a reference to nine thousand pounds, and for any reference to one thousand five hundred pounds of a reference to two thousand pounds.

- (2) The foregoing subsection shall apply to chargeable accounting periods ending after the beginning of April, nineteen hundred and fifty-nine:

Provided that in the case of a period beginning before that time the maximum deduction to be allowed in respect of the remuneration of directors other than whole-time service directors shall be the aggregate of the following amounts, that is to say—

- (a) the amount which would have been the maximum if this section had not had effect, reduced in the proportion which so much of the period as elapsed before that time bears to the whole ;
- (b) the amount which would have been the maximum apart from this proviso, reduced in the proportion which the remainder of the period bears to the whole.

34 Estate duty: life insurance policies

- (1) So much of section eleven of the Customs and Inland Revenue Act, 1889, as imposes duty in respect of any policy kept up by the deceased in favour of a nominee or

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assignee, and section seventy-six of the Finance Act, 1948 (which relates to estate duty where policies are kept up or effected under settlements), shall cease to have effect.

- (2) Where by way of gift a person pays a premium under a policy of assurance on his life in circumstances where the payment does not fall to be treated for estate duty purposes both as a gift and as one of money, and, by reason of assignment or otherwise, the payment operates to keep up the policy for the benefit of another person (hereinafter referred to as "the donee"), then for estate duty purposes the payment shall be treated as a gift to the donee of rights under the policy, and the property comprised in the gift shall be treated for those purposes as standing at the payor's death (whether or not the policy continues on foot till that time) at a value equal to the proportion of the value of the policy which the amount of the premium bears to the aggregate amount of all relevant premiums.
- (3) Where by reason of any dealing with a policy of life assurance property would under paragraph (c) of subsection (1) of section two of the Finance Act, 1894, and apart from this subsection, be deemed to have passed on the death of the assured, the property so deemed to have passed shall be treated as standing at the assured's death (whether or not the policy continues on foot till that time) at a value equal to the proportion of the value of the policy which the aggregate amount of all premiums paid under the policy before the dealing with the policy bears to the aggregate amount of all relevant premiums.
- (4) For the purposes of the two foregoing subsections the value of a policy shall be determined as follows:—
 - (a) subject to the following paragraph, the value shall be taken to be the value, as at the death, of the benefits receivable under the policy on the death or other event on which they are receivable;
 - (b) the foregoing paragraph shall not apply in relation to any payment of a premium or dealing with a policy if any dealing with the policy has subsequently taken place either so as to alter the beneficial interest in the rights under the policy or by way of surrender, but in such a case the value shall be ascertained by reference to the time of the subsequent dealing (or of the first, if there has been more than one), and shall be taken to be the value at that time of the consideration therefor, or if there was no consideration or (in the case of a dealing other than a surrender) its value was less than the market value of the policy at that time, that market value.
- (5) In this section "relevant premiums" means premiums paid under the policy (whoever paid them) which—
 - (a) where paragraph (a) of the foregoing subsection applies, have been paid before the maturity of the policy, or
 - (b) where paragraph (b) of that subsection applies, have been paid before the time by reference to which the value of the policy falls to be ascertained.
- (6) If for the purposes of the law relating to the exemption from estate duty of gifts not exceeding a specified amount any gift falling within this section is to be valued as at the date of the gift, then—
 - (a) if the gift falls within subsection (2) of this section, its value shall be taken to be the proportion of the market value of the policy at the date of the gift which the amount of the premium bears to the aggregate amount of the premium and all premiums previously paid under the policy (whoever paid them);

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- (b) if the gift falls within subsection (3) of this section, its value shall be taken to be the market value of the policy at the date of the gift.
- (7) Section thirty-eight of the Finance Act, 1957 (which relates to estate duty on gifts inter vivos where the donee ceases to have possession and enjoyment of property comprised in a gift), except subsection (11) (which provides for marginal relief in the case of gifts exceeding five hundred pounds), shall not apply to any gift falling within this section.
- (8) This section shall be construed as one with Part I of the Finance Act, 1894.
- (9) This section shall have effect in the case of a person dying after the seventh day of April, nineteen hundred and fifty-nine, except that subsection (2) of this section shall not apply in a case (not being a case where subsection (3) of this section applies) where the policy matured, or was surrendered, before the twenty-second day of that month.

35 Estate duty: amendments as to exclusion of donor, or owner of an interest, from possession or benefit

- (1) In the case of persons dying after the coming into operation of this section, any provision of the enactments relating to estate duty which imposes, in connection with a gift of property or the disposition or determination of an interest in property, a condition that property shall have been possessed or enjoyed by a person to the entire exclusion of another person or of any benefit to him by contract or otherwise shall be applied in accordance with the following provisions of this section.
- (2) In the case of property being an interest in land, or being chattels, retention or assumption by the said other person of actual occupation of the land or actual enjoyment of an incorporeal right over the land, or actual possession of the chattels, shall be disregarded if for full consideration in money or money's worth.
- (3) In the case of a gift, a benefit which the said other person obtained by virtue of any associated operations (as defined by section fifty-nine of the Finance Act, 1940) of which the gift is one shall be treated as a benefit to him by contract or otherwise.
- (4) This section shall be construed as one with Part I of the Finance Act, 1894.
- (5) In the application of this section to Scotland, for references to chattels there shall be substituted references to corporeal moveables.

36 Exchequer advances to nationalised industries and undertakings

In subsection (3) of section forty-two of the Finance Act, 1956 (which, as amended by section thirty-six of the Finance Act, 1958, limits to one thousand and seventy million pounds the total of the advances which may be made under the said section forty-two and prohibits the making of such advances after the end of August, nineteen hundred and fifty-nine) for the words " one thousand and seventy " there shall be substituted the words " one thousand six hundred and twenty " and for the words " nineteen hundred and fifty-nine " there shall be substituted the words " nineteen hundred and sixty ".

37 Short title, construction, extent and repeal

- (1) This Act may be cited as the Finance Act, 1959.
- (2) Parts I to IV of this Act shall be construed as one with the enactments mentioned in this subsection respectively, that is to say—

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- (a) Part I with the Customs and Excise Act, 1952;
 - (b) Part II with Part V of the Finance (No. 2) Act, 1940;
 - (c) Part III with the Income Tax Acts ;
 - (d) Part IV with the Stamp Act, 1891.
- (3) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment including this Act.
- (4) Such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.
- (5) The enactments specified in the Eighth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, and, except as otherwise provided in that column, the said repeals shall have effect—
- (a) in the case of the enactments specified in Part I of that Schedule, as from the eighth day of April, nineteen hundred and fifty-nine;
 - (b) in the case of the enactments specified in Part II thereof, in relation to instruments made or executed after the beginning of August, nineteen hundred and fifty-nine ;
 - (c) in the case of the enactments specified in Part III thereof, in relation to any yearly period beginning after the fifth day of April, nineteen hundred and fifty-nine; and
 - (d) in the case of the enactments specified in Part IV thereof, in relation to persons dying after the seventh day of April, nineteen hundred and fifty-nine.