

SCHEDULES :

SCHEDULE 12

CONSEQUENTIAL AMENDMENTS

The Finance Act 1965

- 12 For section 25A of the Finance Act 1965 there shall be substituted the following section:—

“25A Gifts subject to capital transfer tax on death.

- (1) Where the value of any asset comprised in a gift inter vivos is by virtue of section 22(5) of the Finance Act 1975 included in the value of the estate of any person for the purposes of capital transfer tax, and at the time of that person's death the asset—

- (a) is owned by the donee, or
- (b) is property settled by the gift or property which for the purposes of section 38 of the Finance Act 1957 or section 1 of the Finance Act (Northern Ireland) 1957 would by virtue of subsection (9) thereof be treated as property settled by the gift,

then, subject to subsection (2) below, the asset shall for the purposes of this Part of this Act be deemed to be disposed of and immediately re-acquired at that time by the donee or trustee for a consideration equal to the value so included; but no chargeable gain shall accrue on the disposal.

- (2) Where the value so included is reduced by virtue of section 35 of the Finance Act 1968 or section 1 of the Finance Act (Northern Ireland) 1968, the appropriate portion only of the asset shall be deemed to be so disposed of and re-acquired ; and for this purpose the appropriate portion is the reduced value so included divided by the value before the reduction.”

- 13 For section 26 of that Act there shall be substituted the following section:—

“26 Market value determined for capital transfer tax.

Where on the death of any person capital transfer tax is chargeable on the value of his estate immediately before his death and the value of an asset forming part of that estate has been ascertained (whether in any proceedings or otherwise) for the purposes of that tax, the value so ascertained shall be taken for the purposes of this Part of this Act to be the market value of that asset at the date of the death.”

- 14 (1) Section 31 of that Act shall be amended as follows.
- (2) In subsection (1) for the words from "under section 15(2)" to the end there shall be substituted the words " the asset is property falling within paragraph 13(2)(f) of

Status: This is the original version (as it was originally enacted).

Schedule 6 to the Finance Act 1975 and the Treasury give a direction in relation to it under paragraph 13(1) of that Schedule "

- (3) In subsection (3) for the words " the said section 40 applies " there shall be substituted the words " section 31 of the Finance Act 1975 applies or might apply " and for the words " section 48(1) of the Finance Act 1950 " there shall be substituted the words " section 31(2) of the Finance Act 1975 " .
 - (4) In subsection (5) for the words from the beginning to " tax on chargeable gains " there shall be substituted the words " If there is a sale of the asset and capital transfer tax is chargeable under section 32(2) of the Finance Act 1975 or would be chargeable if an undertaking under section 31 of that Act as well as under subsection (3) of this section had been given " .
 - (5) For subsection (6) there shall be substituted the following subsection:—
 - “(6) A gain shall not be a chargeable gain if it accrues on the disposal of an object with respect to which an undertaking under subsection (3) of this section or section 31 of the Finance Act 1975 has been given, and the disposal is such as is referred to in section 32(3)(a) of that Act or is a disposal to the Board under paragraph 17 of Schedule 4 to that Act.”
 - (6) In subsection (7) for the words from " until the asset" to " 1930 and " there shall be substituted the words " until the person entitled to the asset dies or it is disposed of, whether by sale or gift or otherwise ; and if the asset subject to the undertaking is disposed of otherwise than on sale, and without a further undertaking being given under that subsection " ; and at the end of the subsection there shall be added the words " References in this subsection to a disposal shall be construed without regard to any provision of this Part of this Act under which an asset is deemed to be disposed of " .
 - (7) In subsection (8) for the words " estate duty becomes payable " there shall be substituted the words " capital transfer tax becomes chargeable " and for the words " the estate duty" there shall be substituted the words " that tax " .
 - (8) Subsection (9) shall be omitted.
- 15 In section 32 of that Act for the words from "if under section 40 " to the end of subsection (1) there shall be substituted the words " if the asset is property falling under paragraph 13(2)(a), (b), (c), (d) or (e) of Schedule 6 to the Finance Act 1975 and the Treasury give a direction in relation to it under paragraph 13(1) of that Schedule " ; and subsection (3) shall be omitted.