



Finance Act 1975

1975 CHAPTER 7

PART III

CAPITAL TRANSFER TAX

Reliefs and related provisions

29 Exempt transfers and miscellaneous exemptions and reliefs

Schedule 6 to this Act shall have effect with respect to exempt transfers and Schedule 7 to this Act with respect to the exemptions and reliefs mentioned therein.

30 Relief for successive charges

- (1) Where the value of a person's estate was increased by a chargeable transfer (in this section referred to as the previous transfer) made not more than four years before his death, the tax chargeable on his death under section 22 of this Act shall, subject to subsection (2) below, be reduced by the following percentage of the tax charged on so much of the value transferred by the previous transfer as is attributable to the increase, that is to say—
 - (a) by 80 per cent, if the period between the previous transfer and the death was one year or less ;
 - (b) by 60 per cent, if that period was more than one year but not more than two years ;
 - (c) by 40 per cent, if that period was more than two years but not more than three years ; and
 - (d) by 20 per cent, if that period was more than three years.
- (2) No reduction shall be made under this section with respect to an increase attributable to property which, at the time of the death, was settled property, if, under paragraph 5 of Schedule 5 to this Act, tax is chargeable on the death as if the value of that property were reduced.

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- (3) Where the value of a person's estate was increased on a death on which estate duty was payable, the preceding provisions of this section shall apply with the necessary modifications and, in particular, as if on that death there had been a chargeable transfer and the estate duty had been tax on the value transferred thereby.

31 Conditional exemption for certain objects on death

- (1) The Treasury may, on a claim made for the purpose, designate such pictures, prints, books, manuscripts, works of art, scientific collections or other things not yielding income as—
- (a) were included in the estate of a person immediately before his death ; and
 - (b) appear to the Treasury to be of national, scientific, historic or artistic interest; to be objects to which this section applies.
- (2) Where, with respect to an object to which this section applies, an undertaking is given, by such person as the Treasury think appropriate in the circumstances of the case, that, until the person entitled to the object dies or the object is disposed of, whether by sale or gift or otherwise.—
- (a) the object will be kept permanently in the United Kingdom and will not leave it temporarily except for a purpose and a period approved by the Treasury ; and
 - (b) reasonable steps will be taken for the preservation of the object; and
 - (c) reasonable facilities for examining the object for the purpose of seeing the steps taken for its preservation, or, subject to subsection (3) below, for purposes of research, will be allowed to any person authorised by the Treasury to examine it;
- the value of the object shall be left out of account in determining for the purposes of this Part of this Act the value transferred by the transfer of value made on the death of the person mentioned in subsection (1)(a) above.
- (3) If it appears to the Treasury, on a claim made for the purpose, that any documents which are designated or to be designated as objects to which this section applies contain information which for personal or other reasons ought to be treated as confidential, they may exclude those documents, either altogether or to such extent as they think fit, from so much of an undertaking given or to be given under subsection (2) (c) above as relates to their examination for purposes of research.
- (4) In this section " national interest" includes interest within any part of the United Kingdom.

32 Charge on failure of condition of exemption

- (1) Where, under section 31 of this Act, the value of an object has been left out of account and the Treasury are satisfied that at any time the undertaking given under that section with respect to the object has not been observed in a material respect, tax shall be chargeable with respect to the object in accordance with section 33 of this Act and the person liable for the tax shall be the person who, if the object were sold at the time the tax becomes chargeable, would be entitled to receive (whether for his benefit or not) the proceeds of sale or any income arising from them.
- (2) Where, under section 31 of this Act, the value of an object has been left out of account and—
- (a) subsection (1) above does not apply ; but

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- (b) the object is disposed of, whether on sale or otherwise,
then, subject to the following provisions of this section, tax shall be chargeable with respect to the object in accordance with section 33 of this Act and the person liable for the tax shall be the person for whose benefit the object is disposed of ; but where the value of an object has been so left out of account on the death of more than one person the tax chargeable under this subsection shall be chargeable only by reference to the last death.
- (3) Tax shall not be chargeable by virtue of subsection (2) above with respect to an object—
- (a) on its being sold by private treaty to a body mentioned in paragraph 12 of Schedule 6 to this Act or on its being disposed of to such a body otherwise than by sale; or
- (b) if it is disposed of otherwise than by sale and the under taking previously given with respect to it is replaced by a further undertaking under section 31 of this Act.
- (4) For the purposes of subsection (2) above the acceptance of an object under paragraph 17 of Schedule 4 to this Act shall not be treated as a disposal of the object.

33 Amount and effect of charge under section 32

- (1) The following provisions of this section shall have effect where, under section 31 of this Act, the value of any object has been left out of account in determining the value transferred by the transfer of value made on the death of any person (in this section referred to as the value transferred on death) and tax becomes chargeable with respect to the object under section 32 of this Act by reason of the disposal of the object or the non-observance of an undertaking (in this section referred to as a chargeable event).
- (2) If the chargeable event occurs within three years of the death—
- (a) the value of the object (at the time of the death) shall no longer be left out of account, and tax shall be chargeable on the value transferred on death as if section 31 of this Act had never applied to the object; and
- (b) the tax chargeable under section 32 of this Act with respect to the object shall be so much of the tax chargeable on the value transferred on death as is attributable to the value restored under this subsection.
- (3) If the chargeable event occurs more than three years after the death, the tax chargeable under section 32 of this Act with respect to the object shall be so much of the tax that would have been chargeable on the value transferred on death as would have been attributable to the value of the object if—
- (a) section 31 of this Act had not applied to the object; and
- (b) the value of the object at the time of the death had been equal to its value at the time of the chargeable event and, if the chargeable event was a disposal on sale, that value had been equal to the proceeds of sale.
- (4) Where—
- (a) under section 31 of this Act the value of two or more objects has been left out of account in determining the value transferred on death ; and
- (b) those objects formed a set at the time of the death ; and
- (c) tax becomes chargeable under section 32 of this Act with respect to two or more of the objects by reason of chargeable events occurring at different times;

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then, subject to subsection (5) below, the preceding provisions of this section shall apply as if both or all the chargeable events had occurred at the time of the earlier or earliest one, and the tax chargeable with respect to the objects and (where necessary) the tax chargeable on the value transferred on death shall be adjusted accordingly on the occurrence of each of the subsequent chargeable events.

- (5) Subsection (4) above does not apply with respect to two or more chargeable events which are disposals to different persons who are neither acting in concert nor connected with each other.

34 Conditional exemption for certain buildings etc. on death

- (1) Where any of the following property was included in the estate of a person immediately before his death, that is to say—

- (a) land which in the opinion of the Treasury is of outstanding scenic or historic or scientific interest;
- (b) a building for the preservation of which special steps should in the opinion of the Treasury be taken by reason of its outstanding historic or architectural interest;
- (c) land which adjoins such a building as is mentioned in paragraph (b) above and which in the opinion of the Treasury is essential for the protection of the character and amenities of the building, or,
- (d) an object which in the opinion of the Treasury is historically associated with such a building as is mentioned in paragraph (b) above ;

the Treasury may, on a claim made for the purpose, designate the property as property to which this section applies.

- (2) Where, with respect to any property to which this section applies, an undertaking is given, by such person as the Treasury think appropriate in the circumstances of the case, that, until the person entitled to the property dies or the property is disposed of, whether by sale or gift or otherwise, reasonable steps will be taken—

- (a) in the case of land falling within subsection (1)(a) above, for the maintenance of the land and the preservation of its character ; and
- (b) in the case of any other property, for the maintenance, repair and preservation of the property and, if it is an object falling within subsection (1)(d) above, for keeping it associated with the building concerned;

and for securing reasonable access to the public, the value of the property shall be left out of account in determining for the purposes of this Part of this Act the value transferred by the transfer of value made on the death of the person mentioned in subsection (1) above (in this section referred to as the value transferred on his death).

- (3) Where, under subsection (2) above, the value of any property has been left out of account and the Treasury are satisfied that at any time the undertaking given under that subsection in respect of that property has not been observed in a material respect, then, subject to subsection (5) below, tax shall be chargeable in accordance with subsection (7) or (8) below with respect to the property and any property associated with it, and the person liable for the tax shall be the person who, if the property were sold at the time the tax becomes chargeable, would be entitled to receive (whether for his benefit or not) the proceeds of sale or any income arising from them.

- (4) Where, under subsection (2) above, the value of any property has been left out of account in determining the value transferred on the death of any person and—

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- (a) subsection (3) above does not apply ; but
 - (b) the property is disposed of, whether on sale or otherwise,
- then, subject to subsections (5) and (6) below, tax shall be chargeable in accordance with subsection (7) or (8) below with respect to the property and any property associated with it, and the person liable for the tax shall be the person for whose benefit the property is disposed of; but where the value of the property has been left out of account on the death of more than one person the tax chargeable under this subsection shall be chargeable only by reference to the last death.
- (5) The Treasury may direct that the tax chargeable under this section on a failure to observe an undertaking with respect to any property or on the disposal of any property shall be chargeable with respect only to that property, if it appears to them that the entity consisting of the building, land and objects concerned has not been materially affected.
- (6) Tax shall not be chargeable under subsection (4) above with respect to any property—
- (a) on its being sold by private treaty to a body mentioned in paragraph 12 of Schedule 6 to this Act or on its being disposed of to such a body otherwise than by sale; or,
 - (b) if it is disposed of otherwise than by sale and the undertaking previously given with respect to it is replaced by a further undertaking under subsection (2) above;
- and for the purposes of subsection (4) above the acceptance of any property under paragraph 17 of Schedule 4 to this Act shall not be treated as a disposal of the property.
- (7) Where, under this section, tax becomes chargeable with respect to any property within three years of the death on which its value has been left out of account—
- (a) the value of the property (at the time of the death) shall no longer be left out of account and tax shall be chargeable on the value transferred on the death as if this section had never applied to the property; and
 - (b) the tax chargeable under this section with respect to the property shall be so much of the tax chargeable on the value transferred on the death as is attributable to the value restored under this subsection.
- (8) Where, under this section, tax with respect to any property becomes chargeable more than three years after the death, the tax shall be so much of the tax that would have been chargeable on the value transferred on the death as would have been attributable to the value of the property if—
- (a) this section had not applied to the property; and
 - (b) the value of the property at the time of the death had been equal to its value at the time the tax becomes chargeable and, if it becomes chargeable on a sale, that value had been equal to the proceeds of sale.
- (9) For the purposes of this section two or more properties are associated with each other if one of them is a building falling within subsection (1)(b) above and the other or others such land or objects as, in relation to that building, fall within subsection (1)(c) or (d) above.

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35 Relief, in certain circumstances, for agricultural property

Part I of Schedule 8 to this Act shall have effect for giving relief where the value transferred by a chargeable transfer is determined by reference to the value of agricultural property and the conditions mentioned in that Part are satisfied.

36 Relief for woodlands

Schedule 9 to this Act shall have effect for giving relief where the value transferred by a chargeable transfer made on death is determined by reference to the value of woodlands and the conditions mentioned in that Schedule are satisfied.