



Finance Act 1977

1977 CHAPTER 36

PART IV

CAPITAL TRANSFER TAX

49 Persons domiciled in Channel Islands or Isle of Man

- (1) In section 45 of the Finance Act 1975 (which in subsection (1)(c) provides that certain persons domiciled in the Channel Islands or the Isle of Man are to be treated as domiciled in the United Kingdom) after subsection (2) there shall be inserted—
- “(2A) Subsection (1)(c) above does not apply to—
- (a) a person with a domicile of origin in the Islands ; or
 - (b) a person who, when he became domiciled in the Islands as there mentioned, was incapable of having an independent domicile.”.

(2) Subject to the following provisions of this section, property situated outside the United Kingdom is excluded property for the purposes of Part III of the said Act of 1975 if—

 - (a) the person beneficially entitled to it is domiciled in the United Kingdom by virtue only of subsection (1)(c) of the said section 45 ; and
 - (b) it is shown that the property directly or indirectly represents—
 - (i) emoluments resulting from the carrying on by him of an office or employment in the Islands at a time when (disregarding that section) he was domiciled there; or
 - (ii) profits resulting from the carrying on of a business there at such a time either by him or by a company of which he then had control.

(3) Paragraph (b)(i) of subsection (2) above does not apply to a person's emoluments from an office or employment in a business of the kind mentioned in subsection (4) below which is carried on by a person with whom he is connected; and paragraph (b)(ii) of subsection (2) above does not apply to profits from the carrying on of a business of the kind mentioned in subsection (4) below.

Status: This is the original version (as it was originally enacted).

- (4) The business referred to above is any business which consists wholly or mainly of one or more of the following, that is to say—
- (a) dealing in securities, stocks or shares or in land or buildings situated outside the Islands ; or
 - (b) making or holding investments, being, in the case of investments consisting of land or buildings, land or buildings situated outside the Islands.
- (5) Subsection (2) above does not apply in relation to settled property; but where at the time when a settlement was made the settlor was domiciled in the United Kingdom by virtue only of section 45(1)(c) of the said Act of 1975 any property comprised in the settlement is excluded property for the purposes of Part III of that Act if—
- (a) it is situated outside the United Kingdom ; and
 - (b) it is, or directly or indirectly represents, property that was excluded property by virtue of that subsection at the time when it was settled.
- (6) In this section—
- " business " includes a business carried on in the exercise of a profession or vocation;
- " the Islands " means the Channel Islands and the Isle of Man; and paragraph 13(7) of Schedule 4 to the said Act of 1975 (control of company) applies for the purposes of subsection (2) above.

50 Interests in settled property

- (1) After paragraph 11(10) of Schedule 5 to the Finance Act 1975 (under which an interest in possession acquired by a company is not treated as such an interest unless the company's business consists wholly or mainly in the acquisition of interests in settled property) there shall be inserted—
- “(10A) Where the acquisition mentioned in paragraph (b) of sub-paragraph (10) above was before 14th March 1975—
- (a) the condition mentioned in paragraph (a) of that sub-paragraph shall be treated as satisfied if the business of the company was at the time of the acquisition such as is described in that paragraph ; and
 - (b) that condition need not be satisfied if the company is authorised to carry on long term business under Part I of the Insurance Companies Act 1974 or Part II of the Insurance Companies (Northern Ireland) Order 1976.”.
- (2) This section shall be deemed to have come into force on 29th March 1977.

51 Trusts for persons in receipt of attendance allowance

- (1) Paragraph 19 of Schedule 5 to the Finance Act 1975 (trusts for mentally disabled persons) shall be amended as follows.
- (2) In sub-paragraph (1) after the words " a mentally disabled person " there shall be inserted the words " or of a person in receipt of an attendance allowance ".
- (3) In sub-paragraphs (2)(a) and (3) for the words "the mentally disabled person " there shall be substituted the words " the person mentioned in sub-paragraph (1) above ".

- (4) In sub-paragraph (2)(b) after the words "for the benefit of the mentally disabled person" there shall be inserted the words " or, as the case may be, for the care or maintenance of the person in receipt of the attendance allowance ".
- (5) At the end of sub-paragraph (4) there shall be added the words " and ' attendance allowance ' means an allowance under section 35 of the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975 ".

52 Relief for woodlands

Paragraph 5 of Schedule 9 to the Finance Act 1975 (relief for woodlands) shall have effect, and be deemed always to have had effect, with the omission of sub-paragraphs (1)(a) and (b) and sub-paragraph (2) (under which relief under that Schedule is conditional on the woodlands being managed in accordance with a plan approved by the Forestry Commissioners under a forestry dedication covenant or forestry dedication agreement or on equivalent conditions).

53 Disposals of conditionally exempt property

- (1) In sections 32(2) and 34(4) of the Finance Act 1975 and section 78(3) of the Finance Act 1976 (liability of person for whose benefit conditionally exempt property is disposed of) for the words "person for whose benefit" there shall be substituted the words " person by whom or for whose benefit ".
- (2) This section applies where the event by reason of which tax is chargeable under the provisions mentioned in subsection (1) above occurs after 19th April 1977.