



Finance Act 1954

1954 CHAPTER 44

PART IV

ESTATE DUTY

30 Other amendments of, or affecting Finance Act, 1940, s. 55

- (1) Where any shares or debentures falling to be valued in accordance with section fifty-five of the Finance Act, 1940, are sold within three years after the death by the persons accountable for the duty payable on the death or by the persons to whom they pass on the death, and the Commissioners of Inland Revenue are satisfied—
 - (a) that no person concerned either as vendor or as having an interest in the proceeds of sale was a relative of any person concerned either as purchaser or as having an interest in the purchase; and
 - (b) that the sale was made at arm's length for a price freely negotiated at the time of sale; and
 - (c) that the price obtained for the shares or debentures on the sale, with any adjustment needed to take account of any difference in circumstances at the date of the sale and at the date of the death, was less than the value as ascertained under the said section fifty-five of the shares or debentures sold;then for the purposes of estate duty on the death that price, as so adjusted, shall be substituted for the value so ascertained as the value of the shares or debentures sold.
- (2) The said section fifty-five shall not apply to the valuation on a person's death of any shares or debentures comprised in a gift inter vivos made by the deceased, if it is shown to the satisfaction of the Commissioners of Inland Revenue—
 - (a) that the shares or debentures were given absolutely to a person who was or had been in the employment of the company, or to the widow or orphan of such a person, and the donee was not a relative of the deceased; and
 - (b) that bona fide possession of the shares or debentures was assumed by the donee immediately upon the gift and thenceforward retained to the entire exclusion of the deceased and of any benefit to him by contract or otherwise; and

Status: This is the original version (as it was originally enacted).

- (c) that the donee did not have control or powers equivalent to control of the company either alone or in conjunction with his relatives immediately after the death or at any previous time since the making of the gift.
- (3) For the purposes of subsection (1) of section fifty of the Finance Act, 1940 (by virtue of which an allowance for a company's liabilities is to be made in valuing its assets for the purposes of section forty-six or section fifty-five of that Act), any liability of the company arising, or which may arise, after the death for taxation on income or profits shall be taken into account as if it were an actual but contingent liability at the date of the death, in so far as the liability or its amount is referable to income or profits accruing before the death, whether then realised or not; and in their estimation of any such liability for taxation charged on income or profits arising after the death the Commissioners of Inland Revenue shall take into account the extent (if any) to which the last-mentioned income or profits are likely to be insufficient to meet the liability.
- (4) Where any shares or debentures which fall to be valued in accordance with the said section fifty-five have also fallen to be so valued on a previous death within five years, then for the purposes of section fifteen of the Finance Act, 1914 (which provides relief from estate duty on lands and businesses in respect of quick succession), those shares and debentures shall, in relation to those deaths, be treated in the same way as an interest in land or in a business not carried on by a company, if on both deaths their value is wholly or partly attributable to the value of land of the company or any subsidiary of it or to the value of assets used by the company or any subsidiary of it in a business not consisting mainly in the holding of or dealing in investments other than land:
- Provided that the amount on which the reduction under the said section fifteen is to be calculated shall be limited (where necessary) to the duty on the part so attributable of the value, on which duty is payable, of the shares or debentures, and references to that part of the value shall, in the proviso to the said section fifteen, be substituted for the references to the whole value (whether in relation to the first or the second death).
- (5) Where a company alters its share capital by sub-dividing any shares into shares of smaller amount, or by consolidating and dividing any shares into shares of larger amount, subsections (1) and (4) of this section shall apply to shares derived by those means from shares of the same class which have fallen to be valued in accordance with the said section fifty-five on a death occurring before the alteration of share capital, as if those shares and the equivalent amount of the shares from which they were so derived were the same shares; and if a company has issued to holders of any shares other shares as fully paid bonus shares, those subsections shall apply both to the shares in respect of which the issue was made and to the shares so issued as if they were derived from the former by subdivision.