



# Finance Act 1954

## 1954 CHAPTER 44

### PART IV

#### ESTATE DUTY

#### **31 Interpretation of and provisions supplementary to ss. 28 to 30**

- (1) For the purposes of this Part of this Act, except in so far as the context otherwise requires,—
  - (a) " company " includes any body corporate, wheresoever incorporated;
  - (b) " debenture " has the meaning assigned to it by section fifty-nine of the Finance Act, 1940;
  - (c) " subsidiary " has the meaning assigned to it by section one hundred and fifty-four of the Companies Act, 1948;
  - (d) " relative " means husband, wife, ancestor, lineal descendant, brother or sister;
  - (e) a person shall be deemed to have powers equivalent to control of a company if he either has the capacity, or could by an exercise of a power exercisable by him or with his consent obtain the capacity, to exercise or to control the exercise of any of the following powers, that is to say, the powers of a board of directors or of a governing director of the company, power to nominate a majority of directors or a governing director thereof, power to veto the appointment of a director thereof, or powers of a like nature.
- (2) The two last foregoing sections, and this section so far as it relates thereto, shall be construed as one with section fifty-five of the Finance Act, 1940, except that subsection (5) of that section (which provides for disregarding control had by any person in a fiduciary capacity) shall not affect paragraph (b) of subsection (5) of section twenty-nine of this Act.
- (3) In determining, for the purposes of subsection (5) of the said section twenty-nine, or of subsection (2) of section thirty of this Act, whether a person at any time has or had control of a company, either alone or in conjunction with his relatives, or a beneficial interest in possession in any shares in or debentures of a company,—

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*Status: This is the original version (as it was originally enacted).*

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- (a) where that person or a relative of his is or was at any time entitled under a trust, either alone or in conjunction with that person's relatives, to not less than nine-tenths of the income arising from any such shares or debentures, that person or the relative in question, as the case may be, shall be treated as being or having been able at that time to control the exercise by the trustees of the trust or other persons in whom those shares or debentures are or were vested of any powers attached to those shares or debentures;
  - (b) any shares in or debentures of the company, or interests therein, which form part of a person's estate at his death shall be treated as vesting immediately on his death in the legatees or persons entitled on intestacy, without regard to the powers exercisable for the administration of the estate;
  - (c) there shall, in so far as the Commissioners of Inland Revenue so direct, be disregarded—
    - (i) any limited interest subsisting at the relevant time in any shares in or debentures of the company; and
    - (ii) any voting rights exercisable by virtue of any preference shares in the company (being voting rights which the Commissioners are satisfied do not materially affect the effective control of the company's affairs).
- (4) References in subsection (2) of section twenty-eight and subsection (4) of section thirty of this Act to shares or debentures which fall to be valued in accordance with section fifty-five of the Finance Act, 1940, shall include shares or debentures of which the value falls ultimately to be ascertained under subsection (1) of section thirty of this Act.
- (5) In determining for the purposes of section twenty-eight or subsection (4) of section thirty of this Act what part of the value of any shares in or debentures of a company is attributable to the value of particular assets.—
- (a) the value of the shares or debentures shall be apportioned in proportion to the net value of the company's assets after allowing for liabilities other than liabilities in respect of shares in or debentures of the company; and
  - (b) the value apportioned under this subsection to the value of any shares in or debentures of another company (being a subsidiary either of the first-mentioned company or of a company of which that company is a subsidiary) shall, where material, be similarly apportioned between the other company's assets;
- and subsection (1) of section fifty of the Finance Act, 1940, shall apply in relation to any allowance for liabilities to be made for the purposes of this subsection as it applies in relation to an allowance for the purposes of section fifty-five of that Act.
- (6) In arriving at the net value of any assets in respect of which, or by reference to the value of which, duty is to be charged at a reduced rate by virtue of the foregoing provisions of this Part of this Act, any allowance to be made for liabilities incurred for the purpose of the business which (or an interest in which) passes on the death, or of the business of the company whose assets they are, as the case may be, shall be made, as far as may be, from the value of assets used in the business other than such assets as aforesaid, except that any allowance for secured liabilities shall be made from the value of assets which are, rather than the value of assets which are not, included in the security.
- (7) The foregoing sections of this Part of this Act shall have effect in relation to any death occurring after the commencement of this Act.