



Finance Act 1950

1950 CHAPTER 15

PART IV

ESTATE DUTY

46 Dispositions in favour of relatives

(1) In relation to a person dying after the eighteenth day of April, nineteen hundred and fifty, there shall be substituted for subsection (1) of section forty-four of the Finance Act, 1940, the following subsections:—

“(1) Any disposition made by the deceased in favour of a relative of his shall be treated for the purposes of paragraph (c) of subsection (1) of section two of the Finance Act, 1894, as a gift unless—

- (a) the disposition was made on the part of the deceased for full consideration in money or money's worth paid to him for his own use or benefit; or
- (b) the deceased was concerned in a fiduciary capacity imposed on him otherwise than by a disposition made by him and in such a capacity only;

and references to a gift in the other enactments relating to estate duty (including this Part of this Act) shall be construed accordingly:

Provided that where the disposition was made on the part of the deceased for partial consideration in money or money's worth paid to him for his own use or benefit, the value of the consideration shall be allowed as a deduction from the value of the property for the purpose of estate duty.

(1A) Where the deceased made a disposition of property in favour of a relative of his, the creation or disposition in favour of the deceased of an annuity or other interest limited to cease on the death of the deceased or of any other person shall not be treated for the purposes of this section or of subsection (1) of section seven of the Finance Act, 1894, as consideration for the disposition made by the deceased.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (1B) If a company to which this section applies was concerned in a transaction in relation to which it is claimed that the provisions of paragraph (a) of or the proviso to subsection (1) of this section have effect, those provisions shall have effect in relation thereto if and only if, and to the extent only to which, the Commissioners are satisfied that those provisions would have had effect in the following circumstances, namely, if the assets of the company had been held by it on trust for the members thereof and any other person to whom it is under any liability incurred otherwise than for the purposes of the business of the company wholly and exclusively, in accordance with the rights attaching to the shares in and debentures of the company and the terms on which any such liability was incurred, and if the company had acted in the capacity of a trustee only with power to carry on the business of the company and to employ the assets of the company therein.
- (1C) Any gift made in favour of a relative of the deceased by a company of which the deceased at the time of the gift had control within the meaning of subsection (3) of section fifty-five of this Act shall be treated for the purposes of paragraph (c) of subsection (1) of section two of the Finance Act, 1894, as a gift made by the deceased, and the property taken under the gift shall be treated as included by virtue of that paragraph in the property passing on the death of the deceased, if and to the extent to which the Commissioners are satisfied that they would fall to be so treated in the circumstances mentioned in the last foregoing subsection.”
- (2) Where the foregoing subsection applies,—
- (a) references to subsection (1A) of the said section forty four shall be substituted—
- (i) for the reference to subsection (1) of that section in subsection (5) thereof; and
- (ii) for the reference to that section in subsection (II) of section forty of the Finance Act, 1944 (which allows from the value of the property chargeable by virtue of the said section forty-four a deduction for the deceased's annuity payments, but limits the deduction to the amount specified in the Third Schedule to that Act); and
- (b) section forty of the Finance Act, 1944, shall have effect also as if for paragraph 2 of the Third Schedule to that Act there were substituted the following paragraph:—
- “2 Where under section forty-four of the Finance Act, 1940, a deduction for partial consideration would have been allowable in respect of the annuity or other interest if subsection (1A) of that section had not applied to the disposition and if any other consideration for the disposition had not been given, the amount allowed shall not exceed the amount of that deduction.”