

## SCHEDULES.

## THIRD SCHEDULE

Section 40.

LIMITATIONS ON RELIEF FROM ESTATE DUTY  
CHARGEABLE UNDER FINANCE ACT, 1940, S. 44.

- 1 (1) The provisions of subsection (1) of section thirty-one of the Finance Act, 1939 (which provides, amongst other things, for the disallowance of debts the consideration for which was property derived from the deceased) shall, in the manner specified in this paragraph, have effect in relation to the computation of the amount allowed.
- (2) Where, if—
- (a) the annuity payments had formed the consideration for a debt created by the deceased equal to the total amount of those payments ; and
  - (b) subsection (1) of section seven of the Finance Act, 1894 (which provides for an allowance for debts in computing the amount on which estate duty is payable), were applied to that debt,

the full amount of that debt would not, having regard to the operation of subsection (1) of the said section thirty-one, have been allowable under subsection (1) of the said section seven, the annuity payments shall, for the purpose of ascertaining the amount allowed, be reduced so as not to exceed the amount, if any, which would have been allowable in the circumstances aforesaid under subsection (1) of the said section seven :

Provided that, in applying the said section thirty-one for the purposes of this paragraph, property which is the subject matter of the disposition shall not be treated as property derived from the deceased.

- 2 Where, if section forty-four of the Finance Act, 1940, had not been passed and section three of the Finance Act, 1894 (which relates, amongst other things, to property which the deceased has parted with before his death for consideration) had been applied to the property which was the subject matter of the disposition, a deduction would have been allowable under subsection (2) of that section for partial consideration, the amount allowed shall not exceed the amount of that deduction.
- 3 Where the amount allowed is allowed as a deduction from the value of property liable to a debt or incumbrance created by the deceased, it shall not exceed the amount, if any, which would be allowed under subsection (1) of section seven of the Finance Act, 1894, if section forty-four of the Finance Act, 1940, had not been passed,