



Finance Act 1930

1930 CHAPTER 28

PART III

ESTATE DUTY

Companies

35 Estate duty where property in which deceased had a life-interest is transferred to a company

- (1) Whereat any time before the death of a person dying after the commencement of this Act any property in which the deceased had an estate or interest limited to cease at his death, was transferred by the deceased and the person interested in the remainder or reversion, whether directly or indirectly, and whether by one or more transactions, to or for the benefit of a company to which this Part of this Act applies, then unless—
- (a) the transfer was made before the first day of August, nineteen hundred and eighteen; or
 - (b) the property was settled property and the interest of the deceased would, in any case have failed by reason of his death before it would have become an interest in possession; or
 - (c) the share of the consideration payable to the deceased in respect of the transfer was satisfied otherwise than by an allotment of shares in the company or the grant to him by the company of an annuity or other right to receive periodical payments, not being payments on account of purchase money being a capital sum of fixed amount; or
 - (d) the deceased had at least three years before his death relinquished all interest in the property and had not at any time within those three years the possession or enjoyment (otherwise than under a lease or agreement for a lease at a rack rent) of any part thereof or of any benefit secured to him, whether by contract or otherwise, in relation to the relinquishment of his interest therein, and was not at any time within the said period in receipt of or entitled to any payment from the company, otherwise than in respect or on account of debentures or loans or purchase money being a capital sum of a fixed amount,

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the property shall be deemed for the purposes of estate duty to pass on the death in like manner as if the estate or interest of the deceased therein had continued until the death:

Provided that where the property or any part thereof has been bona fide sold or exchanged by the company during the deceased's life time for full consideration in money or money's worth, the property or so much thereof as has been so sold or exchanged shall not be deemed to pass on the death, but in lieu thereof the proceeds of the sale or exchange or, as the case may be, the property which, at the time of death, represents those proceeds shall be deemed so to pass.

- (2) In determining the value of any property deemed to pass under this section, there shall be deducted from the principal value thereof—
- (a) so much of any sum borrowed by the company as has been applied by the company in the improvement of the property, and has not at the death been repaid by the company;
 - (b) a sum equal to the capital sum of money paid to the deceased as part of the consideration for the transfer; and where estate duty is payable in connection with the death on any shares of or debentures in the company, a sum equal to the principal value of such of those shares or debentures as were transferred or allotted to the deceased in consideration of the transfer of the property.
- (3) Property which is deemed to pass on a death by virtue of the provisions of this section shall, notwithstanding anything in any Act, be an estate by itself, and shall not be aggregated with any other property.