STATUTORY INSTRUMENTS

1975 No. 610

CAPITAL TRANSFER TAX

The Capital Transfer Tax (Settled Property Income Yield) Order 1975

Made - - - - - - -	14*th April* 1975
Laid before the House of Commons	16*th April* 1975
Coming into Operation - - -	8*th May* 1975

The Treasury in exercise of the powers conferred on them by paragraph 3 of Schedule 5 to the Finance Act 1975(a) hereby make the following Order:—

1.—(1) This Order may be cited as the Capital Transfer Tax (Settled Property Income Yield) Order 1975.

(2) This Order shall have effect in relation to transfers of value made on or after 8th May 1975.

2.—(1) In this Order references to the "indices" are to the indices compiled jointly by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries, and known as the "F.T.–Actuaries Share Indices".

(2) The Interpretation Act 1889(b) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

3.—(1) For the purposes of paragraph 3 of Schedule 5 to the Finance Act 1975 the higher and lower rates referred to in sub-paragraph (4) of that paragraph shall be rates per annum equal to the designated rates of yield in the indices compiled for the date as at which the value in question is to be determined (or, if no indices are compiled for that date, in the indices for the latest earlier date for which indices are compiled).

(2) For the purposes of paragraph (1) above the designated rates of yield are—

(*a*) for the higher rate, the Consols 2½% yield, and

(*b*) for the lower rate, the gross dividend yield of the All-Share Index.

M. Cocks,
Donald R. Coleman,
Two of the Lords Commissioners of Her Majesty's Treasury.

14th April 1975

(a) 1975 c. 7.

(b) 1889 c. 63.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Under paragraph 3 of Schedule 5 to the Finance Act 1975 a person who is beneficially entitled to the income of settled property is treated for capital transfer tax purposes as beneficially entitled to the property. Where the income to which a person is entitled is a specified amount (eg an annuity), or the whole less a specified amount, the part of the property to be attributed to his interest is calculated by reference to the income yield of the property. Under paragraph 3(4) the Treasury have power to prescribe higher and lower rates which operate as limits beyond which variations in the actual income yield of the property are disregarded in the circumstances specified in paragraph 3(4)(*a*) and (*b*). This Order prescribes the higher and lower rates by reference to the F.T.–Actuaries Share Indices (which are published in the Financial Times). The rates applicable will be determined by the indices for the date as at which property has to be valued for the purposes of paragraph 3 (or, if there are no indices for that date, those for the latest earlier date). Details of the rates applicable can be obtained from the Estate Duty Office on working days between 9 am and 5 pm. The Order takes effect from 8th May 1975, ie it does not apply where the value attributable to an interest at an earlier date has to be determined.

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