STATUTORY INSTRUMENTS

1981 No. 1440

CAPITAL TRANSFER TAX

The Capital Transfer Tax (Delivery of Accounts) (No. 2) Regulations 1981

Made - - - - - - -	*7th October* 1981
Laid before the House of Commons	*8th October* 1981
Coming into Operation - - -	*1st December* 1981

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 94(1) of the Finance Act 1980(a), hereby make the following Regulations:—

Citation and commencement

1. These Regulations may be cited as the Capital Transfer Tax (Delivery of Accounts) (No. 2) Regulations 1981 and shall come into operation on 1 December 1981.

Interpretation

2. In these Regulations, unless the context otherwise requires:—

(i) "an excepted transfer" means a chargeable transfer made on or after 1 April 1981 which is a disposition by an individual, but not anything that is treated as a disposition for the purposes of capital transfer tax, where:—

(*a*) the value transferred by the chargeable transfer, together with the values transferred by any previous chargeable transfers made by the transferor during the same period of twelve months ending with 5 April, does not exceed £10,000; and

(*b*) the aggregate of the values transferred by that and all previous chargeable transfers made by the transferor during the 10 years preceding the transfer does not exceed £40,000;

(ii) "an excepted termination" means the termination of an interest in possession in settled property where:—

(*a*) the transferor has, in connection with the termination, given to the trustees of the settlement a notice under section 94(5) of the Finance Act 1981(b) informing them of the availability of an exemption; and

(*b*) the value transferred in consequence of the termination does not exceed the amount of the exemption specified in the notice;

(iii) "value" means value for the purposes of tax.

Accounts

3. Notwithstanding anything in paragraph 2 of Schedule 4 to the Finance Act 1975(c), no person shall be required to deliver to the Board an account of an excepted transfer or an excepted termination unless the Board so require by notice in writing addressed to that person.

(a) 1980 c. 48. (b) 1981 c. 35. (c) 1975 c. 7.

4. If any person who has not delivered an account in reliance on Regulation 3 discovers at any time that the transfer is not an excepted transfer, or that the termination is not an excepted termination, the delivery to the Board within six months of that time of an account of that transfer or termination shall satisfy any requirement to deliver an account imposed on that person.

Discharge of trustees from tax

5. Subject to Regulation 6, and unless within the period of six months beginning with the date of an excepted termination the Board issue a notice requiring an account of the property in which the interest subsisted, the trustees of the settlement shall at the expiration of that period be discharged from any claim for tax attributable to the value of that property.

6. Regulation 5 shall not discharge any person from tax in the case of fraud or failure to disclose material facts and shall not affect the liability to tax of any persons other than the trustees of the settlement, or tax on any property other than that in which the interest subsisted.

Transfers reported late

7. Where no account of an excepted transfer is required by the Board, an account of that transfer shall for the purposes of section 114(6) of the Finance Act 1976(**a**) (delivery of account to be treated as payment where tax rate nil) be treated as having been delivered twelve months after the end of the month in which that transfer is made.

By Order of the Commissioners of Inland Revenue.

A. J. G. Isaac,
A. H. Dalton,
Secretary.

7th October 1981.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These regulations dispense with the need to deliver an account of lifetime transfers for the purposes of capital transfer tax where the total value of an individual's transfers made in any one year does not exceed £10,000, and where his cumulative total does not exceed £40,000. The regulations have effect in relation to lifetime transfers made on or after 1 April 1981.

The regulations also dispense with the delivery of an account by trustees and discharge them from any liability to capital transfer tax where the termination of an interest in possession in settled property is wholly covered by an annual or marriage gift exemption made available to the trustees.

(**a**) 1976 c. 40.

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