

Assented to in Her Majesty's name this 31st day of December, 1959.

E. P. ARROWSMITH,
Governor.

[L.S.]

No. 18



1959.

Colony of the Falkland Islands.

IN THE EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II.

SIR EDWIN ARROWSMITH, K.C.M.G.,
Governor.

An Ordinance

To amend the Estate Duty Ordinance.

Title.

ENACTED by the Legislature of the Colony of the Falkland Islands, as follows :—

Enacting clause.

1. (1) This Ordinance may be cited as the Estate Duty (Amendment) Ordinance, 1959, and shall be read as one with the Estate Duty Ordinance (Chapter 25), hereinafter referred to as the principal Ordinance.

Short title.

2. Section 2 of the principal Ordinance is amended by the addition thereto of the following definitions :—

Amendment of section 2 of the principal Ordinance.

“Agricultural property” means property other than land used wholly or mainly for agricultural or pastoral purposes, including such cottages, farm buildings, and dwelling-houses (together with the lands occupied therewith) as are of a character appropriate to the property, and live stock and agricultural machinery;

“Property passing on the death” includes property passing either immediately on the death or after an interval either certainly or contingently, and either originally or by way of substitutive limitation, and “on the death” includes at a period ascertainable only by reference to the death.

3. Section 4 of the principal Ordinance is repealed and replaced by the following section :—

Amendment of section 4 of the principal Ordinance.

“4. (1) In the case of every person dying after the commencement of this Ordinance estate duty shall, save as hereinafter expressly provided, be levied and paid on the principal value, ascertained as hereinafter provided, of all property passing

Charge of estate duty.

on the death of the deceased (hereinafter referred to as "the estate of the deceased") at the graduated rates shown in the Schedule to this Ordinance: Provided that the first £5,000 of any estate the principal value of which exceeds that amount shall, without prejudice to the rate of estate duty applicable in the case of such estate according to the said Schedule, be exempt from estate duty.

(2) The estate of the deceased shall be deemed to include:

- (a) property of which the deceased was at the time of his death competent to dispose;
- (b) property taken as a *donatio mortis causa* made by the deceased or taken under a disposition made by him purporting to operate as an immediate gift *inter vivos*, whether by way of transfer, delivery, declaration of trust or otherwise, which has not been bona fide made three years before his death, or taken under any gift whenever made, if bona fide possession and enjoyment of such property have not been assumed by the donee immediately upon the gift and thenceforward retained to the entire exclusion of the donor, or of any benefit to him by contract or otherwise;
- (c) property which belonged to the deceased, or of which he was competent to dispose, of which he has disposed at any time within three years of his death in any manner other than for valuable consideration paid to the deceased for his own use and benefit: where such disposition has been made for full valuable consideration such consideration shall be subject to the same liability in respect of estate duty as the property so disposed of was subject, and where any such disposition was made for partial consideration the value of the consideration shall be allowed as a deduction from the value of the property for the purposes of estate duty;
- (d) property which the deceased, having been absolutely entitled thereto, has caused or may cause to be transferred to or vested in himself and any other person jointly whether by disposition or otherwise, or any purchase or investment made by the deceased alone, or in concert, or by arrangement with any other person, so that the beneficial interest therein or in some part thereof passes or accrues by survivorship on his death to such other person;
- (e) property passing under any past or future disposition made by the deceased verbally, or by any instrument not taking effect as a will, whereby an interest in such property or the proceeds of sale thereof for life or any other period determinable by reference to death is reserved or otherwise secured, either expressly or by implication, to the deceased, or whereby the deceased may have reserved to himself the right, by the exercise of any power, to restore to himself or to reclaim the absolute interest in such property or the proceeds of sale thereof (notwithstanding, in cases where the disposition is contained in any instrument, such instrument may have been made for valuable consideration as between the deceased and any other person);
- (f) money payable to the estate of the deceased under any policy of insurance on his life and money received under a policy of insurance effected by the deceased on his life where the policy is wholly kept up by him for the benefit of a donee, whether nominee or assignee, or a part of such money in proportion to the premiums paid by him where the policy is partially kept up by the deceased for such benefit;

- (g) property in which the deceased or any other person had an interest ceasing on the death of the deceased to the extent to which a benefit accrues or arises by the cesser of such interest: but exclusive of property the interest in which of the deceased or other person was only an interest as holder of an office, or recipient of the benefits of a charity, or as a corporation sole;
- (h) an annuity or other interest purchased or provided by the deceased, either by himself alone or in concert or by arrangement with any other person, to the extent of the beneficial interest accruing or arising by survivorship or otherwise on the death of the deceased;

Provided always that the provision marked (d) or (e) in this sub-section shall not apply to any property disposed of by the deceased for full valuable consideration, but such consideration shall be subject to the same liability in respect of estate duty as the property so disposed of was subject; if such consideration consists wholly or in part of any benefit or of any periodic payment which terminates on the death of the deceased, estate duty shall be payable on the value of such benefit or periodic payment as if calculated at the time it was created or provided, and where any such disposition was made for partial consideration the value of the consideration shall be allowed as a deduction from the value of the property for the purposes of estate duty.

(3) Estate duty shall be paid in respect of all property of the deceased situate in the Colony, wherever his death may have occurred, and in case the deceased was at the time of his death domiciled in the Colony it shall also be paid in respect of his movable property and effects wherever situate.

(4) Estate duty shall not be payable:—

- (a) in respect of property held by the deceased as trustee for another person under a disposition not made by the deceased, or under a disposition made by the deceased more than three years before his death where possession and enjoyment of the property was forthwith bona fide assumed by the beneficiary and retained to the entire exclusion of the deceased or of any benefit to him by contract or otherwise;
- (b) in respect of any gifts or dispositions for public or charitable purposes and to the entire exclusion of the deceased made by the deceased which in the case of any one donee do not exceed £500, or which, if exceeding that amount, were made more than twelve months before the date of the death of the deceased;
- (c) in respect of gifts to the entire exclusion of the deceased made in consideration of marriage, or which in the case of any one donee did not exceed in the aggregate £500 in value or amount, or which are proved to the satisfaction of the Treasurer to have been part of the normal expenditure of the deceased and to have been reasonable having regard to the amount of his income or to the circumstances.

(5) Where the Treasurer is satisfied that in any part of the Commonwealth duty is payable by reason of a death in respect of any property situate in such part and passing on such death, he shall allow a sum equal to the amount of that duty to be deducted from the estate duty payable in respect of that property on the same death.

(6) Where any property subject to estate duty under this Ordinance is situate in a foreign country, and the Treasurer is satisfied that by reason of the death any duty is payable in that

Exemptions from estate duty.

Trust property: disposition by deceased more than 3 years before death.

Charitable gifts.

Gifts in consideration of marriage or under £500.

Property in United Kingdom or a British possession.

Property in a foreign country.

foreign country in respect of that property, he shall make an allowance of the amount of that duty from the value of the property.

(7) For the purposes of this section the situation of any property shall be determined in accordance with the law of England.

Amendment of section 5 of the principal Ordinance.

4. Section 5 of the principal Ordinance is amended as follows :-

- (a) by deleting therefrom the brackets and figure "(1)";
- (b) by substituting "2 per centum" for the words and figure "5 per centum"; and
- (c) by deleting subsection (2).

Insertion of sections 6A, 6B, 6C, in the principal Ordinance.

5. There shall be inserted after section 6 of the principal Ordinance the following new sections numbered 6A, 6B and 6C.

Reduction of full amount of duty where the margin above the limit of value is small.

"6A. The amount of estate duty payable on an estate at the rate applicable thereto under the scale of rates of duty shall, where necessary, be reduced so as not to exceed the highest amount of duty which would be payable at the next lower rate with the addition of the amount by which the value of the estate exceeds the value on which the highest amount of duty would be payable at that lower rate.

Rate of duty in respect of agricultural property.

"6B. The scale in accordance with which estate duty is to be charged on the agricultural value of agricultural property shall be 50 per cent of the rate which would have been applicable according to the Schedule to this Ordinance.

Exemption of certain annuities.

"6C. (1) Estate duty shall not be payable in respect of a single annuity not exceeding £52 per annum purchased or provided by the deceased, either by himself alone or in concert or arrangement with any other person, for the life of himself or of some other person and the survivor of them, or to arise on his own death in favour of some other person; and if in any case there is more than one such annuity the annuity first granted shall alone be entitled to the exemption under this section.

(2) An annuity of less than £104 which would, but for the fact that it exceeds £52, be exempted from estate duty shall be chargeable with estate duty as if it were an annuity of twice the amount by which it exceeds £52".

Amendment of section 7 of the principal Ordinance.

6. Section 7 of the principal Ordinance is amended by deleting subsection (4) therefrom.

Amendment of the Schedule to the principal Ordinance.

7. The Schedule to the principal Ordinance is repealed and replaced by the following Schedule -

SCHEDULE.

RATE OF ESTATE DUTY.

Not exceeding £5,000	...	...	...	...	Nil
Exceeding £5,000 but not exceeding £7,500	...	...	...	...	3%
" £7,500	"	"	"	£10,000	4%
" £10,000	"	"	"	£15,000	5%
" £15,000	"	"	"	£20,000	6%
" £20,000	"	"	"	£25,000	7%
" £25,000	"	"	"	£30,000	8%
" £30,000	"	"	"	£40,000	9%
" £40,000	...	...	...	...	10%

This printed impression has been carefully compared by me with the Bill which has passed the Legislative Council, and is found by me to be a true and correctly printed copy of the said Bill.

D. R. MORRISON,
for Clerk of the Legislative Council.

Ref. 0635/II.