

The Joint Editors,  
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7 November 1949

*Valuations for Estate Duty*

Sirs,

In my letter of 26 January 1949 (p. 78 of Part 1, Vol. IX of the *Journal*) I drew attention to a change in the practice of the Inland Revenue whereby Estate Duty on a continuing annuity was in future to be claimed under Section 2(1)(b) of the Finance Act, 1894, i.e. upon the capital set free by the cesser of the annuity or share of annuity.

This claim was recently contested in the case of the Duke of Norfolk's Will Trusts (Public Trustee *v.* Inland Revenue Commissioners (1949) 2. ALL E.R. 701), and it was decided, against the Commissioners of Inland Revenue, that Estate Duty became payable under Section 1 of the Act and only on the value of a continuing annuity. Under this Section, Estate Duty is charged upon the principal value of property which passes on the death and what passes in this case is not the capital set aside to meet the annuity but the right to enjoy the annuity.

Section 2 provides that property passing on the death shall be deemed to include property which in fact does not pass on the death. The decision means that the interest 'passes' under Section 1 and is not 'deemed to pass' under Section 2(1)(b) of the Act.

The case mentioned seems to have been in the nature of a 'test case', and it is presumed that in the future the practice of the Estate Duty Office will be as described by Mr Goodchild (p. 83 of Part 2, Vol. VIII of the *Journal*).

Yours faithfully,  
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