

Disposition enlarging value of property. CATA 1976 s29 38.—(1) In subsection (4), “company” means a private company within the meaning of section 27.

(2) In this section, “property” does not include any property to which a donee or successor became beneficially entitled in possession prior to 28 February 1969.

(3) Where the taking by any person of a beneficial interest in any property (in this section referred to as additional property) under any disposition made by a disponer has the effect of increasing the value of any other property (in this section referred to as original property) to which that person is beneficially entitled in possession, and which had been derived from the same disponer, the following provisions shall apply—

(a) the increase in value so effected is deemed to be a gift or an inheritance, as the case may be, arising under that disposition and taken by that person, as donee or successor, from that disponer, at the time that donee or successor took the beneficial interest in the additional property,

(b) the original property is treated as having been increased in value if the market value of that property at the time referred to in paragraph (a) would be greater if it was sold as part of an aggregate of the original property and the additional property rather than as a single item of property, and the increase in value for the purposes of this section is the amount by which the market value of the original property if sold at that time as part of such aggregate would be greater than the amount of the market value of that property if sold at that time as a single item of property,

(c) the additional property is, for the purpose of determining its market value, deemed to be part of an aggregate of the original property and the additional property, and

(d) the market value of any property which is to be valued as part of an aggregate of property is ascertained as being so much of the market value of such aggregate as may reasonably be ascribed to that part.

(4) For the purpose of this section, the donee or successor is deemed to be beneficially entitled in possession to any property notwithstanding that within 5 years prior to such a disposition as is referred to in subsection (3) that donee or successor has divested such donee or successor of such property, or any part of such property, otherwise than for full consideration in money or money's worth or has disposed of it to a company of which such donee or successor is, at any time within that period of 5 years, deemed to have control within the meaning of section 27 (4)(b).