pose, it follows that the interest must go with it, and on this brief ground I agree with your Lordship.

LORD KINNEAR concurred.

The Court affirmed the second alternative of the question.

Counsel for First Party — D.-F. Asher, Q.C.—Clyde. Agents—Davidson & Syme, W.S.
Counsel for Second Party—J. Wilson. Agents—Menzies, Black, & Menzies, W.S.

HOUSE OF LORDS.

Thursday, February 18.

(Before the Lord Chancellor (Halsbury), and Lords Herschell, Macnaghten, Morris, and Shand.)

LORD ADVOCATE *v.* ROBERTSON.

(*Ante*, March 20, 1895, vol. xxxii., p. 444, and 22 R. p. 568.)

Revenue — Account-Duty — Life Policy — Customs and Inland Revenue Act 1889 (52 *Vict. c.* 7), *sec.* 11.

The Customs and Inland Revenue Act 1889 enacts by section 11 that account-duty shall be chargeable upon money received "under a policy of assurance effected by any person dying on or after 1st June 1889, 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 him for such benefit."

A father assigned certain policies of insurance upon his own life, upon which he had paid the premiums for many years, to his daughter. During the seven remaining years of her father's life the premiums were paid by the daughter. Upon the father's death the Crown claimed account-duty from the daughter upon the proceeds of the policies.

Held (*aff.* the judgment of the First Division) that account-duty was not payable, in respect that the daughter had not been designated or intended as donee during the period when the policies were kept up by the father.

Revenue — Succession-Duty — Life Policy — Succession-Duty Act 1853 (16 *and* 17 *Vict. c.* 51), *sec.* 2 — *Premiums Paid Partly by Predecessor and Partly by Successor.*

The Succession-Duty Act 1853 enacts by section 2 that every disposition of property by reason whereof any person shall "become beneficially entitled to any property or the income thereof upon the death of any person" shall be deemed to confer a "succession."

Held (*aff.* the judgment of the First Division) that this section did not apply to the proceeds of a policy of life insurance, the premiums on which had for seven years prior to the death of the assured been paid by the assignee, who was entitled under a gratuitous assignation to the proceeds of the policy on the death of the assured.

This case is reported *ut supra.*

The pursuers appealed to the House of Lords.

At delivering judgment—

LORD CHANCELLOR—It appears to me in this case there is a plain interpretation to be put upon plain words. I am only reiterating what has been said over and over again in dealing with Taxing Acts when I say that we have no governing principle of the Act to look at; we have simply to go on the Act itself to see whether the duty claimed under it is that which the Legislature has enacted.

This claim has been put in two ways. It appears to me it is susceptible of a very simple answer in respect of either of them.

The first question is, whether it comes under the second section of the Succession-Duty Act 1853—"Every past or future disposition of property by reason whereof any person has or shall become beneficially entitled to any property or the income thereof upon the death of any person dying after the time appointed for the commencement of this Act, either immediately or after any interval." This policy of insurance has been in existence a considerable number of years—I think seven. The person entitled ultimately to this money herself in one sense created the property, that is, she continued the contract under which, if she continued to pay premiums, certain money would be payable upon the death. She continued that for a period of seven years, and therefore, reading simply the words as they stand, I do not think she has "become beneficially entitled" "upon the death of any person," because she has become entitled by reason, among other things, of her own payments during the period of seven years; and it appears to me under that section, in order to make this a "succession," we must introduce some words of this kind—"disposition of property by reason whereof, either partly or wholly, a person has become entitled." If those words were introduced, in a certain sense it is true that she did partly become entitled by reason of premiums previously paid, the policy effected, and the assignment then made supposing she continued to pay the premiums. But I find no such words in the statute, and I decline to do anything else than construe the words which I find there. I therefore am of opinion that under that part of the statute it is impossible to maintain the claim of the Crown on the first ground.

I then turn to the alternative claim, which is for account-duty; and it appears to me that it is susceptible of an equally plain answer. I do not know that I can state it more plainly than Lord Adam has done.

He says—"I confess I have never been able to understand in this case how a policy of insurance could be kept up for the benefit of a donee when no donee was in existence." Here, again, in order to apply the tax to the particular case in dispute one must introduce words into the statute, such as, "for the benefit of any existing or future donee or person who may become a donee." I find no such words. Unless you introduce by construction those words into the statute it is impossible, as Lord Adam says, to understand how it could be kept up for the benefit of a donee when no donee was in existence; I agree with him. The Lord Ordinary's view seems to have been that the moment a policy of insurance is taken out, the person who takes out the policy keeps it up not only for his own benefit but for the benefit of some possible donee at a future time. That really is an essential condition of the construction contended for by the Crown, and I am unable to agree with that construction.

Under these circumstances I think that this appeal should be dismissed with costs, and the interlocutor affirmed, and I move your Lordships accordingly.

LORD HERSCHELL—I am entirely of the same opinion. The first question is, whether the money payable under the policies was property to which the lady became entitled on the death of her father by reason of the disposition which he made when he assigned the policies to her. I do not intend to lay down any principle or to say anything applicable to any case but the one with which we are dealing. I shall solely consider whether that comes within the words of the enactment or not. In my opinion it does not. I do not think it is accurate to say that the sum payable by the Insurance Company became hers by reason of the disposition which her father made. It is admitted that the entire sum cannot be said to have become hers by reason of that disposition; she would never have got it but for the fact that the premiums continued to be paid upon the policy. Therefore the suggestion is that it must be split up into two portions, the one to be attributed to the payment of premiums by her father before the donation, the other to be attributed to the payment of premiums by her afterwards, and that, being so divided, upon the former of those two sums the duty would be payable. I can find nothing in the words of the Act to warrant and give support to such a contention. For these reasons I think that the appeal entirely fails so far as the Succession-Duty Act is concerned.

Then it is said that account-duty is payable by virtue of the Act of 1881 and the 11th section of the Act of 1889. In order to bring the case within those statutes it is necessary to show that the policy, the duty on the proceeds of which is in question, has been either "wholly kept up" "for the benefit of the donee"—which of course is not the case here—or has been partially kept up for the benefit of the donee. In my opinion it would be really an abuse of words to say that the policy was "kept up for the benefit of the donee" at the time when payments were being made by the father of the lady—not for her benefit as far as appears, or for anybody's benefit but his own. The contention is, that because he afterwards creates a donee, the payment of premiums which he made, when for aught that appears he had no donee at all in his mind—I do not mean merely any individual donee, but no notion of creating a donee—must be regarded, if he creates a donee, as having been made for her benefit. I do not think it is reasonable to treat the language of the Act of Parliament in that way. I think that it would really be not using the words of the statute but abusing them if we put such a construction upon them.

LORD MACNAGHTEN—I am of the same opinion.

LORD MORRIS—I concur.

LORD SHAND—I am of the same opinion; and while quite concurring in what has fallen from your Lordships, I think the grounds of judgment have been very clearly and accurately stated by the learned Lord President and Lord Adam in the Court of Session.

Their Lordships dismissed the appeal with costs.

Counsel for the Appellant—The Lord Advocate (Graham Murray, Q.C.)—The Solicitor-General (C. S. Dickson, Q.C.)—The Hon. Evan Charteris. Agent—Francis C. Gore, for the Solicitor of Inland Revenue.

Counsel for the Respondent—Shaw, Q.C.—A. M. Anderson. Agents—Keeping & Gloag, for William Gunn, S.S.C.

COURT OF SESSION.

Tuesday, February 23.

SECOND DIVISION.

[Exchequer Cause.

THE ASSETS COMPANY, LIMITED *v.* INLAND REVENUE.

Revenue—Income-Tax—Profits or Gains—Property and Income-Tax Act 1842 (5 *and* 6 *Vict. cap.* 35), *sec.* 100, *Schedule* (*D*), *First Case — City of Glasgow Bank* (*Liquidation*) *Act* 1882 (45 *and* 46 *Vict. cap. clii*), *sec.* 17, *and First Schedule, III.* (*a*), (*b*), (*c*), (*d*), *and* (*h*).

A company which was formed in 1882 for the purpose of enabling the affairs of the City of Glasgow Bank to be wound up, acquired the assets of the bank, with a view to their gradual realisation, in return (1) for a sum