



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART V

#### MISCELLANEOUS RELIEFS

#### CHAPTER V

#### MISCELLANEOUS

#### *Successive charges*

#### **141 Two or more transfers within five years.**

- (1) Where the value of a person's estate was increased by a chargeable transfer ("the first transfer") made not more than five years before—
- (a) his death, or
  - (b) a chargeable transfer which is made by him otherwise than on his death and as to which the conditions specified in subsection (2) below are satisfied,
- the tax chargeable on the value transferred by the transfer made on his death or, as the case may be, referred to in paragraph (b) above ("the later transfer") shall be reduced by an amount calculated in accordance with subsection (3) below.
- (2) The conditions referred to in subsection (1)(b) above are—
- (a) that the value transferred by the later transfer falls to be determined by reference to the value of settled property in which there subsists an interest in possession to which the transferor is entitled;
  - (b) that the value transferred by the first transfer also fell to be determined by reference to the value of that property; and
  - (c) that the first transfer either was or included the making of the settlement or was made after the making of the settlement.

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- (3) The amount referred to in subsection (1) above is a percentage of the tax charged on so much of the value transferred by the first transfer as is attributable to the increase mentioned in that subsection; and the percentage is—
- (a) 100 per cent. if the period beginning with the date of the first transfer and ending with the date of the later does not exceed one year;
  - (b) 80 per cent. if it exceeds one year but does not exceed two years;
  - (c) 60 per cent. if it exceeds two years but does not exceed three years;
  - (d) 40 per cent. if it exceeds three years but does not exceed four years; and
  - (e) 20 per cent. if it exceeds four years.
- (4) Where in relation to the first transfer there is more than one later transfer, the reduction provided for by this section shall be given only in respect of the earliest of them, unless the reduction represents less than the whole of the tax charged as mentioned in subsection (3) above; and in that case a reduction may be made in respect of subsequent transfers (in chronological order) until reductions representing the whole of that tax have been made.
- (5) For the purposes of subsection (4) above, a reduction made in accordance with paragraph (a) of subsection (3) above represents an equivalent amount of tax, a reduction made in accordance with paragraph (b) represents the amount of tax of which it is 80 per cent., and so on.
- (6) In determining for the purposes of this section whether or to what extent the value of the transferor's estate was increased by a chargeable transfer, there shall be disregarded any excluded property consisting of a reversionary interest to which he became entitled on the occasion of or before the chargeable transfer.
- (7) Where—
- (a) the value of the transferor's estate was increased in consequence of—
    - (i) a gift inter vivos, or
    - (ii) a disposition or determination of a beneficial interest in possession in property comprised in a settlement, and
  - (b) tax under section 22(5) of the <sup>M1</sup>Finance Act 1975 was by reason of the gift or interest payable on a subsequent death,
- this section shall apply as if the increase had been by the chargeable transfer made on the occasion of the death.

**Marginal Citations**

**M1** 1975 c. 7.

**[<sup>F1</sup>141A Apportionment of relief under section 141**

- (1) This section applies if any part of the value transferred by the later transfer qualifies for the lower rate of tax in accordance with Schedule 1A.
- (2) The amount of the reduction made under section 141(1) is to be apportioned in accordance with this section.
- (3) For each qualifying component, the tax chargeable on so much of the value transferred by the later transfer as is attributable to property in that component ("the relevant part

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of the tax”) is to be reduced by the appropriate proportion of the amount calculated in accordance with section 141(3).

- (4) “The appropriate proportion” is a proportion equal to the proportion that—
- (a) the relevant part of the tax, bears to
  - (b) the tax chargeable on the value transferred by the later transfer as a whole.
- (5) If parts of an estate are treated under Schedule 1A as a single component, subsection (3) applies to the single component (and not to individual components forming part of the deemed single component).
- (6) If, after making the reductions required by subsection (3), there remains any part of the tax chargeable on the value transferred by the later transfer that has not been reduced, the remaining part of the tax is to be reduced by so much of the amount calculated in accordance with section 141(3) as has not been used up for the purposes of making the reductions required by subsection (3).
- (7) In this section—
- “component” means a component of the estate, as defined in paragraph 3 of Schedule 1A;
  - “the later transfer” has the meaning given in section 141(1);
  - “qualifying component” means a component (or deemed single component) for which the donated amount is at least 10% of the baseline amount, as determined in accordance with Schedule 1A.]

#### Textual Amendments

- F1** S. 141A inserted (with effect in accordance with Sch. 33 para. 10(1) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 33 para. 7](#)

*Changes in distribution of deceased’s estate, etc.*

## 142 Alteration of dispositions taking effect on death.

- (1) Where within the period of two years after a person’s death—
- (a) any of the dispositions (whether effected by will, under the law relating to intestacy or otherwise) of the property comprised in his estate immediately before his death are varied, or
  - (b) the benefit conferred by any of those dispositions is disclaimed,
- by an instrument in writing made by the persons or any of the persons who benefit or would benefit under the dispositions, this Act shall apply as if the variation had been effected by the deceased or, as the case may be, the disclaimed benefit had never been conferred.
- [<sup>F2</sup>(2) Subsection (1) above shall not apply to a variation unless the instrument contains a statement, made by all the relevant persons, to the effect that they intend the subsection to apply to the variation.
- (2A) For the purposes of subsection (2) above the relevant persons are—
- (a) the person or persons making the instrument, and
  - (b) where the variation results in additional tax being payable, the personal representatives.

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Personal representatives may decline to make a statement under subsection (2) above only if no, or no sufficient, assets are held by them in that capacity for discharging the additional tax.]

- (3) Subsection (1) above shall not apply to a variation or disclaimer made for any consideration in money or money's worth other than consideration consisting of the making, in respect of another of the dispositions, of a variation or disclaimer to which that subsection applies.
- [<sup>F3</sup>(3A) Subsection (1) does not apply to a variation by virtue of which any property comprised in the estate immediately before the person's death becomes property in relation to which section 23(1) applies unless it is shown that the appropriate person has been notified of the existence of the instrument of variation.
- (3B) For the purposes of subsection (3A) “the appropriate person” is—
- (a) the charity or registered club to which the property is given, or
  - (b) if the property is to be held on trust for charitable purposes or for the purposes of registered clubs, the trustees in question.]

(4) Where a variation to which subsection (1) above applies results in property being held in trust for a person for a period which ends not more than two years after the death, this Act shall apply as if the disposition of the property that takes effect at the end of the period had had effect from the beginning of the period; but this subsection shall not affect the application of this Act in relation to any distribution or application of property occurring before that disposition takes effect.

(5) For the purposes of subsection (1) above the property comprised in a person's estate includes any excluded property but not any property to which he is treated as entitled by virtue of section 49(1) above [<sup>F4</sup>or section 102 of the Finance Act 1986].

(6) Subsection (1) above applies whether or not the administration of the estate is complete or the property concerned has been distributed in accordance with the original dispositions.

(7) In the application of subsection (4) above to Scotland, property which is subject to a proper liferent shall be deemed to be held in trust for the liferenter.

#### **Textual Amendments**

- F2** S. 142(2)(2A) substituted for s. 142(2) (24.7.2002 with application as mentioned in s. 120(4) of the amending Act) by 2002 c. 23, s. 120(1)(4)
- F3** S. 142(3A)(3B) inserted (with effect in accordance with Sch. 33 para. 10(2) of the amending Act) by Finance Act 2012 (c. 14), Sch. 33 para. 9
- F4** Finance Act 1986 Sch. 19, para. 24, with effect from 18 March 1986.

### **143 Compliance with testator's request.**

Where a testator expresses a wish that property bequeathed by his will should be transferred by the legatee to other persons, and the legatee transfers any of the property in accordance with that wish within the period of two years after the death of the testator, this Act shall have effect as if the property transferred had been bequeathed by the will to the transferee.

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#### **144 Distribution etc. from property settled by will.**

(1) [<sup>F5</sup>Subsection (2) below applies] where property comprised in a person's estate immediately before his death is settled by his will and, within the period of two years after his death and before any interest in possession has subsisted in the property, there occurs—

- (a) an event on which tax would [<sup>F6</sup>(apart from subsection (2) below)] be chargeable under any provision, other than section 64 or 79, of Chapter III of Part III of this Act, or
- (b) an event on which tax would be so chargeable but for section [<sup>F7</sup>65(4),] 75 [<sup>F8</sup>, 75A] or 76 above or paragraph 16(1) of Schedule 4 to this Act.

[<sup>F9</sup>(1A) Where the testator dies on or after 22nd March 2006, subsection (1) above shall have effect as if the reference to any interest in possession were a reference to any interest in possession that is—

- (a) an immediate post-death interest, or
- (b) a disabled person's interest.]

(2) Where [<sup>F10</sup>this subsection] applies by virtue of an event within paragraph (a) of subsection (1) above, tax shall not be charged under the provision in question on that event; and in every case in which [<sup>F10</sup>this subsection] applies in relation to an event, this Act shall have effect as if the will had provided that on the testator's death the property should be held as it is held after the event.

[<sup>F11</sup>(3) Subsection (4) below applies where—

- (a) a person dies on or after 22nd March 2006,
- (b) property comprised in the person's estate immediately before his death is settled by his will, and
- (c) within the period of two years after his death, but before an immediate post-death interest or a disabled person's interest has subsisted in the property, there occurs an event that involves causing the property to be held on trusts that would, if they had in fact been established by the testator's will, have resulted in—
  - (i) an immediate post-death interest subsisting in the property, or
  - (ii) section 71A or 71D above applying to the property.

(4) Where this subsection applies by virtue of an event—

- (a) this Act shall have effect as if the will had provided that on the testator's death the property should be held as it is held after the event, but
- (b) tax shall not be charged on that event under any provision of Chapter 3 of Part 3 of this Act.

(5) Subsection (4) above also applies where—

- (a) a person dies before 22nd March 2006,
- (b) property comprised in the person's estate immediately before his death is settled by his will,
- (c) an event occurs—
  - (i) on or after 22nd March 2006, and
  - (ii) within the period of two years after the testator's death,that involves causing the property to be held on trusts within subsection (6) below,

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- (d) no immediate post-death interest, and no disabled person's interest, subsisted in the property at any time in the period beginning with the testator's death and ending immediately before the event, and
  - (e) no other interest in possession subsisted in the property at any time in the period beginning with the testator's death and ending immediately before 22nd March 2006.
- (6) Trusts are within this subsection if they would, had they in fact been established by the testator's will and had the testator died at the time of the event mentioned in subsection (5)(c) above, have resulted in—
- (a) an immediate post-death interest subsisting in the property, or
  - (b) section 71A or 71D above applying to the property.]

#### Textual Amendments

- F5** Words in s. 144(1) substituted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **27(2)(a)**
- F6** Words in s. 144(1)(a) substituted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **27(2)(b)**
- F7** Word in s. 144(1)(b) inserted (with effect in accordance with s. 14(2) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), s. **14(1)**
- F8** Word in s. 144(1)(b) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 37 para. 16(1)(2)**
- F9** S. 144(1A) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **27(3)**
- F10** Words in s. 144(2) substituted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **27(4)**
- F11** S. 144(3)-(6) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **27(5)**

#### <sup>F12</sup>**145 Redemption of surviving spouse's or civil partner's life interest.**

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#### Textual Amendments

- F12** S. 145 omitted (1.10.2014) by virtue of [Inheritance and Trustees' Powers Act 2014 \(c. 16\)](#), s. 12(2), **Sch. 4 para. 4(b)** (with s. 12(4)); S.I. 2014/2039, art. 2

#### **146 Inheritance (Provision for Family and Dependants) Act 1975.**

- (1) Where an order is made under section 2 of the <sup>M2</sup>Inheritance (Provision for Family and Dependants) Act 1975 (“the 1975 Act”) in relation to any property forming part of the net estate of a deceased person, then, without prejudice to section 19(1) of that Act, the property shall for the purposes of this Act be treated as if it had on his death devolved subject to the provisions of the order.
- (2) Where an order is made under section 10 of the 1975 Act requiring a person to provide any money or other property by reason of a disposition made by the deceased, then—
  - (a) if that disposition was a chargeable transfer and the personal representatives of the deceased make a claim for the purpose [<sup>F13</sup>not more than 4 years after the date on which the order is made]—

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- (i) tax paid or payable on the value transferred by that chargeable transfer (whether or not by the claimants) shall be repaid to them by the Board or, as the case may be, shall not be payable, and
    - (ii) the rate or rates of tax applicable to the transfer of value made by the deceased on his death shall be determined as if the values previously transferred by chargeable transfers made by him were reduced by that value;
  - (b) the money or property shall be included in the deceased's estate for the purpose of the transfer of value made by him on his death.
- (3) Where the money or other property ordered to be provided under section 10 of the 1975 Act is less than the maximum permitted by that section, subsection (2)(a) above shall have effect in relation to such part of the value there mentioned as is appropriate.
- (4) The adjustment in consequence of the provisions of this section or of section 19(1) of the 1975 Act of the tax payable in respect of the transfer of value made by the deceased on his death shall not affect—
  - (a) the amount of any deduction to be made under section 8 of that Act in respect of tax borne by the person mentioned in subsection (3) of that section, or
  - (b) the amount of tax to which regard is to be had under section 9(2) of that Act;and where a person is ordered under that Act to make a payment or transfer property by reason of his holding property treated as part of the deceased's net estate under section 8 or 9 and tax borne by him is taken into account for the purposes of the order, any repayment of that tax shall be made to the personal representatives of the deceased and not to that person.
- (5) Tax repaid under paragraph (a)(i) of subsection (2) above shall be included in the deceased's estate for the purposes of the transfer of value made by him on his death; and tax repaid under that paragraph or under subsection (4) above shall form part of the deceased's net estate for the purposes of the 1975 Act.
- (6) Anything which is done in compliance with an order under the 1975 Act or occurs on the coming into force of such an order, and which would (apart from this subsection) constitute an occasion on which tax is chargeable under any provision, other than section 79, of Chapter III of Part III of this Act, shall not constitute such an occasion; and where an order under the 1975 Act provides for property to be settled or for the variation of a settlement, and (apart from this subsection) tax would be charged under section 52(1) above on the coming into force of the order, section 52(1) shall not apply.
- (7) In subsections (2)(a) and (5) above references to tax include references to interest on tax.
- (8) Where an order is made staying or dismissing proceedings under the 1975 Act on terms set out in or scheduled to the order, this section shall have effect as if any of those terms which could have been included in an order under section 2 or 10 of that Act were provisions of such an order.
- (9) In this section any reference to, or to any provision of, the 1975 Act includes a reference to, or to the corresponding provision of, the <sup>M3</sup>Inheritance (Provision for Family and Dependents) (Northern Ireland) Order 1979.

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#### Textual Amendments

**F13** Words in s. 146(2)(a) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99, [Sch. 51 para. 7](#); [S.I. 2010/867](#), [art. 2\(2\)](#)

#### Marginal Citations

**M2** [1975 c. 63](#).

**M3** [S.I. 1979/924](#) (N.I. 8.).

### 147 Scotland; legitim. [<sup>F14</sup> etc.]

- (1) Where a testator dies leaving a surviving spouse [<sup>F15</sup> or civil partner] and a person under the age of 18 entitled to claim legitim [<sup>F16</sup> or rights under section 131 of the Civil Partnership Act 2004 (“section 131 rights”)], and provision is made in his will or other testamentary document for a disposition to his spouse [<sup>F15</sup> or civil partner] which, if it could take effect, would leave insufficient property in the estate to satisfy the entitlement of that person in respect of legitim [<sup>F17</sup> or to section 131 rights] , the following provisions of this section shall apply.
- (2) Subject to subsections (3) and (4) below, tax shall be charged at the testator’s death as if the disposition to the spouse [<sup>F18</sup> or civil partner] did not include any amount in respect of legitim [<sup>F19</sup> or section 131 rights] , but if within the period mentioned in subsection (6) below the person or persons concerned renounce their claim to legitim [<sup>F19</sup> or section 131 rights] , tax shall be repaid to the estate calculated on the basis that the disposition to the spouse [<sup>F18</sup> or civil partner] did include the amount renounced.
- (3) The executors or judicial factor of the testator may, in accordance with the provisions of this section, elect that subsection (2) above shall not apply but that subsection (4) below shall apply.
- (4) Tax shall be charged at the testator’s death as if the disposition to the spouse [<sup>F20</sup> or civil partner] had taken effect, but where the person or persons concerned claim legitim [<sup>F21</sup> or section 131 rights] within the period mentioned in subsection (6) below, tax shall be charged on the amount so claimed calculated on the basis that the legitim fund had been paid out in full at the testator’s death (excluding any part of the fund renounced before any claim has been made) [<sup>F22</sup> or on the basis that all section 131 rights had been claimed in full at the testator's death (excluding any rights renounced before any claim has been made)] and the tax chargeable thereon had been apportioned rateably among the persons entitled to claim legitim [<sup>F21</sup> or section 131 rights](excluding any who have renounced as aforesaid).
- (5) Where the executors or judicial factor of the testator decide to make an election under subsection (3) above they shall give notice in writing of that election to the Board within two years from the date of death of the testator or such longer period as the Board may permit.
- (6) For the purposes of subsections (2) and (4) above, a person shall be treated as having claimed legitim [<sup>F23</sup> or section 131 rights] unless he has renounced his claim before attaining the age of 18 or he renounces his claim within two years of his attaining that age or such longer period as the Board may permit.
- (7) Where a person dies before attaining the age of 18 or before making a renunciation under subsection (6) above the provisions of this section shall apply in relation to that



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person's executors or judicial factor as they would have applied in relation to that person if that person had attained the age of 18 with the substitution of the date of death of that person for the date on which a person attained that age; but where the executors or factor renounce a claim to legitim [F24 or section 131 rights] in respect of a person the amount renounced shall not be treated as part of that person's estate.

(8) Where subsection (2) above applies in relation to any estate, then notwithstanding anything in section 241 below the Board may repay tax under that subsection without limit of time.

(9) Where subsection (4) above applies in relation to any estate, then notwithstanding anything in section 239 below a certificate of discharge may be given under that section in respect of the whole estate, and notwithstanding anything in section 240 below the giving of the certificate shall not preclude the Board from claiming tax under subsection (4) above without limit of time.

[F25(10) Where the application of subsection (4) in relation to the estate of a person means that too great an increase has been made under subsection (3) of section 8A above in the case of another person, the claim under that section in that case may be amended accordingly by the Commissioners for Her Majesty's Revenue and Customs.]

#### Textual Amendments

- F14 Word in s. 147 sidenote inserted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(7\)](#)
- F15 Words in s. 147(1) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(2\)\(a\)](#)
- F16 Words in s. 147(1) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(2\)\(b\)](#)
- F17 Words in s. 147(1) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(2\)\(c\)](#)
- F18 Words in s. 147(2) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(3\)\(a\)](#)
- F19 Words in s. 147(2) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(3\)\(b\)](#)
- F20 Words in s. 147(4) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(4\)\(a\)](#)
- F21 Words in s. 147(4) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(4\)\(b\)](#)
- F22 Words in s. 147(4) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(4\)\(c\)](#)
- F23 Words in s. 147(6) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(5\)](#)
- F24 Words in s. 147(7) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [32\(6\)](#)
- F25 S. 147(10) inserted (with effect as mentioned in [Sch. 4 para. 9\(1\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. 10, [Sch. 4 para. 3](#)

#### *Mutual and voidable transfers*

148, ..... F26  
149.

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### Textual Amendments

**F26** Finance Act 1986 s. 101(3), Sch. 19, para. 25, and Sch. 23, Part X, *repealed* ss. 148 and 149 (*exemption for mutual transfers*) where the donee's transfer is made on or after 18 March 1986.

## 150 Voidable transfers.

- (1) Where on a claim made for the purpose it is shown that the whole or any part of a chargeable transfer (“the relevant transfer”) has by virtue of any enactment or rule of law been set aside as voidable or otherwise defeasible—
  - (a) tax paid or payable by the claimant (in respect of the relevant transfer or any other chargeable transfer made before the claim) that would not have been payable if the relevant transfer had been void ab initio shall be repaid to him by the Board, or as the case may be shall not be payable, and
  - (b) the rate or rates of tax applicable to any chargeable transfer made after the claim by the person who made the relevant transfer shall be determined as if that transfer or that part of it had been void as aforesaid.
- (2) In subsection (1)(a) above the reference to tax includes a reference to interest on tax.
- [<sup>F27</sup>(3) A claim under this section must be made not more than 4 years after the claimant knew, or ought reasonably to have known, that the relevant transfer has been set aside.]

### Textual Amendments

**F27** S. 150(3) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99, [Sch. 51 para. 8](#); [S.I. 2010/867](#), [art. 2\(2\)](#)

## *Pension schemes, etc*

## 151 Treatment of pension rights, etc.

- (1) <sup>F28</sup>.....
- (1A) <sup>F28</sup>.....
- (2) [<sup>F29</sup>An interest] in or under a [<sup>F30</sup>registered pension scheme [<sup>F31</sup>, a qualifying non-UK pension scheme or a section] 615(3) scheme] which comes to an end on the death of the person entitled to it shall be left out of account in determining for the purposes of this Act the value of his estate immediately before his death, if the interest—
  - (a) is, or is a right to, a pension or annuity, and
  - (b) is not an interest resulting (whether by virtue of the instrument establishing the [<sup>F32</sup>scheme] or otherwise) from the application of any benefit provided under the [<sup>F32</sup>scheme] otherwise than by way of a pension or annuity.
- (3) Sections 49 to 53 above shall not apply in relation to an interest satisfying the conditions of paragraphs (a) and (b) of subsection (2) above.
- (4) In relation to an interest in or under a [<sup>F30</sup>registered pension scheme [<sup>F31</sup>, a qualifying non-UK pension scheme or a section] 615(3) scheme], section 5(2) above shall apply as if the words “other than settled property” were omitted (in both places).

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- (5) Where a benefit has become payable under a [<sup>F30</sup>registered pension scheme [<sup>F31</sup>, a qualifying non-UK pension scheme or a section 615(3) scheme], and the benefit becomes comprised in a settlement made by a person other than the person entitled to the benefit, the settlement shall for the purposes of this Act be treated as made by the person so entitled.

#### Textual Amendments

- F28** S. 151(1)(1A) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), ss. 203(4)(a), 284, 326, [Sch. 42 Pt. 3](#) (with [Sch. 36](#))
- F29** Words in s. 151(2) substituted (with effect as mentioned in Sch. 16 paras. 85, 106 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 51](#)
- F30** Words in s. 151(2)(4)(5) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), ss. 203(4)(b), 284 (with [Sch. 36](#))
- F31** Words in s. 151(2)(4)(5) substituted (retrospective to 6.4.2006) by [Finance Act 2008 \(c. 9\)](#), s. 92, [Sch. 29 para. 18\(4\)\(8\)](#)
- F32** Word in s. 151(2)(b) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), ss. 203(4)(c), 284 (with [Sch. 36](#))

#### Modifications etc. (not altering text)

- C1** S. 151 applied (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), reg. 34

### [<sup>F33</sup>151A Person dying with alternatively secured pension fund

F34

#### Textual Amendments

- F33** Ss. 151A-151C inserted (6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 160, [Sch. 22 para. 4](#)
- F34** S. 151A omitted (with effect as mentioned in Sch. 16 paras. 85, 106 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 48\(a\)](#)

### 151B Relevant dependant with pension fund inherited from member over 75

F35

#### Textual Amendments

- F33** Ss. 151A-151C inserted (6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 160, [Sch. 22 para. 4](#)
- F35** S. 151B omitted (with effect as mentioned in Sch. 16 paras. 85, 106 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 48\(b\)](#)

### [<sup>F36</sup>Rate or rates of charge under section 151B

<sup>F37</sup>151BA .....]

*Status: Point in time view as at 22/07/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, CHAPTER V. (See end of Document for details)*

#### Textual Amendments

- F33** Ss. 151A-151C inserted (6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 160, [Sch. 22 para. 4](#)
- F36** S. 151BA inserted (with effect as mentioned in [Sch. 19 para. 29\(8\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 69, [Sch. 19 para. 22](#)
- F37** S. 151BA omitted (with effect as mentioned in [Sch. 16 paras. 85, 106](#) of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 48\(c\)](#)

### 151C Dependant dying with other pension fund

<sup>F38</sup> .....

#### Textual Amendments

- F33** Ss. 151A-151C inserted (6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 160, [Sch. 22 para. 4](#)
- F38** S. 151C omitted (with effect as mentioned in [Sch. 16 paras. 85, 106](#) of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 48\(d\)](#)

### [<sup>F39</sup> 151D Unauthorised payment where person dies over 75 with pension or annuity

<sup>F40</sup> .....

#### Textual Amendments

- F39** Ss. 151D, 151E inserted (with effect as mentioned in [Sch. 28 para. 15\(3\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. 91, [Sch. 28 para. 10](#)
- F40** S. 151D omitted (with effect as mentioned in [Sch. 16 paras. 85, 106](#) of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 48\(e\)](#)

### 151E Rate or rates of charge under section 151D

<sup>F41</sup> .....

#### Textual Amendments

- F39** Ss. 151D, 151E inserted (with effect as mentioned in [Sch. 28 para. 15\(3\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. 91, [Sch. 28 para. 10](#)
- F41** S. 151E omitted (with effect as mentioned in [Sch. 16 paras. 85, 106](#) of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, [Sch. 16 para. 48\(f\)](#)

### 152 Cash options.

[<sup>F42</sup>Where on a person's death an annuity becomes payable under a registered pension scheme [<sup>F43</sup>, a qualifying non-UK pension scheme or a section] 615(3) scheme to a widow, widower [<sup>F44</sup>, dependant or nominee] of that person and under the terms of the scheme] a sum of money might at his option have become payable instead to his personal representatives, he shall not, by virtue of section 5(2) above, be treated as having been beneficially entitled to that sum.

*Status: Point in time view as at 22/07/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, CHAPTER V. (See end of Document for details)*

#### Textual Amendments

- F42** Words in s. 152 substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 203(5)**, 284 (with [Sch. 36](#))
- F43** Words in s. 152 substituted (retrospective to 6.4.2006) by [Finance Act 2008 \(c. 9\)](#), s. 92, **Sch. 29 para. 18(5)(8)**
- F44** Words in s. 152 substituted (retrospective to 6.4.2015 and with effect in accordance with [Sch. 5 para. 11\(2\)\(b\)](#) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 5 para. 11(1)(2)(a)**

### 153 Overseas pensions.

- (1) In determining for the purposes of this Act the value of a person's estate immediately before his death there shall be left out of account any pension payable under the regulations or rules relating to any fund vested in Commissioners under section 273 of the <sup>M4</sup>Government of India Act 1935 or to any fund administered under a scheme made under section 2 of the <sup>M5</sup>Overseas Pensions Act 1973 which is certified by the Secretary of State for the purpose of this section to correspond to an Order in Council under subsection (1) of the said section 273.
- (2) For the purposes of this Act—
- (a) a pension paid under the authority of a scheme made under section 2 of the Overseas Pensions Act 1973 which is constituted by the <sup>M6</sup>Pensions (India, Pakistan and Burma) Act 1955 or is certified by the Secretary of State for the purposes of this section to correspond to the said Act of 1955 shall be treated as if it had been paid by the Government of India or the Government of Pakistan (according as the arrangements in pursuance of which the pension was first paid under the said Act of 1955 were made with the one or the other Government);
- (b) a pension paid out of any fund established in the United Kingdom by the Government of any country which, at the time when the fund was established, was, or formed part of, a colony, protectorate, protected state or United Kingdom trust territory shall, if the fund was established for the sole purpose of providing pensions, whether contributory or not, payable in respect of service under the Government be treated as if it had been paid by the Government by which the fund was established;
- (c) a pension paid out of the Central African Pension Fund established by section 24 of the <sup>M7</sup>Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963 shall be treated as if it had been paid by the Government of a territory outside the United Kingdom; and
- (d) so much of any pension paid to or in respect of any person under—
- (i) the scheme which by virtue of subsection (3) of section 2 of the Overseas Pensions Act 1973 is constituted under that section by section 2 or subsection (2) of section 4 of the <sup>M8</sup>Overseas Service Act 1958, or
- (ii) such other scheme made under section 2 of the Overseas Pensions Act 1973 as is certified by the Secretary of State for the purposes of the Taxes Act to correspond to section 2 or subsection (2) of section 4 of the Overseas Service Act 1958,
- as is certified by the Secretary of State to be attributable to service under the Government of an overseas territory shall be treated as if it had been paid by the Government of that territory.

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- (3) Subsection (1) above shall be construed as if contained in section 273 of the <sup>M9</sup>Government of India Act 1935; and for the purposes of subsection (2) above—
- (a) “pension” includes a gratuity and any sum payable on or in respect of death, and a return of contributions with or without interest thereon or any other addition thereto;
  - (b) “United Kingdom trust territory” means a territory administered by the Government of the United Kingdom under the trusteeship system of the United Nations;
  - (c) “overseas territory” means any country or territory outside the United Kingdom;
  - (d) references to the Government of any such country or territory as is mentioned in paragraph (b) or (d) of that subsection include a Government constituted for two or more such countries or territories and any authority established for the purpose of providing or administering services which are common to, or relate to matters of common interest to, two or more such countries or territories.
- (4) If, by reason of Her Majesty’s Government in the United Kingdom having assumed responsibility for a pension, allowance or gratuity within the meaning of section 1 of the <sup>M10</sup>Overseas Pensions Act 1973, payments in respect of it are made under that section, this section shall apply in relation to the pension, allowance or gratuity, exclusive of so much (if any) of it as is paid by virtue of the application to it of any provisions of the <sup>M11</sup>Pensions (Increase) Act 1971 or any enactment repealed by that Act, as if it continued to be paid by the Government or other body or fund which had responsibility for it before that responsibility was assumed by Her Majesty’s Government in the United Kingdom.

#### Marginal Citations

- M4** 1935 c. 2.  
**M5** 1973 c. 21.  
**M6** 1955 c. 22.  
**M7** S.I. 1963/2085.  
**M8** 1958 c. 14.  
**M9** 1935 c. 2.  
**M10** 1973 c. 21.  
**M11** 1971 c. 56.

*<sup>F45</sup>Payments to victims of persecution during Second World War era*

#### Textual Amendments

- F45** S. 153ZA and cross-heading inserted (with effect in accordance with s. 95(3) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 95\(1\)](#)

### 153ZA Qualifying payments

- (1) This section applies where a qualifying payment has at any time been received by a person (“P”), or by the personal representatives of P.

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- (2) The tax chargeable on the value transferred by the transfer made on P's death (the "value transferred") is to be reduced by an amount equal to—
- (a) the relevant percentage of the amount of the qualifying payment, or
  - (b) if lower, the amount of tax that would, apart from this section, be chargeable on the value transferred.
- (3) In subsection (2) "relevant percentage" means the percentage specified in the last row of the third column of the Table in Schedule 1.
- (4) For the purposes of this section, a "qualifying payment" is a payment that meets Condition A, B or C.
- (5) Condition A is that the payment—
- (a) is of a kind specified in Part 1 of Schedule 5A, and
  - (b) is made to a person, or the personal representatives of a person, who was—
    - (i) a victim of National-Socialist persecution, or
    - (ii) the spouse or civil partner of a person within sub-paragraph (i).
- (6) Condition B is that the payment is of a kind listed in Part 2 of Schedule 5A.
- (7) Condition C is that the payment—
- (a) is of a kind specified in regulations made by the Treasury, and
  - (b) is made to a person, or the personal representatives of a person, who was—
    - (i) held as a prisoner of war, or a civilian internee, during the Second World War, or
    - (ii) the spouse or civil partner of a person within sub-paragraph (i).
- (8) The Treasury may by regulations add a payment of a specified kind to the list in Part 1 of Schedule 5A.
- [ Regulations under this section may have effect in relation to deaths occurring before<sup>F46</sup>(8A) the regulations are made.]
- (9) Regulations under this section are to be made by statutory instrument.
- (10) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.]

#### Textual Amendments

**F46** S. 153ZA(8A) inserted (22.7.2020) by [Finance Act 2020 \(c. 14\), s. 75\(2\)](#)

*[<sup>F47</sup>Emergency services*

#### Textual Amendments

**F47** S. 153A and cross-heading inserted (with effect in accordance with s. 75(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 75\(2\)](#)

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### **153A Death of emergency service personnel etc**

- (1) The reliefs in subsection (2) apply where a person—
  - (a) dies from an injury sustained, accident occurring or disease contracted at a time when that person was responding to emergency circumstances in that person's capacity as an emergency responder, or
  - (b) dies from a disease contracted at some previous time, the death being due to, or hastened by, the aggravation of the disease during a period when that person was responding to emergency circumstances in that person's capacity as an emergency responder.
- (2) The reliefs are—
  - (a) that no potentially exempt transfer made by the person becomes a chargeable transfer under section 3A(4) because of the death,
  - (b) that section 4 (transfers on death) does not apply in relation to the death, and
  - (c) that no additional tax becomes due under section 7(4) because of a transfer made by the person within 7 years of the death.
- (3) “Emergency circumstances” means circumstances which are present or imminent and are causing or likely to cause—
  - (a) the death of a person,
  - (b) serious injury to, or the serious illness of, a person,
  - (c) the death of an animal,
  - (d) serious injury to, or the serious illness of, an animal,
  - (e) serious harm to the environment (including the life and health of plants and animals),
  - (f) serious harm to any building or other property, or
  - (g) a worsening of any such injury, illness or harm.
- (4) A person is “responding to emergency circumstances” if the person—
  - (a) is going anywhere for the purpose of dealing with emergency circumstances occurring there, or
  - (b) is dealing with emergency circumstances, preparing to do so imminently or dealing with the immediate aftermath of emergency circumstances.
- (5) For the purposes of this section, circumstances to which a person is responding are to be taken to be emergency circumstances if the person believes and has reasonable grounds for believing they are or may be emergency circumstances.
- (6) “Emergency responder” means—
  - (a) a person employed, or engaged, in connection with the provision of fire services or fire and rescue services,
  - (b) a person employed for the purposes of providing, or engaged to provide, search services or rescue services (or both),
  - (c) a person employed for the purposes of providing, or engaged to provide, medical, ambulance or paramedic services,
  - (d) a constable or a person employed for police purposes or engaged to provide services for police purposes,
  - (e) a person employed for the purposes of providing, or engaged to provide, services for the transportation of organs, blood, medical equipment or medical personnel, or



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- (f) a person employed, or engaged, by the government of a state or territory, an international organisation or a charity in connection with the provision of humanitarian assistance.
- (7) For the purposes of subsection (6)—
  - (a) it is immaterial whether the employment or engagement is paid or unpaid, and
  - (b) “international organisation” means an organisation of which—
    - (i) two or more sovereign powers are members, or
    - (ii) the governments of two or more sovereign powers are members.
- (8) The Treasury may, by regulations made by statutory instrument, extend the definition of “emergency responder” in subsection (6).
- (9) Regulations under this section are subject to annulment in pursuance of a resolution of the House of Commons.]

#### *Armed forces*

### **154 Death on active service, etc.**

- (1) [<sup>F48</sup>The reliefs in subsection (1A) apply] in relation to the death of a person in whose case it is certified by the Defence Council or the Secretary of State—
  - (a) that he died from a wound inflicted, accident occurring or disease contracted at a time when the conditions specified in subsection (2) below were satisfied, or
  - (b) that he died from a disease contracted at some previous time, the death being due to or hastened by the aggravation of the disease during a period when those conditions were satisfied.

[<sup>F49</sup>(1A) The reliefs are—

- (a) that no potentially exempt transfer made by the deceased becomes a chargeable transfer under section 3A(4) because of the death,
- (b) that section 4 (transfers on death) does not apply in relation to the death, and
- (c) that no additional tax becomes due under section 7(4) because of a transfer made by the deceased within 7 years of the death.]
- (2) The conditions referred to in subsection (1) above are that the deceased was a member of any of the armed forces of the Crown or [<sup>F50</sup>a civilian subject to service discipline within the meaning of the Armed Forces Act 2006] and (in any case) was <sup>F51</sup>...—
  - (a) on active service against an enemy, or
  - (b) on other service of a warlike nature or which in the opinion of the Treasury involved the same risks as service of a warlike nature [<sup>F52</sup>or
  - (c) responding to emergency circumstances in the course of the person's duties as a member of any of those armed forces or as a civilian subject to service discipline.]

[<sup>F53</sup>(2A) Section 153A(3) to (5) applies for the purposes of this section.]

- (3) In relation to any time before 28th July 1981 (the date of the passing of the <sup>M12</sup>Armed Forces Act 1981), the reference in subsection (2) above to membership of the armed forces of the Crown shall include a reference to employment as a person of any of the descriptions specified in paragraph 1(3) of Schedule 7 to the <sup>M13</sup>Finance Act 1975 (women's services).

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### Textual Amendments

- F48** Words in s. 154(1) substituted (with effect in accordance with s. 75(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 75\(3\)\(a\)](#)
- F49** S. 154(1A) inserted (with effect in accordance with s. 75(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 75\(3\)\(b\)](#)
- F50** Words in s. 154(2) substituted (28.3.2009 for certain purposes and 31.10.2009 otherwise) by [Armed Forces Act 2006 \(c. 52\), ss. 378, 383, Sch. 16 para. 99; S.I. 2009/812, art. 3; S.I. 2009/1167, art. 4](#) (with saving in S.I. 2009/1059, arts. 1, 2, Sch. 1 para. 27)
- F51** Word in s. 154(2) omitted (with effect in accordance with s. 75(5) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\), s. 75\(3\)\(c\)](#)
- F52** S. 154(2)(c) and word inserted (with effect in accordance with s. 75(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 75\(3\)\(c\)](#)
- F53** S. 154(2A) inserted (with effect in accordance with s. 75(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 75\(3\)\(d\)](#)

### Marginal Citations

- M12** 1981 c. 55.  
**M13** 1975 c. 7.

## 155 Visiting forces, etc.

- (1) Section 6(4) above applies to—
  - (a) the emoluments paid by the Government of any designated country to a member of a visiting force of that country, not being a British citizen, a British Dependent Territories citizen, [<sup>F54</sup>a British National (Overseas)] or a British Overseas citizen, and
  - (b) any tangible movable property the presence of which in the United Kingdom is due solely to the presence in the United Kingdom of such a person while serving as a member of the force.
- (2) A period during which any such member of a visiting force as is referred to in subsection (1) above is in the United Kingdom by reason solely of his being such a member shall not be treated for the purposes of this Act as a period of residence in the United Kingdom or as creating a change of his residence or domicile.
- (3) References in subsections (1) and (2) above to a visiting force shall apply to a civilian component of a visiting force as they apply to the force itself, and those subsections shall be construed as one with Part I of the <sup>M14</sup>Visiting Forces Act 1952, but so that for the purposes of this section references to a designated country shall be substituted in that Act for references to a country to which a provision of that Act applies.
- (4) For the purpose of conferring on persons attached to any designated [<sup>F55</sup>international military] headquarters the like benefits as are conferred by subsections (1) and (2) above on members of a visiting force or civilian component, any members of the armed forces of a designated country shall, while attached to any such headquarters, be deemed to constitute a visiting force of that country, and there shall be a corresponding extension of the class of persons who may be treated as members of a civilian component of such a visiting force.
- (5) In the case of persons of any category for the time being agreed between Her Majesty's Government in the United Kingdom and the other members of the North Atlantic

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Council, employment by a designated allied headquarters shall be treated for the purposes of subsections (1)(b) and (2) above as if it were service as a member of a visiting force of a designated country.

[<sup>F56</sup>(5A) Section 6(4) also applies to—

- (a) the emoluments paid by the Government of any designated country to a person belonging to the EU civilian staff, not being a British citizen, a British overseas territories citizen, a British National (Overseas) or a British Overseas citizen, and
- (b) any tangible movable property the presence of which in the United Kingdom is due solely to the presence in the United Kingdom of such a person serving as part of that staff.

(5B) A period during which any such person belonging to the EU civilian staff as is referred to in subsection (5A) is in the United Kingdom by reason solely of that person belonging to that staff is not to be treated for the purposes of this Act as a period of residence in the United Kingdom or as creating a change of that person's residence or domicile.]

(6) For the purposes of this section—

“allied headquarters” means any international military headquarters established under the North Atlantic Council;

“designated” means designated for the purpose in question by or under any Order in Council made for giving effect to any international agreement.

[<sup>F57</sup>“the EU civilian staff” means—

- (a) civilian personnel seconded by a member State to an EU institution for the purposes of activities (including exercises) relating to the preparation for, and execution of, tasks mentioned in Article 43(1) of the Treaty on European Union (tasks relating to a common security and defence policy), as amended from time to time, and
- (b) civilian personnel (other than locally hired personnel)—
  - (i) made available to the EU by a member State to work with designated international military headquarters or a force of a designated country, or
  - (ii) otherwise made available to the EU by a member State for the purposes of activities of the kind referred to in paragraph (a).]

(7) Any Order in Council made under section 73 of the <sup>M15</sup>Finance Act 1960 which is in force immediately before the passing of this Act shall have effect for the purposes of this section as if it had also been made under this section, and may be varied or revoked accordingly.

#### Textual Amendments

- F54** Hong Kong (British National) Order 1986, [S.I. 1986/948](#) (*not reproduced*) with effect from 1 July 1986.
- F55** Words in s. 155(4) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 37 para. 3\(2\)](#)
- F56** S. 155(5A)(5B) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 37 para. 3\(3\)](#)
- F57** Words in s. 155(6) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 37 para. 3\(4\)](#)

#### Marginal Citations

- M14** [1952 c. 67.](#)
- M15** [1960 c.44](#)

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, CHAPTER V. (See end of Document for details)*

*[<sup>F58</sup>Constables and service personnel*

**Textual Amendments**

**F58** S. 155A and cross-heading inserted (with effect in accordance with s. 75(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 75\(4\)](#)

**155A Death of constables and service personnel targeted because of their status**

- (1) The reliefs in subsection (3) apply where a person—
  - (a) dies from an injury sustained or disease contracted in circumstances where the person was deliberately targeted by reason of his or her status as a constable or former constable, or
  - (b) dies from a disease contracted at some previous time, the death being due to, or hastened by, the aggravation of the disease by an injury sustained or disease contracted in circumstances mentioned in paragraph (a).
- (2) The reliefs in subsection (3) apply where it is certified by the Defence Council or the Secretary of State that a person—
  - (a) died from an injury sustained or disease contracted in circumstances where the person was deliberately targeted by reason of his or her status as a service person or former service person, or
  - (b) died from a disease contracted at some previous time, the death being due to, or hastened by, the aggravation of the disease by an injury sustained or disease contracted in circumstances mentioned in paragraph (a).
- (3) The reliefs are—
  - (a) that no potentially exempt transfer made by the person becomes a chargeable transfer under section 3A(4) because of the death,
  - (b) that section 4 (transfers on death) does not apply in relation to the death, and
  - (c) that no additional tax becomes due under section 7(4) because of a transfer made by the person within 7 years of the death.
- (4) For the purposes of this section, it is immaterial whether a person who was a constable or service person at the time the injury was sustained or the disease was contracted was acting in the course of his or her duties as such at that time (and for this purpose ignore the references in subsections (1)(b) and (2)(b) to a disease contracted at some previous time).
- (5) “Service person” means a person who is a member of the armed forces of the Crown or a civilian subject to service discipline (within the meaning of the Armed Forces Act 2006).
- (6) This section does not apply where section 153A or 154 applies in relation to a person's death.]

*Apsley House and Chevening Estate*

**156 Apsley House and Chevening Estate.**

This Act shall not apply in respect of—

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- (a) the rights conferred by section 3 of the <sup>M16</sup>Wellington Museum Act 1947, or
- (b) property held on the trusts of the trust instrument set out in the Schedule to the <sup>M17</sup>Chevening Estate Act 1959.

**Marginal Citations**

**M16** 1947 c.46

**M17** 1959 c.49

*Non-residents' bank accounts*

**157 Non-residents' bank accounts.**

(1) In determining for the purposes of this Act the value of the estate immediately before his death of a person to whom this section applies there shall be left out of account the balance on—

- (a) any qualifying foreign currency account of his, and
- (b) subject to subsection (3) below, any qualifying foreign currency account of the trustees of settled property in which he is beneficially entitled to an interest in possession.

[<sup>F59</sup>(2) This section applies to a person who is not domiciled and not resident in the United Kingdom immediately before his death.]

(3) Subsection (1)(b) above does not apply in relation to settled property if the settlor was domiciled in the United Kingdom when [<sup>F60</sup>the settled property became comprised in] the settlement, or if the trustees are domiciled, [<sup>F61</sup>or resident] in the United Kingdom immediately before the beneficiary's death.

[<sup>F62</sup>(3A) This section is subject to paragraph 5 of Schedule A1 (non-excluded overseas property).]

(4) For the purposes of this section—

- (a) the question whether a person is resident <sup>F63</sup>... in the United Kingdom shall, subject to paragraph (b) below, be determined as for the purposes of income tax; but
- (b) the trustees of a settlement shall be regarded as not resident <sup>F64</sup>... in the United Kingdom unless the general administration of the settlement is ordinarily carried on in the United Kingdom and the trustees or a majority of them (and, where there is more than one class of trustees, a majority of each class) are resident <sup>F64</sup>... there.

(5) In this section “qualifying foreign currency account” means a foreign currency account with [<sup>F65</sup>a bank <sup>F66</sup>...]; and for this purpose—

- (a) “foreign currency account” means any account other than one denominated in sterling, <sup>F67</sup>...

<sup>F67</sup>(b) .....

[<sup>F68</sup>(6) In this section “bank” has the meaning given by [<sup>F69</sup>section 991 of the Income Tax Act 2007].]

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### Textual Amendments

- F59** S. 157(2) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 118\(2\)](#) (with [Sch. 46 para. 118\(5\)](#))
- F60** Words in s. 157(3) substituted (with effect in accordance with s. 73(11) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 73\(8\)](#)
- F61** Words in s. 157(3) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 118\(3\)](#) (with [Sch. 46 para. 118\(5\)](#))
- F62** S. 157(3A) inserted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 10 para. 6](#)
- F63** Words in s. 157(4)(a) omitted (17.7.2013) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 118\(4\)\(a\)](#) (with [Sch. 46 para. 118\(5\)](#))
- F64** Words in s. 157(4)(b) omitted (17.7.2013) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 118\(4\)\(b\)](#) (with [Sch. 46 para. 118\(5\)](#))
- F65** Words in s. 157(5) substituted (29.4.1996 with effect in relation to deaths occurring on or after 29.4.1996) by [1996 c. 8, s. 198](#), [Sch. 37 para. 12\(1\)\(3\)](#)
- F66** Words in s. 157(5) repealed (26.3.2001) by [S.I. 2001/1149, art. 3\(2\)](#), [Sch. 2](#) (with [art. 4\(4\)](#))
- F67** S. 157(5)(b) and the preceding “and” repealed (29.4.1996 with effect as mentioned in [Sch. 37](#) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. VIII\(2\)](#), note
- F68** S. 157(6) inserted (29.4.1996 with effect in relation to deaths occurring on or after 29.4.1996) by [1996 c. 8, s. 198](#), [Sch. 37 para. 12\(2\)\(3\)](#)
- F69** Words in s. 157(6) substituted (with effect as mentioned in s. 1034 of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1027, 1034](#), [Sch. 1 para. 269](#) (with transitional provisions and savings in [Sch. 2](#))

### *Double taxation relief*

#### 158 Double taxation conventions.

- (1) If Her Majesty by Order in Council declares—
- (a) that arrangements specified in the Order have been made with the government of any territory outside the United Kingdom with a view to affording relief from double taxation in relation to [<sup>F70</sup>inheritance tax] payable under the laws of the United Kingdom and any tax imposed under the laws of that territory which is of a similar character or is chargeable on or by reference to death or gifts inter vivos, and
  - (b) that it is expedient that those arrangements should have effect;
- the arrangements shall, notwithstanding anything in this Act, have effect so far as they provide for relief from [<sup>F71</sup>inheritance tax], or for determining the place where any property is to be treated as situated for the purposes of the tax.
- [<sup>F72</sup>(1ZA) For the purposes of this section, arrangements made with a view to affording relief from double taxation include any arrangements which modify the effect of arrangements so made.
- (1ZB) Arrangements to which effect is given under this section may include provision conferring (with or without other functions) functions relating to the determination of matters arising under the arrangements on a public authority in the United Kingdom or in a territory outside the United Kingdom.]
- (1A) <sup>F73</sup> .....

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- (2) Any arrangements to which effect is given under this section may include provision for relief in cases occurring before the making of the arrangements and provisions as to property which is not itself subject to double taxation.
- (3) Any Order in Council under this section which revokes an earlier Order may contain such transitional provisions as appear to Her Majesty to be necessary or expedient.
- (4) An Order under this section shall not be submitted to Her Majesty in Council unless a draft of it has been laid before, and approved by resolution of, the House of Commons.
- (5) Where any arrangements have effect by virtue of this section, no obligation as to secrecy shall prevent the Board or an authorised officer of the Board from disclosing to any authorised officer of the government with which the arrangements are made such information as is required to be disclosed under the arrangements.
- (6) Where arrangements with the government of any territory outside the United Kingdom are specified under any Order in Council which—
  - (a) was made, or has effect as made, under section 54 of the <sup>M18</sup>Finance (No.2) Act 1945 or section 2 of the <sup>M19</sup>Finance Act (Northern Ireland) 1946, and
  - (b) had effect immediately before the passing of this Act,the Order shall notwithstanding the repeal of that section by the <sup>M20</sup>Finance Act 1975, remain in force and have effect as if any provision made by those arrangements in relation to estate duty extended to [<sup>F74</sup>inheritance tax] chargeable by virtue of section 4 above; but the Order may be amended or revoked by an Order in Council made under this section.

#### Textual Amendments

- F70** See Finance Act 1986 s. 100(1) and (2)—for any liability to tax arising on and after 25 July 1986 any reference in the legislation to capital transfer tax has effect as a reference to inheritance tax.
- F71** See Finance Act 1986 s. 100(1) and (2)—for any liability to tax arising on and after 25 July 1986 any reference in the legislation to capital transfer tax has effect as a reference to inheritance tax.
- F72** S. 158(1ZA)(1ZB) inserted (retrospectively and with application in accordance with s. 32(6)) by Finance Act 2018 (c. 3), s. 32(3)(4)
- F73** S. 158(1A) repealed (19.7.2006) by Finance Act 2006 (c. 25), s. 187, Sch. 26 Pt. 8(2)
- F74** See Finance Act 1986 s. 100(1) and (2)—for any liability to tax arising on and after 25 July 1986 any reference in the legislation to capital transfer tax has effect as a reference to inheritance tax.

#### Marginal Citations

- M18** 1945 c.13.  
**M19** 1946 c.1 (N.I.).  
**M20** 1975 c.7.

### 159 Unilateral relief.

- (1) Where the Board are satisfied that in any territory outside the United Kingdom (an “overseas territory”) any amount of tax imposed by reason of any disposition or other event is attributable to the value of any property, then, if—
  - (a) that tax is of a character similar to that of [<sup>F75</sup>inheritance tax] or is chargeable on or by reference to death or gifts inter vivos, and

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- (b) any [<sup>F75</sup>inheritance tax] chargeable by reference to the same disposition or other event is also attributable to the value of that property, they shall allow a credit in respect of that amount (“the overseas tax”) against that [<sup>F75</sup>inheritance tax] in accordance with the following provisions.
- (2) Where the property is situated in the overseas territory and not in the United Kingdom, the credit shall be of an amount equal to the overseas tax.
- (3) Where the property—
- (a) is situated neither in the United Kingdom nor in the overseas territory, or
  - (b) is situated both in the United Kingdom and in the overseas territory,
- the credit shall be of an amount calculated in accordance with the following formula—

$$\frac{A}{A+B} \times C$$

where A is the amount of the [<sup>F75</sup>inheritance tax], B is the overseas tax and C is whichever of A and B is the smaller.

- (4) Where tax is imposed in two or more overseas territories in respect of property which—
- (a) is situated neither in the United Kingdom nor in any of those territories, or
  - (b) is situated both in the United Kingdom and in each of those territories,
- subsection (3) above shall apply as if, in the formula there set out, B were the aggregate of the overseas tax imposed in each of those territories and C were the aggregate of all, except the largest, of A and the overseas tax imposed in each of them.
- (5) Where credit is allowed under subsection (2) above or section 158 above in respect of overseas tax imposed in one overseas territory, any credit under subsection (3) above in respect of overseas tax imposed in another shall be calculated as if the [<sup>F76</sup>inheritance tax] were reduced by the credit allowed under subsection (2) or section 158; and where, in the case of any overseas territory mentioned in subsection (3) or (4) above, credit is allowed against the overseas tax for tax charged in a territory in which the property is situated, the overseas tax shall be treated for the purposes of those provisions as reduced by the credit.
- (6) In this section references to tax imposed in an overseas territory are references to tax chargeable under the law of that territory and paid by the person liable to pay it.
- (7) Where relief can be given both under this section and under section 158 above, relief shall be given under whichever section provides the greater relief.

#### **Textual Amendments**

**F75** See Finance Act 1986 s. 100(1) and (2)—for any liability to tax arising on and after 25 July 1986 any reference in the legislation to capital transfer tax has effect as a reference to inheritance tax.

**F76** See Finance Act 1986 s. 100(1) and (2)—for any liability to tax arising on and after 25 July 1986 any reference in the legislation to capital transfer tax has effect as a reference to inheritance tax.



**Status:**

Point in time view as at 22/07/2020.

**Changes to legislation:**

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