



Inheritance Tax Act 1984

1984 CHAPTER 51

PART VIII

ADMINISTRATION AND COLLECTION

Payment

226 Payment: general rules.

- (1) Except as otherwise provided by the following provisions of this Part of this Act, the tax on the value transferred by a chargeable transfer shall be due six months after the end of the month in which the chargeable transfer is made or, in the case of a transfer made after 5th April and before 1st October in any year otherwise than on death, at the end of April in the next year.
 - (2) Personal representatives shall, on delivery of their account, pay all the tax for which they are liable and may, on delivery of that account, also pay any part of the tax chargeable on the death for which they are not liable, if the persons liable for it request them to make the payment.
 - (3) So much of the tax chargeable on the value transferred by a chargeable transfer made within [^{F1}seven years] . . . ^{F2} of the death of the transferor as—
 - (a) exceeds what it would have been had the transferor died more than [^{F1}seven years] after the transfer . . . ^{F2}
 - (b) ^{F2}shall be due six months after the end of the month in which the death occurs.
- [^{F3}(3A) Without prejudice to subsection (3) above, the tax chargeable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer shall be due six months after the end of the month in which the transferor's death occurs.
- (3B) So much (if any) of the tax chargeable on the value transferred by a chargeable transfer made under Chapter III of Part III of this Act within the period of seven years ending with the settlor's death as exceeds what it would have been had the settlor died more

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than seven years after the date of the transfer shall be due six months after the end of the month in which the death occurs.]

- (4) Tax chargeable under section 32, [F⁴32A], 79 [F⁵ or 126] above or under Schedule 5 to this Act F⁶ . . . shall be due six months after the end of the month in which the event by reason of which it is chargeable occurs.
- (5) The Board may in the first instance, and without prejudice to the recovery of the remainder of the tax, accept or demand payment of an amount by reference to the value stated in an account delivered to the Board under section 216 or 217 above.
- (6) Nothing in this section shall be taken to authorise the recovery from, or require the payment by, any person of tax in excess of his liability as limited by section 204 above.

Textual Amendments

- F1** Finance Act 1986 Sch. 19, para. 30(1), with effect from 18 March 1986. Originally “three years”.
- F2** Repealed by 1988 s. 148 and Sch. 14, Part X, with effect from 15 March 1988.
- F3** Finance Act 1986 Sch. 19, para. 30(2), with effect from 18 March 1986.
- F4** Finance Act 1985 Sch. 26, para. 11, in relation to events occurring after 18 March 1985.
- F5** Words in s. 226(4) substituted (with effect as mentioned in Sch. 16 paras. 85, 106 of the amending Act) by Finance Act 2011 (c. 11), s. 65, Sch. 16 para. 55(a)
- F6** Words in s. 226(4) 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. 55(b)

227 Payment by instalments—land, shares and businesses.

- (1) Where any of the tax payable on the value transferred by a chargeable transfer is attributable to the value of qualifying property and—
 - (a) the transfer is made on death, or
 - (b) the tax so attributable is borne by the person benefiting from the transfer, or
 - (c) the transfer is made under Part III of this Act and the property concerned continues to be comprised in the settlement,

the tax so attributable may, if the person paying it by notice in writing to the Board so elects, be paid by ten equal yearly instalments.

[F⁷(1A) Subsection (1) above does not apply to—

- (a) tax payable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, or
- (b) additional tax becoming payable on the value transferred by any chargeable transfer by reason of the transferor’s death within seven years of the transfer,

except to the extent that the tax is attributable to the value of property which satisfies one of the conditions specified in subsection (1C) below and, in the case of property consisting of unquoted shares or unquoted securities, the further condition specified in section 228(3A) below.]

[F⁸(1AA) In subsection (1A) above “unquoted”, in relation to any shares or securities, means not [F⁹listed]] on a recognised stock exchange.

[F¹⁰(1B) In [F¹¹this section] “the transferee” means the person whose property the qualifying property became on the transfer or, where on the transfer the qualifying property

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became comprised in a settlement in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.]

[^{F12}(1C) The conditions referred to in subsection (1A) above are—

- (a) that the property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor (or, if earlier, the death of the transferee), or
- (b) that for the purposes of determining the tax, or additional tax, due by reason of the death of the transferor, the value of the property is reduced in accordance with the provisions of Chapter I or Chapter II or Part V of this Act by virtue of section 113B or section 124B above.]

(2) In this section “qualifying property” means—

- (a) land of any description, wherever situated;
- (b) shares or securities to which section 228 below applies;
- (c) a business or an interest in a business.

(3) The first of the instalments referred to in subsection (1) above shall be payable—

- (a) if the chargeable transfer was made on death, six months after the end of the month in which the death occurred, and
- (b) in any other case, at the time when the tax would be due if it were not payable by instalments;

and interest under section 233 below on the unpaid portion of the tax shall be added to each instalment and paid accordingly, except as otherwise provided in section 234 below.

(4) Notwithstanding the making of an election under this section, the tax for the time being unpaid, with interest to the time of payment, may be paid at any time; and if at any time (whether before or after the date when the first instalment is payable) the whole or any part of the property concerned is sold, the tax unpaid (or, in the case of a sale of part, the proportionate part of that tax) shall become payable forthwith (or, if the sale precedes the date when the first instalment is payable, on that date) together with any interest accrued under section 233 below.

(5) References in subsection (4) above to the sale of property shall have effect—

- (a) in a case within subsection (1)(b) above [^{F13}other than a case within subsection (1A) above where the transferee dies before the transferor], as if they included references to any chargeable transfer in which the value transferred is wholly or partly attributable to the value of the property, other than a transfer made on death, and
- (b) in a case within subsection (1)(c) above, as references to the property ceasing to be comprised in the settlement.

(6) For the purposes of subsection (4) above—

- (a) the sale of an interest or part of an interest in a business shall be treated as a sale of part of the business, and
- (b) the payment, under a partnership agreement or otherwise, of a sum in satisfaction of the whole or part of an interest in a business otherwise than on a sale shall be treated as a sale of the interest or part at the time of payment.

(7) For the purposes of this section—

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- (a) the value of a business or of an interest in a business shall be taken to be its net value;
- (b) the net value of a business is the value of the assets used in the business (including goodwill) reduced by the aggregate amount of any liabilities incurred for the purposes of the business;
- (c) in ascertaining the net value of an interest in a business, no regard shall be had to assets or liabilities other than those by reference to which the net value of the business would have fallen to be ascertained if the tax had been attributable to the entire business; and
- (d) “business” includes a business carried on in the exercise of a profession or vocation, but does not include a business carried on otherwise than for gain.

Textual Amendments

- F7** Finance Act 1987 Sch. 8, para. 15(1), *with effect from 17 March 1987. Originally* “Subsection (1) above does not apply to tax payable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, except to the extent that the tax is attributable to qualifying property which is owned by the transferee immediately before the death of the transferor (or, if earlier, his own death).”
as inserted by Finance Act 1986 Sch. 19, para. 31(1) with effect from 18 March 1986.
- F8** S. 227(1AA) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 5, 8, 9.
- F9** Word in s. 227(1AA) substituted (29.4.1996 with effect as mentioned in Sch. 38 para. 5(2) of the amending Act) by 1996 c. 8, s. 199, Sch. 38 para. 5(1)
- F10** Finance Act 1986 Sch. 19, para. 31(1), *with effect from 18 March 1986.*
- F11** Finance Act 1987 Sch. 8, para. 15(2), *with effect from 17 March 1987. Originally* “subsection (1A) above.”
- F12** Finance Act 1987 Sch. 8, para. 15(3), *with effect from 17 March 1987.*
- F13** Finance Act 1986 Sch. 19, para. 31(2), *with effect from 18 March 1986.*

228 Shares, etc. within section 227.

- (1) This section applies—
- (a) to shares or securities of a company which immediately before the chargeable transfer gave control of the company—
 - (i) in the case of a transfer on death, to the deceased,
 - (ii) in the case of a transfer under Chapter III of Part III of this Act, to the trustees, and
 - (iii) in any other case, to the transferor;
 - (b) to shares or securities of a company [^{F14}which do not fall under paragraph (a) above and are unquoted], if the chargeable transfer is made on death and the condition stated in subsection (2) below is satisfied;
 - (c) to shares or securities of a company [^{F15}which do not fall under paragraph (a) above and are unquoted], if the Board are satisfied that the tax attributable to their value cannot be paid on one sum without undue hardship (assuming, in the case of a chargeable transfer made otherwise than on death, that the shares or securities would be retained by the persons liable to pay the tax);
 - (d) to shares of a company [^{F15}which do not fall under paragraph (a) above and are unquoted], if the conditions stated in subsection (3) below are satisfied.

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- (2) The condition mentioned in subsection (1)(b) above is that not less than 20 per cent of so much of the tax chargeable on the value transferred as is tax for which the person paying the tax attributable as mentioned in section 227(1) above is liable (in the same capacity) consists of tax attributable to the value of the shares or securities or such other tax (if any) as may by virtue of section 227 be paid by instalments.
- (3) The conditions mentioned in subsection (1)(d) above are that so much of the value transferred (calculated, if the transfer is not made on death, as if no tax were chargeable on it) as is attributable to the shares exceeds £20,000, and that either—
- (a) the nominal value of the shares is not less than 10 per cent of the nominal value of all the shares of the company at the time of the transfer, or
 - (b) the shares are ordinary shares and their nominal value is not less than 10 per cent of the nominal value of all ordinary shares of the company at that time.
- [^{F16}(3A) The further condition referred to in section 227(1A) above is that the shares or securities remained unquoted throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor (or, if earlier, the death of the transferee).]
- (4) In this section “ordinary shares” means shares which carry either—
- (a) a right to dividends not restricted to dividends at a fixed rate, or
 - (b) a right to conversion into shares carrying such a right as is mentioned in paragraph (a) above.
- [^{F17}(5) In this section “unquoted”, in relation to any shares or securities, means not [^{F18}listed]] on a recognised stock exchange.

Textual Amendments

- F14** Finance Act 1987 Sch. 8, para. 16(1), with effect from 17 March 1987. Originally “not falling under paragraph (a) above and not quoted on a recognised stock exchange”.
- F15** Finance Act 1987 Sch. 8, para. 16(1), with effect from 17 March 1987. Originally “not falling under paragraph (a) above and not quoted on a recognised stock exchange”.
- F16** Finance Act 1987 Sch. 8, para. 16(2), with effect from 17 March 1987.
- F17** S. 228(5) added (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 6, 8, 9.
- F18** Word in s. 228(5) substituted (29.4.1996 with effect as mentioned in Sch. 38 para. 5(2) of the amending Act) by 1996 c. 8, s. 199, Sch. 38 para. 5(1)

229 Payment by instalments—woodlands.

Tax chargeable on such a chargeable transfer as is mentioned in section 129 above may, if the person paying the tax by notice in writing to the Board so elects, be paid by ten equal yearly instalments, of which the first shall be payable six months after the end of the month in which the transfer is made.

230 Acceptance of property in satisfaction of tax.

- (1) The Board may, if they think fit and the [^{F19}Secretary of State agrees], on the application of any person liable to pay tax or interest payable under section 233 below, accept in satisfaction of the whole or any part of it any property to which this section applies.

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- (2) This section applies to any such land as may be agreed upon between the Board and the person liable to pay tax.
- (3) This section also applies to any objects which are or have been kept in any building—
- (a) if the Board have determined to accept or have accepted that building in satisfaction or part satisfaction of tax or of estate duty, or
 - (b) if the building or any interest in it belongs to Her Majesty in right of the Crown or of the Duchy of Lancaster, or belongs to the Duchy of Cornwall or belongs to a Government department or is held for the purposes of a Government department, or
 - (c) if the building is one of which the Secretary of State is guardian under the ^{M1}Ancient Monuments and Archaeological Areas Act 1979 or of which the Department of the Environment for Northern Ireland is guardian under [^{F20}the Historic Monuments and Archaeological Objects (Northern Ireland) Order 1995], or
 - (d) if the building belongs to any body within Schedule 3 to this Act, in any case where it appears to the [^{F19}Secretary of State] desirable for the objects to remain associated with the building.
- (4) This section also applies to—
- (a) any picture, print, book, manuscript, work of art, scientific object or other thing which the [^{F19}Secretary of State is] satisfied is pre-eminent for its national, scientific, historic or artistic interest, and
 - (b) any collection or group of pictures, prints, books, manuscripts, works of art, scientific objects or other things if the [^{F19}Secretary of State is] satisfied that the collection or group, taken as a whole, is pre-eminent for its national, scientific, historic or artistic interest.
- (5) In this section—
- ^{F21} . . .
- “national interest” includes interest within any part of the United Kingdom; and in determining under subsection (4) above whether an object or collection or group of objects is pre-eminent, regard shall be had to any significant association of the object, collection or group with a particular place.
- [^{F22}(6) The functions of the Ministers under this section in relation to the acceptance, in satisfaction of tax, of property in which there is a Scottish interest may be exercised separately.
- ^{F22}(7) For the purposes of subsection (6) a Scottish interest in the property exists—
- (a) where the property is located in Scotland; or
 - (b) the person liable to pay the tax has expressed a wish or imposed a condition on his offer of the property in satisfaction of tax that it be displayed in Scotland or disposed of or transferred to a body or institution in Scotland.]

Textual Amendments

F19 Words in s. 230(1)(3)(4)(a)(b) substituted (3.7.1992) by S.I. 1992/1311, art. 12(2), **Sch. 2 para. 6(2)(3)(4)**.

F20 Words in s. 230(3)(c) substituted (29.8.1995) by S.I. 1995/1625 (N.I. 9), art. 45(1), **Sch. 3 para. 1(1)(2)(e)**.

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- F21** Definition in s. 230(5) omitted (3.7.1992) by virtue of S.I. 1992/1311, art. 12(2), **Sch. 2 para. 6(5)**.
F22 S. 230(6)(7) inserted (1.7.1999) by S.I. 1999/1756, arts. 1(1), 2, **Sch. para. 8** (with art. 8); S.I. 1998/3178, **art. 3**

Modifications etc. (not altering text)

- C1** S. 230: functions of the Secretary of State in certain circumstances made exercisable concurrently with the National Assembly for Wales (31.12.2004) by [The National Assembly for Wales \(Transfer of Functions\) Order 2004 \(S.I. 2004/3044\)](#), art. 2, **Sch. 1**
- C2** S. 230: functions of the Lord President of the Council under s. 230 transferred (3.7.1992) to the Secretary of State by virtue of S.I. 1992/1311, art. 3(1), **Sch. 1 Pt. I**.
S. 230: transfer of functions (S.) (1.7.1999) by S.I. 1999/1750, arts. 1(1), 2, **Sch. 1**; S.I. 1998/3178, **art. 3**

Marginal Citations

- M1** 1979 c.46.

231 Powers to transfer property in satisfaction of tax.

- (1) Where a person has power to sell any property in order to raise money for the payment of tax, he may agree with the Board for the property to be accepted in satisfaction of that tax in pursuance of section 230 above; and, except as regards the nature of the consideration and its receipt and application, any such agreement shall be subject to the same provisions and shall be treated for all purposes as a sale made in the exercise of the said power, and any conveyance or transfer made or purporting to be made to give effect to such an agreement shall have effect accordingly.
- (2) The references in subsection (1) above to tax include references to interest payable under section 233 below.
- (3) This section shall not affect paragraph 1(4) or 3(4) of Schedule 5 to this Act.

232 Administration actions.

Where proceedings are pending in any court for the administration of any property to the value of which any tax charged on the value transferred by a chargeable transfer is attributable, the court shall provide, out of any such property in the possession or control of the court, for the payment of any of the tax so attributable, or interest on it, which remains unpaid.

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