



Inheritance Tax Act 1984

1984 CHAPTER 51

PART I

GENERAL

Main charges and definitions

[^{F1}3A Potentially exempt transfers.

- (1) Any reference in this Act to a potentially exempt transfer is a reference to a transfer of value—
- (a) which is made by an individual on or after 18th March 1986 [^{F2}but before 22nd March 2006] ; and
 - (b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer); and
 - (c) to the extent that it constitutes either a gift to another individual or a gift into an accumulation and maintenance trust or a disabled trust;

^{F3}

[Any reference in this Act to a potentially exempt transfer is also a reference to a ^{F4}(1A) transfer of value—

- (a) which is made by an individual on or after 22nd March 2006,
- (b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer), and
- (c) to the extent that it constitutes—
 - (i) a gift to another individual,
 - (ii) a gift into a disabled trust, or
 - (iii) a gift into a bereaved minor's trust on the coming to an end of an immediate post-death interest.

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- (1B) Subsections (1) and (1A) above have effect subject to any provision of this Act which provides that a disposition (or transfer of value) of a particular description is not a potentially exempt transfer.]
- (2) Subject to subsection (6) below, a transfer of value falls within subsection (1)(c) [^{F5} or (1A)(c)(i)] above, as a gift to another individual,—
- (a) to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes comprised in the estate of that other individual, . . . ^{F6}, or
 - (b) so far as that value is not attributable to property which becomes comprised in the estate of another person, to the extent that, by virtue of the transfer, the estate of that other individual is increased, . . . ^{F7}
- (3) Subject to subsection (6) below, a transfer of value falls within subsection (1)(c) above, as a gift into an accumulation and maintenance trust or a disabled trust, to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes settled property to which section 71 or 89 of this Act applies.
- [Subject to subsection (6) below, a transfer of value falls within subsection (1A)(c) ^{F8}(3A) (ii) above to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes settled property to which section 89 below applies.
- (3B) A transfer of value falls within subsection (1A)(c)(iii) above to the extent that the value transferred is attributable to settled property (whenever settled) that becomes property to which section 71A below applies in the following circumstances—
- (a) under the settlement, a person (“L”) is beneficially entitled to an interest in possession in the settled property,
 - (b) the interest in possession is an immediate post-death interest,
 - (c) on or after 22nd March 2006, but during L's life, the interest in possession comes to an end,
 - (d) L is beneficially entitled to the interest in possession immediately before it comes to an end, and
 - (e) on the interest in possession coming to an end, the property—
 - (i) continues to be held on the trusts of the settlement, and
 - (ii) becomes property to which section 71A below applies.]
- (4) A potentially exempt transfer which is made seven years or more before the death of the transferor is an exempt transfer and any other potentially exempt transfer is a chargeable transfer.
- (5) During the period beginning on the date of a potentially exempt transfer and ending immediately before—
- (a) the seventh anniversary of that date, or
 - (b) if it is earlier, the death of the transferor,
- it shall be assumed for the purposes of this Act that the transfer will prove to be an exempt transfer.
- (6) Where, under any provision of this Act ^{F9}. . . tax is in any circumstances to be charged as if a transfer of value had been made, that transfer shall be taken to be a transfer which is not a potentially exempt transfer.]
- [^{F10}(6A) The reference in subsection (6) above to any provision of this Act does not include section 52 below except where the transfer of value treated as made by that section

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is one treated as made on the coming to an end of an interest which falls within section 5(1B) below.]

[^{F11}(7) In the application of this section to an event on the happening of which tax is chargeable under section 52 below, the reference in subsection (1)(a) [^{F12}or (1A)(a)] above to the individual by whom the transfer of value is made is a reference to the person who, by virtue of section 3(4) above, is treated as the transferor.]

Textual Amendments

- F1** Finance Act 1986 Sch. 19 para. 1, *in relation to transfers of value made on or after 18 March 1986.*
- F2** Words in s. 3A(1)(a) inserted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 paras. 7, **9(2)**
- F3** Words in s. 3A(1) repealed (22.3.2006) by Finance Act 2006 (c. 25), s. 178, {Sch. 26 Pt. 6 Note 1}
- F4** S. 3A(1A)(1B) inserted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 paras. 7, **9(3)**
- F5** Words in s. 3A(2) inserted (22.3.2006) by Finance Act 2006, s. 156, Sch. 20 paras. 7, {9(4)}
- F6** *Repealed by Finance Act 1987 (No. 2) s. 96(2)(a) and Sch. 9 Part III, with effect from 17 March 1987.*
- F7** *Repealed by Finance Act 1987 (No. 2) s. 96(2)(b) and Sch. 9 Part III with effect from 17 March 1987.*
- F8** S. 3A(3A)(3B) inserted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 paras. 7, **9(5)**
- F9** Words in s. 3A(6) omitted (with effect as mentioned in s. 53(10) of the amending Act) by virtue of Finance Act 2010 (c. 13), s. **53(2)(a)**
- F10** S. 3A(6A) inserted (with effect as mentioned in s. 53(10) of the amending Act) by Finance Act 2010 (c. 13), s. **53(2)(b)**
- F11** Finance Act 1987 (No. 2) s. 96(1), (3), *in relation to transfers of value made on or after 17 March 1987.*
- F12** Words in s. 3A(7) inserted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 paras. 7, **9(6)**

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There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 3A.