



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER II

[^{F1} INTERESTS IN POSSESSION, REVERSIONARY INTERESTS AND SETTLEMENT POWERS]

[^{F1}57A Relief where property enters maintenance fund.

- (1) Subject to the following provisions, subsection (2) below applies where—
- (a) a person dies who immediately before his death was beneficially entitled to an interest in possession in property comprised in a settlement, and
 - (b) within two years after his death the property becomes held on trusts (whether of that or another settlement) by virtue of which a direction under paragraph 1 of Schedule 4 to this Act is given in respect of the property.

[Where the interest mentioned in subsection (1)(a) above is one to which the person ^{F2}(1A) became beneficially entitled on or after 22nd March 2006, subsection (2) below does not apply unless, immediately before the person's death, the interest was—

- (a) an immediate post-death interest,
- (b) a disabled person's interest, or
- (c) a transitional serial interest,

[^{F3}or fell within section 5(1B) above.]]

- (2) Where this subsection applies, this Act shall have effect as if the property had on the death of the deceased become subject to the trusts referred to in subsection (1)(b) above; and accordingly no disposition or other event occurring between the date of the death and the date on which the property becomes subject to those trusts shall, so far as it relates to the property, be a transfer of value or otherwise constitute an occasion for a charge to tax.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 57A. (See end of Document for details)

- (3) Where property becomes held on trusts of the kind specified in paragraph (b) of subsection (1) above as the result of proceedings before a court and could not have become so held without such proceedings, that paragraph shall have effect as if it referred to three years instead of two.
- (4) Subsection (2) above shall not apply if—
- (a) the disposition by which the property becomes held on the trusts referred to in subsection (1)(b) above depends on a condition or is defeasible; or
 - (b) the property which becomes held on those trusts is itself an interest in settled property; or
 - (c) the trustees who hold the property on those trusts have, for a consideration in money or money's worth, acquired an interest under a settlement in which the property was comprised immediately before the death of the person referred to in subsection (1)(a) above or at any time thereafter; or
 - (d) the property which becomes held on those trusts does so for a consideration in money or money's worth, or is acquired by the trustees for such a consideration, or has at any time since the death of the person referred to in subsection (1)(a) above been acquired by any other person for such a consideration.
- (5) If the value of the property when it becomes held on the trusts referred to in subsection (1)(b) above is lower than so much of the value transferred on the death of the person referred to in subsection (1)(a) as is attributable to the property, subsection (2) above shall apply to the property only to the extent of the lower value.
- (6) For the purposes of this section, a person shall be treated as acquiring property for a consideration in money or money's worth if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that or other property. ^{F1}]]

Textual Amendments

- F1** Finance Act 1987 Sch. 9, para. 1, *in relation to deaths occurring on or after 17 March 1987.*
- F2** [S. 57A\(1A\)](#) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, 17
- F3** Words in [s. 57A\(1A\)](#) inserted (with effect as mentioned in [s. 53\(10\)](#) of the amending Act) by [Finance Act 2010 \(c. 13\)](#), s. 53(5)

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 57A.