



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER III

#### SETTLEMENTS WITHOUT INTERESTS IN POSSESSION

##### *Special cases—charges to tax*

#### **70 Property leaving temporary charitable trusts.**

- (1) This section applies to settled property held for charitable purposes only until the end of a period (whether defined by a date or in some other way).
- (2) Subject to subsections (3) and (4) below, there shall be a charge to tax under this section—
  - (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of an application for charitable purposes, and
  - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by an application of property for charitable purposes) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) Tax shall not be charged under this section in respect of—
  - (a) a payment of costs or expenses (so far as they are fairly attributable to property to which this section applies), or
  - (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be income of a person not resident in the United Kingdom if he were so resident,or in respect of a liability to make such a payment.

*Status: Point in time view as at 01/07/1999.*

*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 70. (See end of Document for details)*

- (4) Tax shall not be charged under this section by virtue of subsection (2)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 10 or section 16 above would prevent the disposition from being a transfer of value.
- (5) The amount on which tax is charged under this section shall be—
- (a) the amount by which the value of property which is comprised in the settlement and to which this section applies is less immediately after the event giving rise to the charge than it would be but for the event, or
  - (b) where the tax payable is paid out of settled property to which this section applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (6) The rate at which tax is charged under this section shall be the aggregate of the following percentages—
- (a) 0.25 per cent. for each of the first forty complete successive quarters in the relevant period,
  - (b) 0.20 per cent. for each of the next forty,
  - (c) 0.15 per cent. for each of the next forty,
  - (d) 0.10 per cent. for each of the next forty, and
  - (e) 0.05 per cent. for each of the next forty.
- (7) Where the whole or part of the amount on which tax is charged under this section is attributable to property which was excluded property at any time during the relevant period then, in determining the rate at which tax is charged under this section in respect of that amount or part, no quarter throughout which that property was excluded property shall be counted.
- (8) In subsections (6) and (7) above “the relevant period” means the period beginning with the later of—
- (a) the day on which the property in respect of which tax is chargeable became (or last became) property to which this section applies, and
  - (b) 13th March 1975,
- and ending with the day before the event giving rise to the charge.
- (9) Where the property in respect of which tax is chargeable—
- (a) was relevant property immediately before 10th December 1981, and
  - (b) became (or last became) property to which this section applies on or after that day and before 9th March 1982 (or, where paragraph 6, 7 or 8 of Schedule 15 to the <sup>M1</sup>Finance Act 1982 applied, 1st April 1983 or, as the case may be, 1st April 1984),
- subsection (8) above shall have effect as if the day referred to in paragraph (a) of that subsection were the day on which the property became (or last became) relevant property before 10th December 1981.
- (10) For the purposes of this section trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

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**Status:** *Point in time view as at 01/07/1999.*

**Changes to legislation:** *There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 70. (See end of Document for details)*

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