



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER III

#### SETTLEMENTS WITHOUT INTERESTS IN POSSESSION [<sup>F1</sup>, AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST]

##### *Special cases—charges to tax*

#### **[<sup>F1</sup>71E Charge to tax on property to which section 71D applies**

- (1) Subject to subsections (2) to [<sup>F2</sup>(4A)] below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which section 71D above applies, or
  - (b) in a case where paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of the settled property to which section 71D above applies is less than it would be but for the disposition.
- (2) Tax is not charged under this section where settled property ceases to be property to which section 71D above applies as a result of—
- (a) B becoming, at or under the age of 18, absolutely entitled as mentioned in section 71D(6)(a) above,
  - (b) the death, under the age of 18, of B,
  - (c) becoming, at a time when B is living and under the age of 18, property to which section 71A above applies, or
  - (d) being paid or applied for the advancement or benefit of B—
    - (i) at a time when B is living and under the age of 18, or
    - (ii) on B's attaining the age of 18.

*Status: Point in time view as at 06/06/2022.*

*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 71E. (See end of Document for details)*

- (3) Tax is not 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 section 71D above 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.
- (4) Tax is not charged under this section by virtue of subsection (1)(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.
- [ If an amount is paid or applied otherwise than for the benefit of B and the exemptions
- <sup>F3</sup>(4A) provided by subsections (2) to (4) do not apply, tax is not charged under this section in respect of whichever is the lower of the following amounts—
- (a) the amount paid or applied, and
  - (b) the annual limit.]
- (5) For the purposes of this section the 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.]

#### **Textual Amendments**

- F1** Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)
- F2** Word in s. 71E(1) substituted (with effect in accordance with Sch. 44 para. 9(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 44 para. 5\(2\)](#)
- F3** S. 71E(4A) inserted (with effect in accordance with Sch. 44 para. 9(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 44 para. 5\(3\)](#)

**Status:**

Point in time view as at 06/06/2022.

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 71E.