



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

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

##### *Special cases—charges to tax*

#### [<sup>F2</sup>71F Calculation of tax charged under section 71E in certain cases

- (1) Where—
  - (a) tax is charged under section 71E above by reason of the happening of an event within subsection (2) below, and
  - (b) that event happens after B has attained the age of 18, the tax is calculated in accordance with this section.
- (2) Those events are—
  - (a) B becoming absolutely entitled as mentioned in section 71D(6)(a) above,
  - (b) the death of B, and
  - (c) property being paid or applied for the advancement or benefit of B.
- (3) The amount of the tax is given by—

$$\text{Chargeable amount} \times \text{Relevant fraction} \times \text{Settlement rate}$$

- (4) For the purposes of subsection (3) above, the “Chargeable amount” is—

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*Status: Point in time view as at 22/03/2006. This version of this provision has been superseded.*

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

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- (a) the amount by which the value of property which is comprised in the settlement and to which section 71D above 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 is payable out of settled property to which section 71D above 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.
- (5) For the purposes of subsection (3) above, the “Relevant fraction” is three tenths multiplied by so many fortieths as there are complete successive quarters in the period—
- (a) beginning with the day on which B attained the age of 18 or, if later, the day on which the property became property to which section 71D above applies, and
  - (b) ending with the day before the occasion of the charge.
- (6) Where the whole or part of the Chargeable amount is attributable to property that was excluded property at any time during the period mentioned in subsection (5) above then, in determining the “Relevant fraction” in relation to that amount or part, no quarter throughout which that property was excluded property shall be counted.
- (7) For the purposes of subsection (3) above, the “Settlement rate” is the effective rate (that is to say, the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged) at which tax would be charged on the value transferred by a chargeable transfer of the description specified in subsection (8) below.
- (8) The chargeable transfer postulated in subsection (7) above is one—
- (a) the value transferred by which is equal to an amount determined in accordance with subsection (9) below,
  - (b) which is made at the time of the charge to tax under section 71E above by a transferor who has in the period of seven years ending with the day of the occasion of the charge made chargeable transfers having an aggregate value equal to that of any chargeable transfers made by the settlor in the period of seven years ending with the day on which the settlement commenced, disregarding transfers made on that day, and
  - (c) on which tax is charged in accordance with section 7(2) above.
- (9) The amount referred to in subsection (8)(a) above is equal to the aggregate of—
- (a) the value, immediately after the settlement commenced, of the property then comprised in it,
  - (b) the value, immediately after a related settlement commenced, of the property then comprised in it, and
  - (c) the value, immediately after it became comprised in the settlement, of any property which became so comprised after the settlement commenced and before the occasion of the charge under section 71E above (whether or not it has remained so comprised).]

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**Textual Amendments**

**F2** Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

**Status:**

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**Changes to legislation:**

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