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*Status: Point in time view as at 01/04/2012.*

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## SCHEDULE 19

### INHERITANCE TAX

#### PART II

##### TRANSITIONAL PROVISIONS

- 40 (1) Notwithstanding that Part of this Schedule has effect with respect to events occurring on or after 18th March 1986, where a death or other event occurs on or after that date, nothing in that Part shall affect the tax chargeable on a transfer of value occurring before that date.
- (2) Sub-paragraph (1) above does not authorise the making of a claim under section 149 of the 1984 Act where the donee's transfer, as defined in section 148 of that Act, occurs on or after 18th March 1986.
- 41 Where tax is chargeable under section 32 or section 32A of the 1984 Act by reason of a chargeable event occurring on or after 18th March 1986 and the rate or rates at which it is charged fall to be determined under the provisions of section 33(1)(b)(ii) of the 1984 Act by reference to a death which occurred before that date, those provisions shall apply (subject to paragraph 5 of Schedule 2 to that Act) as if the amendments of section 7 of, and Schedule 1 to, that Act contained in Part I of this Schedule had been in force at the time of the death.
- 42 Where tax is chargeable under paragraph 8 of Schedule 4 to the 1984 Act on any occasion on or after 18th March 1986 and the rate at which it is charged falls to be determined under paragraph 14 of that Schedule by reference to a death which occurred before that date, that paragraph shall apply (subject to paragraph 6 of Schedule 2 to the 1984 Act) as if the amendments of section 7 of, and Schedule 2 to, the 1984 Act contained in Part I of this Schedule had been in force at the time of the death.
- 43 (1) This paragraph applies if, in the case of a settlement,—
- (a) tax is charged under section 65 of the 1984 Act on an occasion falling on or after 18th March 1986; and
  - (b) the rate at which tax is so charged falls to be determined under section 69 of that Act (rate between ten-year anniversaries) by reference to the rate (in this paragraph referred to as “the last ten-year rate”) at which tax was last charged under section 64 of that Act (or would have been charged apart from section 66(2) there of); and
  - (c) the most recent ten-year anniversary fell before 18th March 1986.
- (2) For the purpose of determining the rate at which tax is charged on the occasion referred to in sub-paragraph (1)(a) above, it shall be assumed that the last ten-year rate was what that rate would have been if, immediately before the ten-year anniversary referred to in sub-paragraph (1)(c) above, the amendments of sections 66 and 67 of the 1984 Act contained in Part I of this Schedule had been in force.
- (3) Where this paragraph applies, paragraph 3 of Schedule 2 to the 1984 Act shall have effect as if—
- (a) references to a reduction included reference to a reduction by the substitution of a new Table in Schedule 1 to the 1984 Act; and

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- (b) in relation to a reduction resulting from the substitution of such a new Table, the reference to the second of the Tables in Schedule 1 to the 1984 Act were a reference to a Table in which the rates of tax were one-half of those specified in the new Table.
- (4) In this paragraph “ten-year anniversary” has the same meaning as in Chapter III of Part III of the 1984 Act.
- 44 In relation to a death on or after 18th March 1986, paragraph 2 of Schedule 2 to the 1984 Act (provisions applying on reduction of tax) shall have effect, in a case where the chargeable transfer in question was made before 18th March 1986, as if—
- (a) references to a reduction included references to a reduction by the substitution of a new Table in Schedule 1 to the 1984 Act; and
- (b) the Table in Schedule 1 to the Act was the first Table in that Schedule.
- 45 In relation to a disposal of trees or underwood on or after 18th March 1986, paragraph 4 of Schedule 2 to the 1984 Act shall have effect, in a case where the death in question occurred before 18th March 1986, as mentioned in paragraphs (a) and (b) of paragraph 44 above.
- 46 Notwithstanding anything in section 3A of the 1984 Act, a transfer of value which is made on or after 1st July 1986 and which, by virtue of subsection (4) of section 49 of the <sup>M1</sup>Finance Act 1975 (transitional provision relating to estate duty deferment in respect of timber etc.), brings to an end of the period during which estate duty is payable on the net moneys received from the sale of timber etc. is not a potentially exempt transfer.

**Marginal Citations**

**M1** 1975 c. 7.

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