

*Status: Point in time view as at 18/11/2015.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, SCHEDULE 1. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 1

Section 11

#### RATE OF TAX CHARGED UNDER CHAPTER 3 OF PART 3 IHTA 1984

1 IHTA 1984 is amended as follows.

2 After section 62 insert—

#### “62A Same-day additions

- (1) For the purposes of this Chapter, there is a “same-day addition”, in relation to a settlement (“settlement A”), if—
- (a) there is a transfer of value by a person as a result of which the value immediately afterwards of the property comprised in settlement A is greater than the value immediately before,
  - (b) as a result of the same transfer of value, or as a result of another transfer of value made by that person on the same day, the value immediately afterwards of the property comprised in another settlement (“settlement B”) is greater than the value immediately before,
  - (c) that person is the settlor of settlement A and settlement B,
  - (d) at any point in the relevant period, all or any part of the property comprised in settlement A was relevant property, and
  - (e) at that point, or at any other point in the relevant period, all or any part of the property comprised in settlement B was relevant property.

For exceptions, see section 62B.

- (2) Where there is a same-day addition, references in this Chapter to its value are to the difference between the two values mentioned in subsection (1)(b).
- (3) “The relevant period” means—
- (a) in the case of settlement A, the period beginning with the commencement of settlement A and ending immediately after the transfer of value mentioned in subsection (1)(a), and
  - (b) in the case of settlement B, the period beginning with the commencement of settlement B and ending immediately after the transfer of value mentioned in subsection (1)(b).
- (4) The transfer or transfers of value mentioned in subsection (1) include a transfer or transfers of value as a result of which property first becomes comprised in settlement A or settlement B; but not if settlements A and B are related settlements.
- (5) For the purposes of subsection (1) above, it is immaterial whether the amount of the property comprised in settlement A or settlement B (or neither) was

*Status: Point in time view as at 18/11/2015.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, SCHEDULE 1. (See end of Document for details)*

increased as a result of the transfer or transfers of value mentioned in that subsection.

### **62B Same day additions: exceptions**

- (1) There is not a same-day addition for the purposes of this Chapter if any of the following conditions is met—
  - (a) immediately after the transfer of value mentioned in section 62A(1)
    - (a) all the property comprised in settlement A was held for charitable purposes only without limit of time (defined by a date or otherwise),
    - (b) immediately after the transfer of value mentioned in section 62A(1)
      - (b) all the property comprised in settlement B was so held,
    - (c) either or each of settlement A and settlement B is a protected settlement (see section 62C), and
    - (d) the transfer of value, or either or each of the transfers of value, mentioned in section 62A(1)(a) and (b)—
      - (i) results from the payment of a premium under a contract of life insurance the terms of which provide for premiums to be due at regular intervals of one year or less throughout the contract term, or
      - (ii) is made to fund such a payment.
- (2) If the transfer of value, or each of the transfers of value, mentioned in section 62A(1) is not the transfer of value under section 4 on the settlor's death, there is a same-day addition for the purposes of this Chapter only if conditions A and B are met.
- (3) Condition A is that—
  - (a) the difference between the two values mentioned in section 62A(1)
    - (a) exceeds £5,000, or
    - (b) in a case where there has been more than one transfer of value within section 62A(1)(a) on the same day, the difference between—
      - (i) the value of the property comprised in settlement A immediately before the first of those transfers, and
      - (ii) the value of the property comprised in settlement A immediately after the last of those transfers,
 exceeds £5,000.
- (4) Condition B is that—
  - (a) the difference between the two values mentioned in section 62A(1)
    - (b) exceeds £5,000, or
    - (b) in a case where there has been more than one transfer of value within section 62A(1)(b), the difference between—
      - (i) the value of the property comprised in settlement B immediately before the first of those transfers, and
      - (ii) the value of the property comprised in settlement B immediately after the last of those transfers,
 exceeds £5,000.

*Status: Point in time view as at 18/11/2015.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, SCHEDULE 1. (See end of Document for details)*

## 62C Protected settlements

- (1) For the purposes of this Chapter, a settlement is a “protected settlement” if it commenced before 10 December 2014 and either condition A or condition B is met.
  - (2) Condition A is met if there have been no transfers of value by the settlor on or after 10 December 2014 as a result of which the value of the property comprised in the settlement was increased.
  - (3) Condition B is met if—
    - (a) there has been a transfer of value by the settlor on or after 10 December 2014 as a result of which the value of the property comprised in the settlement was increased, and
    - (b) that transfer of value was the transfer of value under section 4 on the settlor's death before 6 April 2017 and it had the result mentioned by reason of a protected testamentary disposition.
  - (4) In subsection (3)(b) “protected testamentary disposition” means a disposition effected by provisions of the settlor's will that at the settlor's death are, in substance, the same as they were immediately before 10 December 2014.”
- 3 (1) Section 66 (rate of ten-yearly charge) is amended as follows.
- (2) In subsection (4)—
    - (a) omit paragraph (b) and the “and” following it,
    - (b) in paragraph (c), before “property” insert “ relevant ”, and
    - (c) at the end of paragraph (c) insert—
      - “(d) the value of any same-day addition; and
      - (e) where—
        - (i) an increase in the value of the property comprised in another settlement is represented by the value of a same-day addition aggregated under paragraph (d) above, and
        - (ii) that other settlement is not a related settlement, the value immediately after that other settlement commenced of the relevant property then comprised in that other settlement;”.
  - (3) In subsection (6)(a), for “paragraphs (b) and (c)” substitute “ paragraphs (c) to (e) ”.
- 4 In section 68 (rate before ten-year anniversary), in subsection (5)—
  - (a) in paragraphs (a) and (b), before “property” insert “ relevant ”,
  - (b) omit the “and” following paragraph (b), and
  - (c) for paragraph (c) substitute—
    - “(c) the value, immediately after it became comprised in the settlement, of property which—
      - (i) became comprised in the settlement after the settlement commenced and before the occasion of the charge under section 65 above, and

*Status: Point in time view as at 18/11/2015.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, SCHEDULE 1. (See end of Document for details)*

- (ii) was relevant property immediately after it became so comprised,  
whether or not the property has remained relevant property comprised in the settlement;
  - (d) the value, at the time it became (or last became) relevant property, of property which—
    - (i) was comprised in the settlement immediately after the settlement commenced and was not then relevant property but became relevant property before the occasion of the charge under section 65 above, or
    - (ii) became comprised in the settlement after the settlement commenced and before the occasion of the charge under section 65 above, and was not relevant property immediately after it became comprised in the settlement, but became relevant property before the occasion of the charge under that section,  
whether or not the property has remained relevant property comprised in the settlement;
  - (e) the value of any same-day addition; and
  - (f) where—
    - (i) an increase in the value of the property comprised in another settlement is represented by the value of a same-day addition aggregated under paragraph (e) above, and
    - (ii) that other settlement is not a related settlement,  
the value immediately after that other settlement commenced of the relevant property then comprised in that other settlement.”
- 5 (1) Section 69 (rate between ten-year anniversaries) is amended as follows.
- (2) In subsection (1), for “subsection (2)” substitute “ subsection (2A) ”.
- (3) For subsection (2) substitute—
- “(2) Subsection (2A) below applies—
- (a) if, at any time in the period beginning with the most recent ten-year anniversary and ending immediately before the occasion of the charge under section 65 above (the “relevant period”), property has become comprised in the settlement which was relevant property immediately after it became so comprised, or
  - (b) if—
    - (i) at any time in the relevant period, property has become comprised in the settlement which was not relevant property immediately after it became so comprised, and
    - (ii) at a later time in the relevant period, that property has become relevant property, or

---

*Status: Point in time view as at 18/11/2015.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, SCHEDULE 1. (See end of Document for details)*

---

- (c) if property which was comprised in the settlement immediately before the relevant period, but was not then relevant property, has at any time during the relevant period become relevant property.
    - (2A) Whether or not all of the property within any of paragraphs (a) to (c) of subsection (2) above has remained relevant property comprised in the settlement, the rate at which tax is charged under section 65 is to be the appropriate fraction of the rate at which it would last have been charged under section 64 above (apart from section 66(2) above) if—
      - (a) immediately before the most recent ten-year anniversary, all of that property had been relevant property comprised in the settlement with a value determined in accordance with subsection (3) below, and
      - (b) any same-day addition made on or after the most recent ten-year anniversary had been made immediately before that anniversary.”
  - (4) In subsection (3)—
    - (a) omit the words from “which either” to the end of paragraph (b), and
    - (b) for “purposes of subsection (2)” substitute “ purposes of subsection (2A) ”.
- 6 In section 71F (calculation of settlement rate in order to calculate the tax charged under section 71E), in subsection (9)(b), after “in it” insert “ which was property to which section 71D above applied ”.
- 7 The amendments made by this Schedule have effect in relation to occasions on which tax falls to be charged under Chapter 3 of Part 3 of IHTA 1984 on or after the day on which this Act is passed.

**Status:**

Point in time view as at 18/11/2015.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 2015, SCHEDULE 1.