



Finance (No. 2) Act 2015

2015 CHAPTER 33

PART 2

INHERITANCE TAX

Settlements

13 Settlements with initial interest in possession

- (1) In section 80 of IHTA 1984 (initial interest of settlor or spouse or civil partner), for “an interest in possession”, in each place it appears, substitute “ a qualifying interest in possession ”.
- (2) The amendments made by this section come into force on the day after the day on which this Act is passed subject to the saving provision in subsections (3) to (7).
- (3) Subsections (4) to (7) apply where—
 - (a) the occasion first referred to in subsection (1) of section 80 of IHTA 1984 occurred before 22 March 2006,
 - (b) on that occasion the settlor, or the settlor's spouse or civil partner, became beneficially entitled to an interest in possession in property which, as a result of that subsection, was treated as not becoming comprised in a settlement for the purposes of Chapter 3 of Part 3 of IHTA 1984 on that occasion, and
 - (c) at all times in the relevant period that property, or some particular part of it, has been property in which the settlor, or the settlor's spouse or civil partner, has been beneficially entitled to an interest in possession,and in subsections (4) to (7) “the protected property” means that property or, as the case may be, that particular part of it.
- (4) The amendments made by subsection (1) do not have effect in relation to any particular part of the protected property for so long as the subsisting interest in possession continues to subsist in that part (but see subsections (5) and (6) for what happens afterwards).

Status: Point in time view as at 18/11/2015.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, Section 13. (See end of Document for details)

- (5) As from immediately before the time when the subsisting interest in possession comes to an end so far as subsisting in any particular part of the protected property (whether or not it also comes to an end at the same time so far as subsisting in some or all of the rest of the protected property), section 80(1) of IHTA 1984 has effect in relation to that part as if the second appearance of “an interest in possession” were “a qualifying interest in possession”.
- (6) If (ignoring this subsection), subsection (5) would have the consequence that a particular part of the protected property is treated as becoming comprised in a separate settlement at a time earlier than the time at which the subsisting interest in possession comes to an end so far as subsisting in that part, that part is to be treated as becoming comprised in a separate settlement at that later time.
- (7) In this section—
- (a) “the relevant period” means the period beginning with the occasion first mentioned in section 80(1) of IHTA 1984 and ending with the day on which this Act is passed,
 - (b) “qualifying interest in possession” has the same meaning as in section 80(1) of IHTA 1984,
 - (c) “subsisting interest in possession”, in relation to a part of the protected property, means the interest in possession which subsisted in that part immediately before the end of the relevant period, and
 - (d) the reference in subsection (3)(c) to the spouse or civil partner of a settlor includes a reference to the widow or widower or surviving civil partner of the settlor.

Status:

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

Changes to legislation:

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