



Finance Act 1981

1981 CHAPTER 35

PART V

CAPITAL TRANSFER TAX

101 Relief for successive charges

- (1) Where the value of a person's estate was increased by a chargeable transfer ("the first transfer") made not more than five years before—
- (a) his death, or
 - (b) a chargeable transfer which is made by him otherwise than on his death and as to which the conditions specified in subsection (2) below are satisfied,
- the tax chargeable on the value transferred by the transfer made on his death or, as the case may be, referred to in paragraph (b) above ("the later transfer") shall be reduced by an amount calculated in accordance with subsection (3) below.
- (2) The conditions referred to in subsection (1)(b) above are—
- (a) that the value transferred by the later transfer falls to be determined by reference to the value of settled property in which there subsists an interest in possession to which the transferor is entitled ;
 - (b) that the value transferred by the first transfer also fell to be determined by reference to the value of that property; and
 - (c) that the first transfer either was or included the making of the settlement or was made after the making of the settlement.
- (3) The amount referred to in subsection (1) above is a percentage of the tax charged on so much of the value transferred by the first transfer as is attributable to the increase mentioned in that subsection ; and the percentage is—
- (a) 100 per cent, if the period beginning with the date of the first transfer and ending with the date of the later does not exceed one year ;
 - (b) 80 per cent, if it exceeds one year but does not exceed two years ;
 - (c) 60 per cent, if it exceeds two years but does not exceed three years;
 - (d) 40 per cent, if it exceeds three years but does not exceed four years; and

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- (e) 20 per cent, if it exceeds four years.
- (4) Where in relation to the first transfer there is more than one later transfer, the reduction provided for by this section shall be given only in respect of the earliest of them, unless the reduction represents less than the whole of the tax charged as mentioned in subsection (3) above; and in that case a reduction may be made in respect of subsequent transfers (in chronological order) until reductions representing the whole of that tax have been made.
- (5) For the purposes of subsection (4) above, a reduction made in accordance with paragraph (a) of subsection (3) above represents an equivalent amount of tax, a reduction made in accordance with paragraph (b) represents the amount of tax of which it is 80 per cent., and so on.
- (6) In determining for the purposes of this section whether or to what extent the value of the transferor's estate was increased by a chargeable transfer, there shall be disregarded any excluded property consisting of a reversionary interest to which he became entitled on the occasion of or before the chargeable transfer.
- (7) Where—
 - (a) the value of the transferor's estate was increased in consequence of—
 - (i) a gift inter vivos, or
 - (ii) a disposition or determination of a beneficial interest in possession in property comprised in a settlement, and
 - (b) tax under section 22(5) of the Finance Act 1975 was by reason of the gift or interest payable on a subsequent death,this section shall apply as if the increase had been by the chargeable transfer made on the occasion of the death.
- (8) In the Finance Act 1975, section 30 and paragraph 5 of Schedule 5 (which are superseded by this section) shall cease to have effect.
- (9) This section has effect where the later transfer is made on or after 10th March 1981.