



Inheritance Tax Act 1984

1984 CHAPTER 51

PART II

EXEMPT TRANSFERS

CHAPTER II

CONDITIONAL EXEMPTION

30 **Conditionally exempt transfers.**

- (1) A transfer of value is an exempt transfer to the extent that the value transferred by it is attributable to property—
 - (a) which, on a claim made for the purpose, is designated by the Treasury under section 31 below, and
 - (b) with respect to which the requisite undertaking described in that section is given by such person as the Treasury think appropriate in the circumstances of the case [^{F1}or (where the property is an area of land within subsection (1)(d) of that section) with respect to which the requisite undertakings described in that section are given by such person or persons as the Treasury think appropriate in the circumstances of the case.]
- (2) A transfer of value exempt with respect to any property under this section or under section 76 of the ^{M1}Finance Act 1976 is referred to in this Act as a conditionally exempt transfer of that property.
- (3) Subsection (1) above shall not apply to a transfer of value other than one which under section 4 above a person makes on his death unless—
 - (a) the transferor or his spouse, or the transferor and his spouse between them, have been beneficially entitled to the property throughout the six years ending with the transfer, or

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- (b) the transferor acquired the property on a death on the occasion of which there was a transfer of value under section 4 above which was itself a conditionally exempt transfer of the property.

[^{F2}(3A) The provisions of this section shall be disregarded in determining under section 3A above whether a transfer of value is a potentially exempt transfer.

- (3B) No claim may be made under subsection (1) above with respect to a potentially exempt transfer until the transferor has died.

[A claim under subsection (1) above must be made no more than two years after the ^{F3}(3BA) date of the transfer of value to which it relates or, in the case of a claim with respect to a potentially exempt transfer, the date of the death, or (in either case) within such longer period as the Board may allow.]

- (3C) Subsection (1) above shall not apply to a potentially exempt transfer to the extent that the value transferred by it is attributable to property which has been disposed of by sale during the period beginning with the date of the transfer and ending with the death of the transferor.]

- (4) Subsection (1) above does not apply to a transfer of value to the extent to which it is an exempt transfer under section 18 or 23 above.

Textual Amendments

- F1** Finance Act 1985 Sch. 26, para. 1, *in relation to events occurring after 18 March 1985.*
F2 Finance Act 1986 Sch. 19, para. 7, *in relation to transfers of value made on or after 18 March 1986.*
F3 [S. 30\(3BA\)](#) inserted (31.7.1998 with effect in relation to any transfer of value or death on or after 17.3.1998) by [1998 c. 36, s. 142, Sch. 25 para. 2\(1\)\(2\)](#)

Modifications etc. (not altering text)

- C1** By Finance Act 1985 s. 95, *the functions of the Treasury were transferred to the Commissioners of Inland Revenue (“the Board”).*

Marginal Citations

- M1** [1976 c. 40.](#)

31 Designation and undertakings.

- (1) The Treasury may designate under this section—

- [^{F4}(a) any relevant object which appears to the Board to be pre-eminent for its national, scientific, historic or artistic interest;
- (aa) any collection or group of relevant objects which, taken as a whole, appears to the Board to be pre-eminent for its national, scientific, historic or artistic interest;]
- (b) any land which in the opinion of the Treasury is of outstanding scenic or historic or scientific interest;
- (c) any building for the preservation of which special steps should in the opinion of the Treasury be taken by reason of its outstanding historic or architectural interest;

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- [^{F5}(d) any area of land which in the opinion of the Treasury is essential for the protection of the character and amenities of such a building as is mentioned in paragraph (c) above;]
- (e) any object which in the opinion of the Treasury is historically associated with such a building as is mentioned in paragraph (c) above.
- [^{F6}(1A) Where the transfer of value in relation to which the claim for designation is made is a potentially exempt transfer which (apart from section 30 above) has proved to be a chargeable transfer, the question whether any property is appropriate for designation under this section shall be determined by reference to circumstances existing after the death of the transferor.]
- (2) In the case of property within subsection [^{F7}(1)(a)or(aa)] above, the requisite undertaking is that, until the person beneficially entitled to the property dies or the property is disposed of, whether by sale or gift or otherwise—
- (a) the property will be kept permanently in the United Kingdom and will not leave it temporarily except for a purpose and a period approved by the Treasury, and
- (b) [^{F8}such steps as are agreed between the Treasury and the person giving the undertaking, and are set out in it,] will be taken for the preservation of the property and for securing reasonable access to the public.
- (3) If it appears to the Treasury, on a claim made for the purpose, that any documents which are designated or to be designated under subsection [^{F7}(1)(a) or (aa)] above contain information which for personal or other reasons ought to be treated as confidential, they may exclude those documents, either altogether or to such extent as they think fit, from so much of an undertaking given or to be given under subsection (2) (b) above as relates to public access.
- (4) In the case of other property within subsection (1) above, the requisite undertaking is that, until the person beneficially entitled to the property dies or the property is disposed of, whether by sale or gift or otherwise, [^{F9}such steps as are agreed between the Treasury and the person giving the undertaking, and are set out in it,] will be taken—
- (a) in the case of land falling within subsection (1)(b) above, for the maintenance of the land and the preservation of its character, and
- (b) in the case of any other property, for the maintenance, repair and preservation of the property and, if it is an object falling within subsection (1)(e) above, for keeping it associated with the building concerned;
- and for securing reasonable access to the public.
- [^{F10}(4A) In the case of an area of land within subsection (1)(d) above (relevant land) there is an additional requisite undertaking, which is that, until the person beneficially entitled to property falling within subsection (4C) below dies, or it is disposed of, whether by sale or gift or otherwise, specified steps will be taken for its maintenance, repair and preservation and for securing reasonable access to the public; and “specified steps” means such steps as are agreed between the Treasury and the person giving the undertaking, and are set out in it.
- (4B) Where different persons are entitled (either beneficially or otherwise) to different properties falling within subsection (4C) below, subsection (4A) above shall have effect to require separate undertakings as to the maintenance, repair, preservation and access of each of the properties to be given by such persons as the Treasury think appropriate in the circumstances of the case.

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- (4C) The following property falls within this subsection—
- (a) the building for the protection of whose character and amenities the relevant land is in the opinion of the Treasury essential;
 - (b) any other area (or areas) of land which, in relation to the building, falls (or fall) within subsection (1)(d) above and which either lies (or lie) between the relevant land and the building or is (or are) in the opinion of the Treasury, physically closely connected with the relevant land or the building.
- (4D) Where subsection (4A) above requires an undertaking for the maintenance, repair, preservation and access of property, such an undertaking is required notwithstanding that some other undertaking for its maintenance, repair, preservation and access is effective.
- (4E) Any undertaking given in pursuance of subsection (4A) above is for the purposes of this Act given with respect to the relevant land.
- (4F) It is for the person seeking the designation of relevant land to secure that any undertaking required under subsection (4A) above is given.]
- [^{F11}(4FA) For the purposes of this section, the steps agreed for securing reasonable access to the public must ensure that the access that is secured is not confined to access only where a prior appointment has been made.]
- [^{F12}(4FB) Subject to subsection (3) above, where the steps that may be set out in any undertaking include steps for securing reasonable access to the public to any property, the steps that may be agreed and set out in that undertaking may also include steps involving the publication of—
- (a) the terms of any undertaking given or to be given for any of the purposes of this Act with respect to the property; or
 - (b) any other information relating to the property which (apart from this subsection) would fall to be treated as confidential;
- and references in this Act to an undertaking for access to any property shall be construed as including references to so much of any undertaking as provides for the taking of steps involving any such publication.]
- [^{F13}(4G) In a case where—
- (a) the transfer of value in question is a potentially exempt transfer which (apart from section 30 above) has proved to be a chargeable transfer, and
 - (b) at the time of the transferor's death an undertaking by such a person as is mentioned in section 30(1)(b) above given under paragraph 3(3) of Schedule 4 to this Act or under section [^{F14}258 of the 1992 Act] is in force with respect to any property to which the value transferred by the transfer is attributable,
- that undertaking shall be treated for the purposes of this Chapter as an undertaking given under section 30 above.]
- [^{F15}(5) In this section—
- 'national interest' includes interest within any part of the United Kingdom; and
- 'relevant object' means—
- (a) a picture, print, book, manuscript, work of art or scientific object, or
 - (b) anything not falling within paragraph (a) above that does not yield income;

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and in determining under subsection (1)(a) or (aa) above whether an object or a collection or group of objects is pre-eminent, regard shall be had to any significant association of the object, collection or group with a particular place.]

Textual Amendments

- F4** S. 31(1)(a)(aa) substituted for s. 31(1)(a) (31.7.1998 with effect in relation to the making of any designation on a claim made on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 4(1)(4)**
- F5** Finance Act 1985 Sch. 26, para. 2(2), *in relation to events occurring after 18 March 1985. Originally* “any land which adjoins such a building as is mentioned in paragraph (c) above and which in the opinion of the Treasury is essential for the protection of the character and amenities of the building.”
- F6** Finance Act 1986 Sch. 19, para. 8(1), *in relation to transfers of value made on or after 18 March 1986.*
- F7** Words in s. 31(2)(3) substituted (31.7.1998 with effect in relation to the making of any designation on a claim made on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 4(2)(4)**
- F8** Finance Act 1985 Sch. 26, para. 2(3), *in relation to events occurring after 18 March 1985. Originally* “reasonable steps”.
- F9** Finance Act 1985 Sch. 26, para. 2(3), *in relation to events occurring after 18 March 1985. Originally* “reasonable steps”.
- F10** Finance Act 1985 Sch. 26, para. 2(4), *in relation to events occurring after 18 March 1985.*
- F11** S. 31(4FA) inserted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 5(1)(2)**
- F12** S. 31(4FB) inserted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 6(1)(2)**
- F13** Finance Act 1986 Sch. 19, para. 8(2), *in relation to transfers of value made on or after 18 March 1986.*
- F14** Words in s. 31(4G)(b) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the substituting Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 8(2)** (with ss. 60, 101(1), 201(3)).
- F15** S. 31(5) substituted (31.7.1998 with effect in relation to the making of any designation on a claim made on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 4(3)(4)**

Modifications etc. (not altering text)

- C2** By Finance Act 1985 s. 95, *the functions of the Treasury were transferred to the Commissioners of Inland Revenue (“the Board”).*

32 Chargeable events.

- (1) Where there has been a conditionally exempt transfer of any property, tax shall be charged under this section on the first occurrence after the transfer [^{F16}(or, if the transfer was a potentially exempt transfer, after the death of the transferor)] of an event which under this section is a chargeable event with respect to the property.
- (2) If the Treasury are satisfied that at any time an undertaking given with respect to the property under section 30 above or [^{F17}subsection (5AA)] below has not been observed in a material respect, the failure to observe the undertaking is a chargeable event with respect to the property.
- (3) If—
 - (a) the person beneficially entitled to the property dies, or
 - (b) the property is disposed of, whether by sale or gift or otherwise,the death or disposal is, subject to subsections (4) and (5) below, a chargeable event with respect to the property.

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- (4) A death or disposal is not a chargeable event with respect to any property if the personal representatives of the deceased (or, in the case of settled property, the trustees or the person next entitled) within three years of the death make or, as the case may be, the disposal is—
- (a) a disposal of the property by sale by private treaty to a body mentioned in Schedule 3 to this Act, or a disposal of it to such a body otherwise than by sale, or
 - (b) a disposal in pursuance of section 230 below,
- and a death or disposal of the property after such a disposal as is mentioned in paragraph (a) or (b) above is not a chargeable event with respect to the property unless there has again been a conditionally exempt transfer of it after that disposal.
- (5) A death or disposal otherwise than by sale is not a chargeable event with respect to any property if—
- (a) the transfer of value made on the death or the disposal is itself a conditionally exempt transfer of the property, or
 - [^{F18}(b) the condition specified in subsection (5AA) below is satisfied with respect to the property.]
- [^{F19}(5AA) The condition referred to in subsection (5)(b) above is satisfied if—
- (a) the requisite undertaking described in section 31 above is given with respect to the property by such person as the Board think appropriate in the circumstances of the case, or
 - (b) (where the property is an area of land within section 31(1)(d) above) the requisite undertakings described in that section are given with respect to the property by such person or persons as the Board think appropriate in the circumstances of the case.]
- [^{F20}(5A) This section does not apply where section 32A below applies.]
- (6) ^{F21}

Textual Amendments

- F16** Finance Act 1986 Sch. 19, para. 9, *in relation to transfers on or after 18 March 1986.*
- F17** Words in s. 32(2) substituted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(1)(9)**
- F18** S. 32(5)(b) substituted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(2)(9)**
- F19** S. 32(5AA) inserted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(3)(9)**
- F20** Finance Act 1985 Sch. 26, para. 3(2), *in relation to events occurring after 18 March 1985.*
- F21** *Subss. (6) and (7) repealed by Finance Act 1985 s. 94; Sch. 26, para. 3(3) and Sch. 27, Part XI, in relation to events occurring after 18 March 1985.*

Modifications etc. (not altering text)

- C3** *By Finance Act 1985 s. 95, the functions of the Treasury were transferred to the Commissioners of Inland Revenue (“the Board”).*

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[^{F22}32A Associated properties.

- (1) For the purposes of this section the following properties are associated with each other, namely, a building falling within section 31(1)(c) above and (to the extent that any of the following exists) an area or areas of land falling within section 31(1)(d) above in relation to the building and an object or objects falling within section 31(1)(e) above in relation to the building; and this section applies where there are such properties, which are referred to as associated properties.
- (2) Where there has been a conditionally exempt transfer of any property (or part), tax shall be charged under this section in respect of that property (or part) on the first occurrence after the transfer [^{F23}or, if the transfer was a potentially exempt transfer, after the death of the transferor] of an event which under this section is a chargeable event with respect to that property (or part).
- (3) If the Treasury are satisfied that at any time an undertaking given under section 30 above or this section for the maintenance, repair, preservation, access or keeping of any of the associated properties has not been observed in a material respect, then (subject to subsection (10) below) the failure to observe the undertaking is a chargeable event with respect to the whole of each of the associated properties of which there has been a conditionally exempt transfer.
- (4) If—
 - (a) the person beneficially entitled to property dies, or
 - (b) property (or part of it) is disposed of, whether by sale or gift or otherwise,then, if the property is one of the associated properties and an undertaking for its maintenance, repair, preservation, access or keeping has been given under section 30 above or this section, the death or disposal is (subject to subsections (5) to (10) below) a chargeable event with respect to the whole of each of the associated properties of which there has been a conditionally exempt transfer.
- (5) Subject to subsection (6) below, the death of a person beneficially entitled to property, or the disposal of property (or part), is not a chargeable event if the personal representatives of the deceased (or, in the case of settled property, the trustees or the person next entitled) within three years of the death make or, as the case may be, the disposal is—
 - (a) a disposal of the property (or part) concerned by sale by private treaty to a body mentioned in Schedule 3 to this Act, or to such a body otherwise than by sale, or
 - (b) a disposal of the property (or part) concerned in pursuance of section 230 below.
- (6) Where a disposal mentioned in subsection (5)(a) or (b) above is a part disposal, that subsection does not make the event non-chargeable with respect to property other than that disposed of [^{F24}unless—
 - (a) the requisite undertaking described in section 31 above is given with respect to the property (or part) not disposed of by such person as the Board think appropriate in the circumstances of the case, or
 - (b) (where any of the property or part not disposed of is an area of land within section 31(1)(d) above) the requisite undertakings described in that section are given with respect to that property (or that part) by such person or persons as the Board think appropriate in the circumstances of the case;

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and] in this subsection “part disposal” means a disposal of property which does not consist of or include the whole of each property which is one of the associated properties and of which there has been a conditionally exempt transfer.

- (7) Where, after a relevant disposal (that is, a disposal mentioned in subsection (5)(a) or (b) above made in circumstances where that subsection applies), a person beneficially entitled to the property (or part) concerned dies or the property (or part) concerned is disposed of, the death or disposal is not a chargeable event with respect to the property (or part) concerned unless there has again been a conditionally exempt transfer of the property (or part) concerned after the relevant disposal.
- (8) The death of a person beneficially entitled to property, or the disposal of property (or part) otherwise than by sale, is not a chargeable event if—
- (a) the transfer of value made on the death or the disposal is itself a conditionally exempt transfer of the property (or part) concerned, or
 - [the condition specified in subsection (8A) below is satisfied with respect to
- ^{F25}(b) the property (or part) concerned.]
- [The condition referred to in subsection (8)(b) above is satisfied if—
- ^{F26}(8A) (a) the requisite undertaking described in section 31 above is given with respect to the property (or part) by such person as the Board think appropriate in the circumstances of the case, or
- (b) (where any of the property or part is an area of land within section 31(1)(d) above) the requisite undertakings described in that section are given with respect to the property (or part) by such person or persons as the Board think appropriate in the circumstances of the case.]
- [If the whole or part of any property is disposed of by sale and—
- ^{F27}(9) (a) the requisite undertaking described in section 31 above is given with respect to the property (or part) by such person as the Board think appropriate in the circumstances of the case, or
- (b) (where any of the property or part is an area of land within section 31(1)(d) above) the requisite undertakings described in that section are given with respect to the property (or part) by such person or persons as the Board think appropriate in the circumstances of the case,
- the disposal is a chargeable event only with respect to the whole or part actually disposed of (if it is a chargeable event with respect to such whole or part apart from this subsection).]
- (10) If—
- (a) the Treasury are satisfied that there has been a failure to observe, as to one of the associated properties or part of it, an undertaking for the property’s maintenance, repair, preservation, access or keeping, or
 - (b) there is a disposal of one of the associated properties or part of it,
- and it appears to the Treasury that the entity consisting of the associated properties has not been materially affected by the failure or disposal, they may direct that it shall be a chargeable event only with respect to the property or part as to which there has been a failure or disposal (if it is a chargeable event with respect to that property or part apart from this subsection.)]

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Textual Amendments

- F22** Finance Act 1985 Sch. 26 para. 4, *in relation to events occurring after 18 March 1985.*
- F23** Finance Act 1986 Sch. 19, para. 10, *in relation to transfers on or after 18 March 1986.*
- F24** S. 32A(6)(a)(b) and the words “unless” and “and” substituted for the words “unless” to “case; and” (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(4)(9)**
- F25** S. 32A(8)(b) substituted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(5)(9)**
- F26** S. 32A(8A) inserted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(6)(9)**
- F27** S. 32A(9) substituted (31.7.1998 with effect in relation to the giving of any undertaking on or after 31.7.1998) by 1998 c. 36, s. 142, **Sch. 25 para. 7(7)(9)**

Modifications etc. (not altering text)

- C4** By Finance Act 1985 s. 95, *the functions of the Treasury were transferred to the Commissioners of Inland Revenue (“the Board”).*

33 Amount of charge under section 32.

- (1) Tax chargeable in respect of any property under section 32 [^{F28}or 32A] above by reference to a chargeable event shall be charged—
- (a) on an amount equal to the value of the property at the time of the chargeable event; and
 - (b) at the following rate or rates—
 - (i) if the relevant person is alive, the rate or rates that would be applicable to that amount [^{F29}in accordance with section 7(2) above] if it were the value transferred by a chargeable transfer made by the relevant person at that time;
 - (ii) if the relevant person is dead, the rate or rates that would have applied to that amount [^{F30}in accordance with the appropriate provision of section 7 above] if it had been added to the value transferred on his death and had formed the highest part of that value.

[^{F31}(2) For the purposes of subsection (1)(b)(ii) above the appropriate provision of section 7 above is—

- (a) if the conditionally exempt transfer by the relevant person was made on death (but the property was not treated as forming part of his estate immediately before his death only by virtue of section 102(3) of the Finance Act 1986), subsection (1) of section 7; and
 - (b) in any other case, subsection (2) of section 7.
- (2A) The rate or rates of tax determined under subsection (1)(b)(i) above in respect of any chargeable event shall not be affected by the death of the relevant person after that event.]
- (3) Where the chargeable event is a disposal on sale and the sale—
- (a) was not intended to confer any gratuitous benefit on any person, and
 - (b) was either a transaction at arm’s length between persons not connected with each other or a transaction such as might be expected to be made at arm’s length between persons not connected with each other,

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the value of the property at the time of the chargeable event shall be taken for the purposes of subsection (1)(a) above to be equal to the proceeds of the sale.

- (4) Where by virtue of section 30(4) above the conditionally exempt transfer extended only to part of the property, the amount mentioned in subsection (1)(a) above shall be proportionately reduced.
- (5) The relevant person in relation to a chargeable event in respect of any property is—
- (a) if there has been only one conditionally exempt transfer of the property before the event, the person who made that transfer;
 - (b) if there have been two or more such transfers and the last was before, or only one of them was within, the period of thirty years ending with the event, the person who made the last of those transfers;
 - (c) if there have been two or more such transfers within that period, the person who made whichever of those transfers the Board may select.
- (6) The conditionally exempt transfers to be taken into account for the purpose of subsection (5) above in relation to a chargeable event do not include transfers made before any previous chargeable event in respect of the same property or before any event which apart from section 32(4) above would have been such a chargeable event [^{F32}or, where the property has been disposed of as mentioned in section 32A(5) above, before any event which apart from section 32A(5) would have been such a chargeable event]
- (7) [^{F33}Subject to subsection (8) below], where after a conditionally exempt transfer of any property there is a chargeable transfer the value transferred by which is wholly or partly attributable to that property, any tax charged on that value so far as attributable to that property shall be allowed as a credit—
- (a) if the chargeable transfer is a chargeable event with respect to the property, against the tax chargeable in accordance with this section by reference to that event;
 - (b) if the chargeable transfer is not such a chargeable event, against the tax chargeable in accordance with this section by reference to the next chargeable event with respect to the property.
- [^{F34}(8) Where after a conditionally exempt transfer of any property there is a potentially exempt transfer the value transferred by which is wholly or partly attributable to that property and either—
- (a) the potentially exempt transfer is a chargeable event with respect to the property, or
 - (b) after the potentially exempt transfer, but before the death of the person who is the transferor in relation to the potentially exempt transfer, a chargeable event occurs with respect to the property,
- the tax charged in accordance with this section by reference to that chargeable event shall be allowed as a credit against any tax which may become chargeable, by reason of the potentially exempt transfer proving to be a chargeable transfer, on so much of the value transferred by that transfer as is attributable to the property; and subsection (7) above shall not apply with respect to any tax so becoming chargeable.]

Textual Amendments

F28 Finance Act 1985 Sch. 26 para. 5, *in relation to events occurring after 18 March 1985.*

F29 Finance Act 1986 Sch. 19 para. 11(1)(a), *with effect from 18 March 1986. Originally*

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“under the second Table in Schedule 1 to this Act”.

F30 Finance Act 1986 Sch. 19 para. 11(1)(b), *with effect from 18 March 1986. Originally* “under the appropriate Table”.

F31 Finance Act 1986 Sch. 19 para. 11(2), *with effect from 18 March 1986. Originally* “(2) For the purposes of subsection (1)(b)(ii) above the appropriate Table is, if the conditionally exempt transfer by the relevant person was made on death, the first Table in Schedule 1 to this Act and, if not, the second Table”.

F32 Finance Act 1985 Sch. 26 para. 6, *in relation to events occurring after 18 March 1985.*

F33 Finance Act 1986 Sch. 19 para. 11(3), *with effect from 18 March 1986.*

F34 Finance Act 1986 Sch. 19 para. 11(4), *in relation to chargeable events in respect of potentially exempt transfers made on or after 18 March 1986.*

34 Reinstatement of transferor’s cumulative total.

- (1) Where tax has become chargeable under section 32 [^{F35}or 32A] above by reference to a chargeable event in respect of any property (“the relevant event”) the rate or rates of tax applicable to any subsequent chargeable transfer made by the person who made the last conditionally exempt transfer of the property before the relevant event shall be determined as if the amount on which tax has become chargeable as aforesaid were value transferred by a chargeable transfer made by him at the time of the relevant event.
- (2) Where the person who made the last conditionally exempt transfer of the property before the relevant event—
 - (a) is dead, and
 - (b) is for the purposes of section 33 above the relevant person in relation to a subsequent chargeable event,section 33(1)(b)(ii) shall have effect as if the value transferred on his death were increased by the amount on which tax has become chargeable on the occasion of the relevant event.
- (3) If—
 - (a) the person who made the last conditionally exempt transfer of the property before the relevant event is not the relevant person for the purposes of section 33 above in relation to that event, and
 - (b) at the time of that event or within the previous five years the property is or has been comprised in a settlement made not more than thirty years before that event, and
 - (c) a person who is the settlor in relation to the settlement has made a conditionally exempt transfer of the property within those thirty years,subsections (1) and (2) above shall have effect with the substitution for references to the person who made the last conditionally exempt transfer before the relevant event of a reference to any such person as is mentioned in paragraph (c) above.
- (4) The conditionally exempt transfers to be taken into account for the purposes of subsection (3)(c) above in relation to the relevant event do not include transfers made before any previous chargeable event in respect of the same property or before any event which apart from section 32(4) above would have been such a chargeable event [^{F36}or, where the property has been disposed of as mentioned in section 32A(5) above, before any event which apart from section 32A(5) would have been such a chargeable event].

Status: Point in time view as at 31/07/1998.

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

Textual Amendments

F35 Finance Act 1985 Sch. 26 para. 5, *in relation to events occurring after 18 March 1985.*

F36 Finance Act 1985 Sch. 26 para. 6, *in relation to events occurring after 18 March 1985.*

35 Conditional exemption on death before 7th April 1976.

- (1) Schedule 5 to this Act shall have effect with respect to certain cases where, by virtue of sections 31 to 34 of the ^{M2}Finance Act 1975, the value of any property was left out of account in determining the value transferred on a death before 7th April 1976.
- (2) Where there has been a transfer of value in relation to which the value of any property has been left out of account under the provisions of sections 31 to 34 of the Finance Act 1975 and, before any tax has become chargeable in respect of that property under those provisions, there is a conditionally exempt transfer of that property, then, on the occurrence of a chargeable event in respect of that property—
 - [^{F37}(a) if there has been no conditionally exempt transfer of the property on death, tax shall be chargeable either—
 - (i) under section 32 or 32A above (as the case may be), or
 - (ii) under Schedule 5 to this Act, as the Board may elect;
 - (b) if there has been such a conditionally exempt transfer, tax shall be chargeable under section 32 or 32A above (as the case may be) and not under that Schedule.]
- (3) In [^{F38}sections 33(7) and (8) above, references] to a conditionally exempt transfer of any property [^{F39}include references] to a transfer of value in relation to which the value of any property has been left out of account under the provisions of sections 31 to 34 of the Finance Act 1975 and, in relation to such property, references to a chargeable event or to the tax chargeable in accordance with section 33 above by reference to a chargeable event include references to an event on the occurrence of which tax becomes chargeable under Schedule 5 to this Act, or to the tax so chargeable.

Textual Amendments

F37 Finance Act 1985 Sch. 26 para. 7, *in relation to events occurring after 18 March 1985. Originally* “(a) if there has been no conditionally exempt transfer of the property on death, tax shall be chargeable either under section 32 above or under Schedule 5 to this Act as the Board may elect; (b) if there has been such a conditionally exempt transfer, tax shall be chargeable under that section and not under that Schedule.”

F38 Finance Act 1986 Sch. 19 para. 12, *with effect from 18 March 1986. Originally* “section 33(7) above, the reference”.

F39 Finance Act 1986 Sch. 19 para. 12, *with effect from 18 March 1986. Originally* “includes a reference”.

Marginal Citations

M2 1975 c. 7.

Status: Point in time view as at 31/07/1998.

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

[^{F40}**35A Variation of undertakings.**

- (1) An undertaking given under section 30, 32 or 32A above or paragraph 5 of Schedule 5 to this Act may be varied from time to time by agreement between the Board and the person bound by the undertaking.
- (2) Where a Special Commissioner is satisfied that—
 - (a) the Board have made a proposal for the variation of such an undertaking to the person bound by the undertaking,
 - (b) that person has failed to agree to the proposed variation within six months after the date on which the proposal was made, and
 - (c) it is just and reasonable, in all the circumstances, to require the proposed variation to be made,the Commissioner may direct that the undertaking is to have effect from a date specified by him as if the proposed variation had been agreed to by the person bound by the undertaking.
- (3) The date specified by the Special Commissioner must not be less than sixty days after the date of his direction.
- (4) A direction under this section shall not take effect if, before the date specified by the Special Commissioner, a variation different from that to which the direction relates is agreed between the Board and the person bound by the undertaking.]

Textual Amendments

F40 S. 35A and sidenote inserted (31.7.1998 with effect as mentioned in Sch. 25 para. 8(4) of the amending Act) by 1998 c. 36, s. 142, Sch. 25 para. 8(1)

Modifications etc. (not altering text)

C5 S. 35A extended (31.7.1998) by 1992 c. 12, s. 258(8A) (as inserted (31.7.1998 with effect as mentioned in Sch. 25 para. 9(2) of the amending Act) by 1998 c. 36, s. 142, Sch. 25 para. 9(1))
S. 35A applied (with modifications) (31.7.1998) by 1998 c. 36, s. 142, Sch. 25 para. 10

Status:

Point in time view as at 31/07/1998.

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, CHAPTER II.