



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER III

SETTLEMENTS WITHOUT INTERESTS IN POSSESSION

Special cases—charges to tax

70 Property leaving temporary charitable trusts.

- (1) This section applies to settled property held for charitable purposes only until the end of a period (whether defined by a date or in some other way).
- (2) Subject to subsections (3) and (4) below, there shall be a charge to tax under this section—
 - (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of an application for charitable purposes, and
 - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by an application of property for charitable purposes) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) Tax shall not be charged under this section in respect of—
 - (a) a payment of costs or expenses (so far as they are fairly attributable to property to which this section applies), or
 - (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be income of a person not resident in the United Kingdom if he were so resident,or in respect of a liability to make such a payment.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (4) Tax shall not be charged under this section by virtue of subsection (2)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 10 or section 16 above would prevent the disposition from being a transfer of value.
- (5) The amount on which tax is charged under this section shall be—
- (a) the amount by which the value of property which is comprised in the settlement and to which this section applies is less immediately after the event giving rise to the charge than it would be but for the event, or
 - (b) where the tax payable is paid out of settled property to which this section applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (6) The rate at which tax is charged under this section shall be the aggregate of the following percentages—
- (a) 0.25 per cent. for each of the first forty complete successive quarters in the relevant period,
 - (b) 0.20 per cent. for each of the next forty,
 - (c) 0.15 per cent. for each of the next forty,
 - (d) 0.10 per cent. for each of the next forty, and
 - (e) 0.05 per cent. for each of the next forty.
- (7) Where the whole or part of the amount on which tax is charged under this section is attributable to property which was excluded property at any time during the relevant period then, in determining the rate at which tax is charged under this section in respect of that amount or part, no quarter throughout which that property was excluded property shall be counted.
- (8) In subsections (6) and (7) above “the relevant period” means the period beginning with the later of—
- (a) the day on which the property in respect of which tax is chargeable became (or last became) property to which this section applies, and
 - (b) 13th March 1975,
- and ending with the day before the event giving rise to the charge.
- (9) Where the property in respect of which tax is chargeable—
- (a) was relevant property immediately before 10th December 1981, and
 - (b) became (or last became) property to which this section applies on or after that day and before 9th March 1982 (or, where paragraph 6, 7 or 8 of Schedule 15 to the ^{M1}Finance Act 1982 applied, 1st April 1983 or, as the case may be, 1st April 1984),
- subsection (8) above shall have effect as if the day referred to in paragraph (a) of that subsection were the day on which the property became (or last became) relevant property before 10th December 1981.
- (10) For the purposes of this section trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

Marginal Citations

M1 1982 c.39.

71 Accumulation and maintenance trusts.

- (1) Subject to subsection (2) below, this section applies to settled property if—
- (a) one or more persons (in this section referred to as beneficiaries) will, on or before attaining a specified age not exceeding twenty-five, become beneficially entitled to it or to an interest in possession in it, and
 - (b) no interest in possession subsists in it and the income from it is to be accumulated so far as not applied for the maintenance, education or benefit of a beneficiary.
- (2) This section does not apply to settled property unless either—
- (a) not more than twenty-five years have elapsed since the commencement of the settlement or, if it was later, since the time (or latest time) when the conditions stated in paragraphs (a) and (b) of subsection (1) above became satisfied with respect to the property, or
 - (b) all the persons who are or have been beneficiaries are or were either—
 - (i) grandchildren of a common grandparent, or
 - (ii) children, widows or widowers of such grandchildren who were themselves beneficiaries but died before the time when, had they survived, they would have become entitled as mentioned in subsection (1)(a) above.
- (3) Subject to subsections (4) and (5) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which this section applies, and
 - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (4) Tax shall not be charged under this section—
- (a) on a beneficiary's becoming beneficially entitled to, or to an interest in possession in, settled property on or before attaining the specified age, or
 - (b) on the death of a beneficiary before attaining the specified age.
- (5) Subsections (3) to (8) and (10) of section 70 above shall apply for the purposes of this section as they apply for the purposes of that section (with the substitution of a reference to subsection (3)(b) above for the reference in section 70(4) to section 70(2)(b)).
- (6) Where the conditions stated in paragraphs (a) and (b) of subsection (1) above were satisfied on 15th April 1976 with respect to property comprised in a settlement which commenced before that day, subsection (2)(a) above shall have effect with the substitution of a reference to that day for the reference to the commencement of the settlement, and the condition stated in subsection (2)(b) above shall be treated as satisfied if—
- (a) it is satisfied in respect of the period beginning with 15th April 1976, or

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (b) it is satisfied in respect of the period beginning with 1st April 1977 and either there was no beneficiary living on 15th April 1976 or the beneficiaries on 1st April 1977 included a living beneficiary, or
 - (c) there is no power under the terms of the settlement whereby it could have become satisfied in respect of the period beginning with 1st April 1977, and the trusts of the settlement have not been varied at any time after 15th April 1976.
- (7) In subsection (1) above “persons” includes unborn persons; but the conditions stated in that subsection shall be treated as not satisfied unless there is or has been a living beneficiary.
- (8) For the purposes of this section a person’s children shall be taken to include his illegitimate children, his adopted children and his stepchildren.

VALID FROM 22/03/2006

[^{F1}71A Trusts for bereaved minors

- (1) This section applies to settled property (including property settled before 22nd March 2006) if—
- (a) it is held on statutory trusts for the benefit of a bereaved minor under sections 46 and 47(1) of the Administration of Estates Act 1925 (succession on intestacy and statutory trusts in favour of issue of intestate), or
 - (b) it is held on trusts for the benefit of a bereaved minor and subsection (2) below applies to the trusts,
- but this section does not apply to property in which a disabled person's interest subsists.
- (2) This subsection applies to trusts—
- (a) established under the will of a deceased parent of the bereaved minor, or
 - (b) established under the Criminal Injuries Compensation Scheme,
- which secure that the conditions in subsection (3) below are met.
- (3) Those conditions are—
- (a) that the bereaved minor, if he has not done so before attaining the age of 18, will on attaining that age become absolutely entitled to—
 - (i) the settled property,
 - (ii) any income arising from it, and
 - (iii) any income that has arisen from the property held on the trusts for his benefit and been accumulated before that time,
 - (b) that, for so long as the bereaved minor is living and under the age of 18, if any of the settled property is applied for the benefit of a beneficiary, it is applied for the benefit of the bereaved minor, and
 - (c) that, for so long as the bereaved minor is living and under the age of 18, either—
 - (i) the bereaved minor is entitled to all of the income (if there is any) arising from any of the settled property, or
 - (ii) no such income may be applied for the benefit of any other person.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (4) Trusts such as are mentioned in paragraph (a) or (b) of subsection (2) above are not to be treated as failing to secure that the conditions in subsection (3) above are met by reason only of—
- (a) the trustees' having the powers conferred by section 32 of the Trustee Act 1925 (powers of advancement),
 - (b) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by proviso (a) of subsection (1) of that section,
 - (c) the trustees' having the powers conferred by section 33 of the Trustee Act (Northern Ireland) 1958 (corresponding provision for Northern Ireland),
 - (d) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by subsection (1)(a) of that section, or
 - (e) the trustees' having powers to the like effect as the powers mentioned in any of paragraphs (a) to (d) above.
- (5) In this section “the Criminal Injuries Compensation Scheme” means—
- (a) the schemes established by arrangements made under the Criminal Injuries Compensation Act 1995,
 - (b) arrangements made by the Secretary of State for compensation for criminal injuries in operation before the commencement of those schemes, and
 - (c) the scheme established under the Criminal Injuries Compensation (Northern Ireland) Order 2002.
- (6) The preceding provisions of this section apply in relation to Scotland as if, in subsection (2) above, before “which” there were inserted the purposes of.]

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

VALID FROM 22/03/2006

[^{F1}71B Charge to tax on property to which section 71A applies

- (1) Subject to subsections (2) and (3) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which section 71A above applies, and
 - (b) in a case where paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of settled property to which section 71A above applies is less than it would be but for the disposition.
- (2) Tax is not charged under this section where settled property ceases to be property to which section 71A applies as a result of—
- (a) the bereaved minor attaining the age of 18 or becoming, under that age, absolutely entitled as mentioned in section 71A(3)(a) above, or
 - (b) the death under that age of the bereaved minor, or
 - (c) being paid or applied for the advancement or benefit of the bereaved minor.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (3) Subsections (3) to (8) and (10) of section 70 above apply for the purposes of this section as they apply for the purposes of that section, but—
- (a) with the substitution of a reference to subsection (1)(b) above for the reference in subsection (4) of section 70 above to subsection (2)(b) of that section,
 - (b) with the substitution of a reference to property to which section 71A above applies for each of the references in subsections (3), (5) and (8) of section 70 above to property to which that section applies,
 - (c) as if, for the purposes of section 70(8) above as applied by this subsection, property—
 - (i) which is property to which section 71A above applies,
 - (ii) which, immediately before it became property to which section 71A above applies, was property to which section 71 above applied, and
 - (iii) which, by the operation of section 71(1B) above, ceased on that occasion to be property to which section 71 above applied,
 had become property to which section 71A above applies not on that occasion but on the occasion (or last occasion) before then when it became property to which section 71 above applied, and
 - (d) as if, for the purposes of section 70(8) above as applied by this subsection, property—
 - (i) which is property to which section 71A above applies,
 - (ii) which, immediately before it became property to which section 71A above applies, was property to which section 71D below applied, and
 - (iii) which, by the operation of section 71D(5)(a) below, ceased on that occasion (“the 71D-to-71A occasion”) to be property to which section 71D below applied,
 had become property to which section 71A above applies not on the 71D-to-71A occasion but on the relevant earlier occasion.
- (4) In subsection (3)(d) above—
- (a) “the relevant earlier occasion” means the occasion (or last occasion) before the 71D-to-71A occasion when the property became property to which section 71D below applied, but
 - (b) if the property, when it became property to which section 71D below applied, ceased at the same time to be property to which section 71 above applied without ceasing to be settled property, “the relevant earlier occasion” means the occasion (or last occasion) when the property became property to which section 71 above applied.

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

VALID FROM 22/03/2006

71C Sections 71A and 71B: meaning of “bereaved minor”

In sections 71A and 71B above “bereaved minor” means a person—

- (a) who has not yet attained the age of 18, and
- (b) at least one of whose parents has died.

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

VALID FROM 22/03/2006

[^{F1}71D Age 18-to-25 trusts

- (1) This section applies to settled property (including property settled before 22nd March 2006), but subject to subsection (5) below, if—
 - (a) the property is held on trusts for the benefit of a person who has not yet attained the age of 25,
 - (b) at least one of the person's parents has died, and
 - (c) subsection (2) below applies to the trusts.
- (2) This subsection applies to trusts—
 - (a) established under the will of a deceased parent of the person mentioned in subsection (1)(a) above, or
 - (b) established under the Criminal Injuries Compensation Scheme, which secure that the conditions in subsection (6) below are met.
- (3) Subsection (4) has effect where—
 - (a) at any time on or after 22nd March 2006 but before 6th April 2008, or on the coming into force of paragraph 3(1) of Schedule 20 to the Finance Act 2006, any property ceases to be property to which section 71 above applies without ceasing to be settled property, and
 - (b) immediately after the property ceases to be property to which section 71 above applies—
 - (i) it is held on trusts for the benefit of a person who has not yet attained the age of 25, and
 - (ii) the trusts secure that the conditions in subsection (6) below are met.
- (4) From the time when the property ceases to be property to which section 71 above applies, but subject to subsection (5) below, this section applies to the property (if it would not apply to the property by virtue of subsection (1) above) for so long as—
 - (a) the property continues to be settled property held on trusts such as are mentioned in subsection (3)(b)(i) above, and
 - (b) the trusts continue to secure that the conditions in subsection (6) below are met.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (5) This section does not apply—
- (a) to property to which section 71A above applies,
 - (b) to property to which section 71 above, or section 89 below, applies, or
 - (c) to settled property if a person is beneficially entitled to an interest in possession in the settled property and—
 - (i) the person became beneficially entitled to the interest in possession before 22nd March 2006, or
 - (ii) the interest in possession is an immediate post-death interest, or a transitional serial interest, and the person became beneficially entitled to it on or after 22nd March 2006.
- (6) Those conditions are—
- (a) that the person mentioned in subsection (1)(a) or (3)(b)(i) above (“B”), if he has not done so before attaining the age of 25, will on attaining that age become absolutely entitled to—
 - (i) the settled property,
 - (ii) any income arising from it, and
 - (iii) any income that has arisen from the property held on the trusts for his benefit and been accumulated before that time,
 - (b) that, for so long as B is living and under the age of 25, if any of the settled property is applied for the benefit of a beneficiary, it is applied for the benefit of B, and
 - (c) that, for so long as B is living and under the age of 25, either—
 - (i) B is entitled to all of the income (if there is any) arising from any of the settled property, or
 - (ii) no such income may be applied for the benefit of any other person.
- (7) For the purposes of this section, trusts are not to be treated as failing to secure that the conditions in subsection (6) above are met by reason only of—
- (a) the trustees' having the powers conferred by section 32 of the Trustee Act 1925 (powers of advancement),
 - (b) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by proviso (a) of subsection (1) of that section,
 - (c) the trustees' having the powers conferred by section 33 of the Trustee Act (Northern Ireland) 1958 (corresponding provision for Northern Ireland),
 - (d) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by subsection (1)(a) of that section, or
 - (e) the trustees' having powers to the like effect as the powers mentioned in any of paragraphs (a) to (d) above.
- (8) In this section “the Criminal Injuries Compensation Scheme” means—
- (a) the schemes established by arrangements made under the Criminal Injuries Compensation Act 1995,
 - (b) arrangements made by the Secretary of State for compensation for criminal injuries in operation before the commencement of those schemes, and
 - (c) the scheme established under the Criminal Injuries Compensation (Northern Ireland) Order 2002.
- (9) The preceding provisions of this section apply in relation to Scotland—

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (a) as if, in subsection (2) above, before “which” there were inserted the purposes of, and
- (b) as if, in subsections (3)(b)(ii) and (4)(b) above, before “trusts” there were inserted purposes of the.]

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

VALID FROM 22/03/2006

71E Charge to tax on property to which section 71D applies

- (1) Subject to subsections (2) to (4) below, there shall be a charge to tax under this section—
 - (a) where settled property ceases to be property to which section 71D above applies, or
 - (b) in a case where paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of the settled property to which section 71D above applies is less than it would be but for the disposition.
- (2) Tax is not charged under this section where settled property ceases to be property to which section 71D above applies as a result of—
 - (a) B becoming, at or under the age of 18, absolutely entitled as mentioned in section 71D(6)(a) above,
 - (b) the death, under the age of 18, of B,
 - (c) becoming, at a time when B is living and under the age of 18, property to which section 71A above applies, or
 - (d) being paid or applied for the advancement or benefit of B—
 - (i) at a time when B is living and under the age of 18, or
 - (ii) on B's attaining the age of 18.
- (3) Tax is not charged under this section in respect of—
 - (a) a payment of costs or expenses (so far as they are fairly attributable to property to which section 71D above applies), or
 - (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be income of a person not resident in the United Kingdom if he were so resident,or in respect of a liability to make such a payment.
- (4) Tax is not charged under this section by virtue of subsection (1)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 10 or section 16 above would prevent the disposition from being a transfer of value.
- (5) For the purposes of this section the trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

VALID FROM 22/03/2006

71F Calculation of tax charged under section 71E in certain cases

- (1) Where—
 - (a) tax is charged under section 71E above by reason of the happening of an event within subsection (2) below, and
 - (b) that event happens after B has attained the age of 18, the tax is calculated in accordance with this section.
- (2) Those events are—
 - (a) B becoming absolutely entitled as mentioned in section 71D(6)(a) above,
 - (b) the death of B, and
 - (c) property being paid or applied for the advancement or benefit of B.
- (3) The amount of the tax is given by—

Chargeable amount × Relevant fraction × Settlement rate

- (4) For the purposes of subsection (3) above, the “Chargeable amount” is—
 - (a) the amount by which the value of property which is comprised in the settlement and to which section 71D above applies is less immediately after the event giving rise to the charge than it would be but for the event, or
 - (b) where the tax is payable out of settled property to which section 71D above applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (5) For the purposes of subsection (3) above, the “Relevant fraction” is three tenths multiplied by so many fortieths as there are complete successive quarters in the period—
 - (a) beginning with the day on which B attained the age of 18 or, if later, the day on which the property became property to which section 71D above applies, and
 - (b) ending with the day before the occasion of the charge.
- (6) Where the whole or part of the Chargeable amount is attributable to property that was excluded property at any time during the period mentioned in subsection (5) above then, in determining the “Relevant fraction” in relation to that amount or part, no quarter throughout which that property was excluded property shall be counted.
- (7) For the purposes of subsection (3) above, the “Settlement rate” is the effective rate (that is to say, the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged) at which tax would be charged on the value transferred by a chargeable transfer of the description specified in subsection (8) below.

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (8) The chargeable transfer postulated in subsection (7) above is one—
- (a) the value transferred by which is equal to an amount determined in accordance with subsection (9) below,
 - (b) which is made at the time of the charge to tax under section 71E above by a transferor who has in the period of seven years ending with the day of the occasion of the charge made chargeable transfers having an aggregate value equal to that of any chargeable transfers made by the settlor in the period of seven years ending with the day on which the settlement commenced, disregarding transfers made on that day, and
 - (c) on which tax is charged in accordance with section 7(2) above.
- (9) The amount referred to in subsection (8)(a) above is equal to the aggregate of—
- (a) the value, immediately after the settlement commenced, of the property then comprised in it,
 - (b) the value, immediately after a related settlement commenced, of the property then comprised in it, and
 - (c) the value, immediately after it became comprised in the settlement, of any property which became so comprised after the settlement commenced and before the occasion of the charge under section 71E above (whether or not it has remained so comprised).

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

VALID FROM 22/03/2006

71G Calculation of tax charged under section 71E in all other cases

- (1) Where—
- (a) tax is charged under section 71E above, and
 - (b) the tax does not fall to be calculated in accordance with section 71F above, the tax is calculated in accordance with this section.
- (2) The amount on which the tax is charged is—
- (a) the amount by which the value of property which is comprised in the settlement and to which section 71D above applies is less immediately after the event giving rise to the charge than it would be but for the event, or
 - (b) where the tax is payable out of settled property to which section 71D above applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (3) The rate at which the tax is charged is the rate that would be given by subsections (6) to (8) of section 70 above—
- (a) if the reference to section 70 above in subsection (8)(a) of that section were a reference to section 71D above,

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (b) if the other references in those subsections to section 70 above were references to section 71E above, and
- (c) if, for the purposes of section 70(8) above, property—
- (i) which is property to which section 71D above applies,
 - (ii) which, immediately before it became property to which section 71D above applies, was property to which section 71 applied, and
 - (iii) which ceased on that occasion to be property to which section 71 above applied without ceasing to be settled property,
- had become property to which section 71D above applies not on that occasion but on the occasion (or last occasion) before then when it became property to which section 71 above applied.

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

VALID FROM 22/03/2006

71H Sections 71A to 71G: meaning of “parent”

- (1) In sections 71A to 71G above “parent” includes step-parent.
- (2) For the purposes of sections 71A to 71G above, a deceased individual (“D”) shall be taken to have been a parent of another individual (“Y”) if, immediately before D died, D had—
 - (a) parental responsibility for Y under the law of England and Wales,
 - (b) parental responsibilities in relation to Y under the law of Scotland, or
 - (c) parental responsibility for Y under the law of Northern Ireland.
- (3) In subsection (2)(a) above “parental responsibility” has the same meaning as in the Children Act 1989.
- (4) In subsection (2)(b) above “parental responsibilities” has the meaning given by section 1(3) of the Children (Scotland) Act 1995.
- (5) In subsection (2)(c) above “parental responsibility” has the same meaning as in the Children (Northern Ireland) Order 1995.]

Textual Amendments

F1 Ss. 71A-71H inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 1\(1\)\(2\)](#)

72 Property leaving employee trusts and newspaper trusts.

- (1) This section applies to settled property to which section 86 below applies if no qualifying interest in possession subsists in it.
- (2) Subject to subsections (4) and (5) below, there shall be a charge to tax under this section—

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

- (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of a payment out of the settled property, and
 - (b) where a payment is made out of settled property to which this section applies for the benefit of a person within subsection (3) below, or a person connected with such a person, and
 - (c) in a case which paragraphs (a) and (b) above do not apply, where the trustees make a disposition (otherwise than by way of a payment out of the settled property) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) A person is within this subsection if—
- (a) he has directly or indirectly provided any of the settled property otherwise than by additions not exceeding in value £1,000 in any one year; or
 - (b) in a case where the employment in question is employment by a close company, he is a participator in relation to that company and either—
 - (i) is beneficially entitled to, or to rights entitling him to acquire, not less than 5 per cent. of, or of any class of the shares comprised in, its issued share capital, or
 - (ii) would, on a winding-up of the company, be entitled to not less than 5 per cent. of its assets; or
 - (c) he has acquired an interest in the settled property for a consideration in money or money's worth.
- (4) If the trusts are those of a profit sharing scheme approved in accordance with Schedule 9 to the ^{F2}Taxes Act 1988], tax shall not be chargeable under this section by virtue of subsection (3)(b) above on an appropriation of shares in pursuance of the scheme.
- (5) Subsections (3) to (10) of section 70 above shall apply for the purposes of this section as they apply for the purposes of that section (with the substitution of a reference to subsection (2)(c) above for the reference in section 70(4) to section 70(2)(b)).
- (6) In this section—
- (a) “close company” and “participator” have the same meanings as in Part IV of this Act; and
 - (b) “year” means the period beginning with 26th March 1974 and ending with 5th April 1974, and any subsequent period of twelve months ending with 5th April;
- and a person shall be treated for the purposes of this section as acquiring an interest for a consideration in money or money's worth if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that interest or of other property.

Textual Amendments

F2 Substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29, para. 32](#). Originally “Finance Act 1978”.

73 Pre-1978 protective trusts.

- (1) This section applies to settled property which is held on trusts to the like effect as those specified in section 33(1)(ii) of the ^{M2}Trustee Act 1925 and which became held

Status: Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax. (See end of Document for details)

on those trusts on the failure or determination before 12th April 1978 of trusts to the like effect as those specified in section 33(1)(i).

- (2) Subject to subsection (3) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of a payment out of the settled property for the benefit of the principal beneficiary within the meaning of section 33 of the Trustee Act 1925, and
 - (b) in a case which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by way of such a payment) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) Subsections (3) to (10) of section 70 above shall apply for the purposes of this section as they apply for the purposes of that section.

Marginal Citations

M2 1925 c.19.

74 Pre-1981 trusts for disabled persons.

- (1) This section applies to settled property transferred into settlement before 10th March 1981 and held on trusts under which, during the life of a disabled person, no interest in possession in the settled property subsists, and which secure that any of the settled property which is applied during his life is applied only or mainly for his benefit.
- (2) Subject to subsection (3) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of a payment out of the settled property for the benefit of the person mentioned in subsection (1) above, and
 - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by way of such a payment) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) Subsections (3) to (10) of section 70 above shall apply for the purposes of this section as they apply for the purposes of that section.
- (4) In this section “disabled person” means a person who—
- (a) is by reason of mental disorder (within the meaning of the ^{M3}Mental Health Act 1983) incapable of administering his property or managing his affairs, or
 - (b) is in receipt of an attendance allowance under section 35 of the ^{M4}Social Security Act 1975 or the ^{M5}Social Security (Northern Ireland) Act 1975.

Marginal Citations

M3 1983 c.20.

M4 1975 c.14.

M5 1975 c.15.

Status:

Point in time view as at 01/02/1991. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Special cases—charges to tax.