



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER III

SETTLEMENTS WITHOUT INTERESTS IN POSSESSION [F¹], AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST]

Special cases—reliefs

75 Property becoming subject to employee trusts.

- (1) Tax shall not be charged under section 65 above in respect of shares in or securities of a company which cease to be relevant property on becoming held on trusts of the description specified in section 86(1) below if the conditions in subsection (2) below are satisfied.
- (2) The conditions referred to in subsection (1) above are—
 - (a) that the persons for whose benefit the trusts permit the settled property to be applied include all or most of the persons employed by or holding office with the company;
 - (b) that, at the date when the shares or securities cease to be relevant property or at a subsequent date not more than one year thereafter, both the conditions mentioned in subsection (2) of section 28 above (read with subsections (3) and (7)) are satisfied, without taking account of shares or securities held on other trusts; and
 - (c) that the trusts do not permit any of the property to be applied at any time (whether during any such period as is referred to in section 86(1) below or later) for the benefit of any of the persons mentioned in subsection (4) of

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section 28 above (read with subsections (5) to (7)) or for the benefit of the settlor or of any person connected with him.

- (3) In its application for the purposes of subsection (2)(c) above, section 28(4) shall be construed as if—
 - (a) references to section 28(1) were references to subsection (2) above, and
 - (b) references to the time of the transfer of value were references to the time when the property ceases to be relevant property.

[^{F1}75A Property becoming subject to employee-ownership trust

- (1) Tax is not charged under section 65 in respect of shares in or securities of a company (“C”) which cease to be relevant property on becoming held on trusts of the description specified in section 86(1) if the conditions in subsection (2) are satisfied.
- (2) The conditions referred to in subsection (1) are—
 - (a) that C meets the trading requirement,
 - (b) that the trusts are of a settlement which meets the all-employee benefit requirement, and
 - (c) that the settlement does not meet the controlling interest requirement immediately before the beginning of the tax year in which the shares or securities cease to be relevant property but does meet it at the end of that year.
- (3) Sections 236I, 236J, 236K, 236M and 236T (but not 236L) of the 1992 Act apply to determine whether—
 - (a) C meets the trading requirement;
 - (b) the settlement meets the all-employee benefit requirement;
 - (c) the settlement meets the controlling interest requirement;
 with references in those sections to “C” being read accordingly.
- (4) In this section “tax year” means a year beginning on 6 April and ending on the following 5 April.]

Textual Amendments
F1 S. 75A inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 37 para. 14\(1\)\(2\)](#)

76 Property becoming held for charitable purposes, etc.

- (1) Tax shall not be charged under this Chapter (apart from section 79 below) in respect of property which ceases to be relevant property, or ceases to be property to which section 70, 71, [^{F2}71A, 71D,] 72, 73 or 74 above or paragraph 8 of Schedule 4 to this Act applies, on becoming—
 - (a) property held for charitable purposes only without limit of time (defined by a date or otherwise);
 - (b) the property of a political party qualifying for exemption under section 24 above; [^{F3}or]
 - (c) the property of a body within Schedule 3 to this Act; . . .
 - ^{F4}(d)
- ^{F5}(2)

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- (3) If the amount on which tax would be charged apart from this section in respect of any property exceeds the value of the property immediately after it becomes property of a description specified in paragraphs (a) [^{F6}to (c)] of subsection (1) above (less the amount of any consideration for its transfer received by the trustees), that subsection shall not apply but the amount on which tax is charged shall be equal to the excess.
- (4) The reference in subsection (3) above to the amount on which tax would be charged is a reference to the amount on which it would be charged—
- (a) assuming (if it is not in fact so) that the tax is not paid out of settled property, and
 - (b) apart from Chapters I and II of Part V of this Act;
- and the reference in that subsection to the amount on which tax is charged is a reference to the amount on which it would be charged on that assumption and apart from those Chapters.
- (5) Subsection (1) above shall not apply in relation to any property if the disposition by which it becomes property of the relevant description is defeasible; but for this purpose a disposition which has not been defeated at a time twelve months after the property concerned becomes property of the relevant description and is not defeasible after that time shall be treated as not being defeasible, whether or not it was capable of being defeated before that time.
- (6) Subsection (1) above shall not apply in relation to any property if it or any part of it may become applicable for purposes other than charitable purposes or purposes of a body mentioned in subsection (1)(b), [^{F7}or (c)] above.
- (7) Subsection (1) shall not apply in relation to any property if, at or before the time when it becomes property of the relevant description, an interest under the settlement is or has been acquired for a consideration in money or money's worth by an exempt body otherwise than from a charity or a body mentioned in subsection (1)(b) or (c) above.
- (8) In subsection (7) above “exempt body” means a charity or a body mentioned in subsection (1)(b), [^{F7}or (c)] above; and for the purposes of subsection (7) above a body shall be treated as acquiring an interest for a consideration in money or money's worth if it becomes entitled to the interest as a result of transactions which include a disposition for such consideration (whether to that body or to another person) of that interest or of other property.

Textual Amendments

- F2** Words in s. 76(1) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, 22
- F3** Word in s. 76(1)(b) inserted (31.7.1998 with effect as mentioned in s. 143(5) of the amending Act) by [1998 c. 36, s. 143\(4\)\(a\)](#)
- F4** S. 76(1)(d) and word “or” immediately preceding repealed (31.7.1998 with effect as mentioned in s. 143(5) of the amending Act) by [1998 c. 36, ss. 143\(4\)\(a\), 165, Sch. 27 Pt. IV](#) note 1
- F5** S. 76(2) repealed (31.7.1998 with effect as mentioned in s. 143(5) of the amending Act) by [1998 c. 36, ss. 143\(4\)\(a\), 165, Sch. 27 Pt. IV](#) note 1
- F6** Words in s. 76(3) substituted (31.7.1998 with effect as mentioned in s. 143(5) of the amending Act) by [1998 c. 36, s. 143\(4\)\(b\)](#)
- F7** Words in s. 76(6)(8) substituted (31.7.1998 with effect as mentioned in s. 143(5) of the amending Act) by [1998 c. 36, s. 143\(4\)\(c\)](#)

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