



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART VIII

#### ADMINISTRATION AND COLLECTION

##### *Interest*

#### **233 Interest on unpaid tax.**

(1) If—

(a) an amount of tax charged on the value transferred by a chargeable transfer [<sup>F1</sup>not within paragraph (aa) below and] made after 5th April and before 1st October in any year and otherwise than on death remains unpaid after the end of the period ending with April in the next year, or

[<sup>F2</sup>(aa) an amount of tax charged under Chapter 3 of Part 3 of this Act on the value transferred by a chargeable transfer remains unpaid after the end of the period of six months beginning with the end of the month in which the chargeable transfer was made, or]

(b) an amount of tax charged on the value transferred by [<sup>F3</sup>a chargeable transfer not within paragraph (a) or (aa) above] remains unpaid after the end of the period of six months beginning with the end of the month in which the chargeable transfer was made, or

(c) an amount of tax chargeable under section 32, [<sup>F4</sup>32A], [<sup>F5</sup>79(3A)] [<sup>F6</sup>or 126] above or under Schedule 5 to this Act [<sup>F7</sup>. . .] remains unpaid after the end of the period of six months beginning with the end of the month in which the event occasioning the charge occurs,

[<sup>F8</sup>then, subject to subsection (1A) below] it shall carry interest from the end of that period at the rate applicable under [<sup>F9</sup>section 178 of the Finance Act 1989.]

[<sup>F10</sup>(1A) If, under section 30 above, the Board agree to accept property in satisfaction of any tax on terms that the value to be attributed to the property for the purposes of that acceptance is determined as at a date earlier than that on which the property is actually

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 Inheritance Tax Act 1984, Cross Heading: Interest. (See end of Document for details)*

accepted, the terms may provide that the amount of tax which is satisfied by the acceptance of the property shall not carry interest under this section from that date.]

- (2) ..... F11
- (3) Interest payable under this section shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.
- (4) ..... F12

#### Textual Amendments

- F1** Words in s. 233(1)(a) inserted (with effect in accordance with Sch. 25 para. 5(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 25 para. 5(3)(a)**
- F2** S. 233(1)(aa) inserted (with effect in accordance with Sch. 25 para. 5(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 25 para. 5(3)(b)**
- F3** Words in s. 233(1)(b) substituted (with effect in accordance with Sch. 25 para. 5(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 25 para. 5(3)(c)**
- F4** Finance Act 1985 Sch. 26, para. 11, *in relation to events occurring after 18 March 1985.*
- F5** Words in s. 233(1)(c) substituted (with effect in accordance with s. 12(9) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), **s. 12(8)(b)**
- F6** Words in s. 233(1)(c) substituted (with effect as mentioned in Sch. 16 paras. 85, 106 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), s. 65, **Sch. 16 para. 56(a)**
- F7** Words in s. 233(1)(c) omitted (with effect as mentioned in Sch. 16 paras. 85, 106 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 65, **Sch. 16 para. 56(b)**
- F8** Finance Act 1987 s. 60(1), *with effect from 17 March 1987.*
- F9** Finance Act 1989 s. 179(1)(d). *Originally*  
 “subsection (2) below.”
- F10** Finance Act 1987 s. 60(2), *with effect from 17 March 1987.*
- F11** *Amended by* Finance Act 1986 Sch. 19, para. 32, *with effect from 18 March 1986 and repealed by* Finance Act 1989 s. 187 *and* Sch. 17, Part X *with effect from an appointed day in accordance with* Finance Act 1989 s. 178(7) (By S.I. 1989 No. 1298, the appointed day is August 18th 1989))
- F12** *Repealed by* Finance Act 1989 s. 187 *and* Sch. 17, Part X *with effect from an appointed day in accordance with* Finance Act 1989 s. 178(7). By S.I. 1989 No. 1298 the appointed day is 18 August 1989.

#### Modifications etc. (not altering text)

- C1** [S. 233](#) applied (with modifications) (with effect in accordance with s. 30(9)-(12) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **s. 30(14)**
- C2** [S. 233](#) applied (with effect in accordance with Sch. 10 para. 9 and with application in accordance with Sch. 10 para. 10(1) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 10 para. 10(2)**

### 234 Interest on instalments.

- (1) Where tax payable on the value transferred by a chargeable transfer—
- (a) is payable by instalments under section 227 above and is attributable to the value of any shares, securities, business or interest in a business, or to value treated as reduced under Chapter II of Part V of this Act, or
- (b) is payable by instalments under section 229 above,
- it shall, for the purposes of any interest to be added to each instalment, be treated as carrying interest from the date at which the instalment is payable.

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- (2) Subsection (1) above shall not apply to tax attributable to the value of shares or securities of a company falling within paragraph (a) of subsection (3) below (not being tax attributable to value treated as reduced under Chapter II of Part V of this Act) unless it also falls within paragraph (b) or (c) of that subsection.
- (3) The companies referred to in subsection (2) above are—
- (a) any company whose business consists wholly or mainly of one or more of the following, that is to say, dealing in securities, stocks or shares, land or buildings, or making or holding investments;
  - (b) any company whose business consists wholly or mainly in being a holding company (<sup>F13</sup>as defined in section <sup>F14</sup>1159 of and Schedule 6 to) the <sup>F15</sup>Companies Act <sup>F16</sup>2006)) of one or more companies not falling within paragraph (a) above;
  - <sup>F17</sup>(c) any company—
    - (i) whose business is wholly that of a market maker or is that of a discount house and (in either case) is carried on in the United Kingdom, or
    - (ii) which is of a description set out in regulations under section 107(5) of the Finance Act 1986.]
- <sup>F18</sup>(4) In this section “market maker” means a person who—
- (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities, stocks or shares at a price specified by him, and
  - (b) is recognised as doing so by the Council of The Stock Exchange.]

#### Textual Amendments

- F13** Companies Act 1989 s. 144(4) and Sch. 18 para. 30(4) with effect from the appointed day—on and after 1 November 1990 (S.I. 1990 No. 1392). Originally “within the meaning of”.
- F14** Words in s. 234(3)(b) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009](#) (S.I. 2009/1890), [art. 4\(1\)\(f\)](#)
- F15** [Companies Consolidation \(Consequential Provisions\) Act 1985](#) (c. 9, SIF 27), [Sch. 2](#), with effect from 1 July 1985. Originally “Companies Act 1948”.
- F16** Words in s. 234(3)(b) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009](#) (S.I. 2009/1890), [art. 4\(1\)\(f\)](#)
- F17** S. 234(3)(c) substituted (with application in accordance with reg. 2 of the amending S.I.) by [The Inheritance Tax \(Market Makers and Discount Houses\) Regulations 2012](#) (S.I. 2012/2903), [regs. 1, 5](#)
- F18** Finance Act 1986 s. 107(2), in relation to events on or after 27 October 1986 “the day of The Stock Exchange reforms”—(as defined in s. 106(8) and s. 107(8)).

#### Modifications etc. (not altering text)

- C3** [S. 234\(1\)](#) applied (with effect in accordance with Sch. 10 para. 9 and with application in accordance with Sch. 10 para. 10(1) of the amending Act) by [Finance \(No. 2\) Act 2017](#) (c. 32), [Sch. 10 para. 10\(3\)](#)
- C4** [S. 234\(1\)](#) applied (with modifications) (with effect in accordance with s. 30(9)-(12) of the amending Act) by [Finance \(No. 2\) Act 2017](#) (c. 32), [s. 30\(15\)](#)
- C5** S. 234(3)(c)(ii) modified (with application in accordance with reg. 2 of the amending S.I.) by [The Inheritance Tax \(Market Makers and Discount Houses\) Regulations 2012](#) (S.I. 2012/2903), [regs. 1, 7](#)

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**C6** S. 234(4) amended (6.1.1993) by [S.I. 1992/3181, reg.4](#) (as amended (1.12.2001) by [S.I. 2001/3629, art. 135](#))

### 235 Interest on overpaid tax.

- (1) Any repayment of an amount paid in excess of a liability for tax or for interest on tax shall carry interest from the date on which the payment was made [<sup>F19</sup>until the order for repayment is issued] at [<sup>F20</sup>the rate applicable under section 178 of the Finance Act 1989].
- (2) Interest paid under this section shall not constitute income for any tax purposes.

#### Textual Amendments

**F19** Finance Act 1989 s. 180(4); *deemed always to have had effect.*

**F20** Words in [s. 235\(1\)](#) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 105\(4\)\(b\)](#)

### 236 Special cases.

- (1) Section 233 above shall apply in relation to—
  - (a) the amount by which tax chargeable on the value transferred by a chargeable transfer made within [<sup>F21</sup>seven years] of the transferor's death exceeds what it would have been had the transferor died more than [<sup>F21</sup>seven years] after the transfer, . . . <sup>F22</sup>
  - (b) . . . . . <sup>F22</sup>  
as if the chargeable transfer had been made on the death of the transferor.

[<sup>F23</sup>(1A) Section 233 above shall apply in relation to the amount (if any) by which—

- (a) the tax chargeable on the value transferred by a chargeable transfer made under Chapter III of Part III of this Act within the period of seven years ending with the settlor's death,  
exceeds
- (b) what that tax would have been had the settlor died more than seven years after the date of the transfer,  
as if the chargeable transfer had been made on the death of the settlor.]

(2) Tax overpaid or underpaid in consequence of—

- (a) section 146(1) above, or section 19(1) of the <sup>M1</sup>Inheritance (Provision for Family and Dependants) Act 1975, or
  - (b) the corresponding provision of the <sup>M2</sup>Inheritance (Provision for Family and Dependants) (Northern Ireland) Order 1979,
- shall not carry interest for any period before the order there mentioned is made.

(3) Tax repayable on a claim under section 146(2), . . . <sup>F24</sup> or 150 above shall carry interest (which shall not constitute income for any tax purposes) at the [<sup>F25</sup>rate applicable under section 178 of the Finance Act 1989] from the date on which the claim is made.

(4) Tax repayable under section 147(2) above shall carry interest (which shall not constitute income for any tax purposes) at the [<sup>F26</sup>rate applicable under section 178 of the Finance Act 1989] from the date on which the tax was paid; and tax charged by

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virtue of section 147(4) above shall carry interest at that rate [<sup>F27</sup>from the end of the period mentioned in section 233(1)(b) above.]

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#### **Textual Amendments**

- F21** Finance Act 1986 Sch. 19, para. 33(1), with effect from 18 March 1986. Originally “three years”.
- F22** Repealed by Finance Act 1988 s. 148 and Sch. 14, Part X, with effect from 15 March 1988.
- F23** Finance Act 1986 Sch. 19, para. 33(2), with effect from 18 March 1986.
- F24** “149”  
repealed by Finance Act 1986 Sch. 23, Part X, with effect from 18 March 1986.
- F25** Finance Act 1989 s. 179(1)(e). Originally “rate for the time being applicable under section 233(2)(b) above.”
- F26** Finance Act 1989 s. 179(1)(e). Originally “rate for the time being applicable under section 233(2)(a) above.”
- F27** Finance Act 1989 s. 179(3). Originally “as if section 233(1)(b) above had applied.”

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#### **Marginal Citations**

- M1** 1975 c.63.
- M2** S.I. 1979/924 (N.I.8).

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