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**Changes to legislation:** There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross Heading: Rates of charge. (See end of Document for details)

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## SCHEDULE 4

### MAINTENANCE FUNDS FOR HISTORIC BUILDINGS, ETC.

#### 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”).

## PART II

### PROPERTY LEAVING MAINTENANCE FUNDS

#### *Rates of charge*

- 11 (1) This paragraph applies where tax is chargeable under paragraph 8 above and—
- (a) the property in respect of which the tax is chargeable was relevant property before it became (or last became) property to which that paragraph applies, and
  - (b) by virtue of paragraph 16(1) or 17(1) below tax was not chargeable (or, but for paragraph 16(2) or 17(4), would not have been chargeable) under section 65 of this Act in respect of its ceasing to be relevant property on or before becoming (or last becoming) property to which paragraph 8 above applies.
- (2) Where this paragraph applies, the rate at which the tax is charged 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.
- (3) In sub-paragraph (2) above “the relevant period” means the period beginning with the latest of—
- (a) the date of the last ten-year anniversary of the settlement in which the property was comprised before it ceased (or last ceased) to be relevant property,
  - (b) the day on which the property became (or last became) relevant property before it ceased (or last ceased) to be such property, and
  - (c) 13th March 1975,
- and ending with the day before the event giving rise to the charge.
- (4) Where the property in respect of which the tax is chargeable has at any time ceased to be and again become property to which paragraph 8 above applies in circumstances such that by virtue of paragraph 9(1) above there was no charge to tax in respect of it (or, but for paragraph 9(4), there would have been no charge), it shall for the purposes of this paragraph be treated as having been property to which paragraph 8 above applies throughout the period mentioned in paragraph 9(1).

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- 12 (1) This paragraph applies where tax is chargeable under paragraph 8 above and paragraph 11 above does not apply.
- (2) Where this paragraph applies, the rate at which the tax is charged shall be the higher of—
- (a) the first rate (as determined in accordance with paragraph 13 below), and
  - (b) the second rate (as determined in accordance with paragraph 14 below).
- 13 (1) The first rate is 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.
- (2) In sub-paragraph (1) above “the relevant period” means the period beginning with the day on which the property in respect of which the tax is chargeable became (or first became) property to which paragraph 8 above applies, and ending with the day before the event giving rise to the charge.
- (3) For the purposes of sub-paragraph (2) above, any occasion on which property became property to which paragraph 8 above applies, and which occurred before an occasion of charge to tax under that paragraph in respect of the property, shall be disregarded.
- (4) The reference in sub-paragraph (3) above to an occasion of charge to tax under paragraph 8 does not include a reference to—
- (a) the occasion by reference to which the rate is being determined in accordance with this Schedule, or
  - (b) an occasion which would not be an occasion of charge but for paragraph 9(4) above.
- 14 (1) If the settlor is alive, the second rate is the effective rate at which tax would be charged, on the amount on which it is chargeable, [<sup>F1</sup>in accordance with the appropriate provision of section 7 of this Act] if the amount were the value transferred by a chargeable transfer made by him on the occasion on which the tax becomes chargeable.
- [<sup>F2</sup>(1A) The rate or rates of tax determined under sub-paragraph (1) above in respect of any occasion shall not be affected by the death of the settlor after that occasion.]
- (2) If the settlor is dead, the second rate is (subject to sub-paragraph (3) below) the effective rate at which tax would have been charged, on the amount on which it is chargeable, [<sup>F1</sup>in accordance with the appropriate provision of section 7 of this Act] if the amount had been added to the value transferred on his death and had formed the highest part of it.
- (3) If the settlor died before 13th March 1975, the second rate is the effective rate at which tax would have been charged, on the amount on which it is chargeable (“the chargeable amount”), [<sup>F1</sup>in accordance with the appropriate provision of section 7 of this Act] if the settlor had died when the event occasioning the charge under paragraph 8 above occurred, the value transferred on his death had been equal to the amount on which estate duty was chargeable when he in fact died, and the chargeable amount had been added to that value and had formed the highest part of it.

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[<sup>F3</sup>(2A) In determining for the purposes of sub-paragraph (2) the effective rate or rates at which tax would have been charged on the amount in accordance with section 7(1), the effect of Schedule 1A (if it would have applied) is to be disregarded.]

(4) Where, in the case of a settlement (“the current settlement”), tax is chargeable under paragraph 8 above in respect of property which—

- (a) was previously comprised in another settlement, and
- (b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of paragraph 9(1) above was no charge (or, but for paragraph 9(4), there would have been no charge) to tax in respect of it,

then, subject to sub-paragraph (5) below, references in sub-paragraphs (1) to (3) above to the settlor shall be construed as references to the person who was the settlor in relation to the settlement mentioned in paragraph (a) above (or, if the Board so determine, the person who was the settlor in relation to the current settlement).

(5) Where, in the case of a settlement (“the current settlement”), tax is chargeable under paragraph 8 above in respect of property which—

- (a) was previously comprised at different times in other settlements (“the previous settlements”), and
- (b) ceased to be comprised in each of them, and became comprised in another of them or in the current settlement, in circumstances such that by virtue of paragraph 9(1) above there was no charge (or, but for paragraph 9(4), there would have been no charge) to tax in respect of it,

references in sub-paragraphs (1) to (3) above to the settlor shall be construed as references to the person who was the settlor in relation to the previous settlement in which the property was first comprised (or, if the Board so determine, any person selected by them who was the settlor in relation to any of the other previous settlements or the current settlement).

(6) Sub-paragraph (7) below shall apply if—

- (a) in the period of [<sup>F4</sup>seven years] preceding a charge under paragraph 8 above (the “current charge”), there has been another charge under that paragraph where tax was charged at the second rate, and
- (b) the person who is the settlor for the purposes of the current charge is the settlor for the purposes of the other charge (whether or not the settlements are the same and, if the settlor is dead, whether or not he has died since the other charge);

and in sub-paragraph (7) below the other charge is referred to as the “previous charge”.

(7) Where this sub-paragraph applies, the amount on which tax was charged on the previous charge (or, if there have been more than one, the aggregate of the amounts on which tax was charged on each)—

- (a) shall, for the purposes of calculating the rate of the current charge under sub-paragraph (1) above, be taken to be the value transferred by a chargeable transfer made by the settlor immediately before the occasion of the current charge, and
- (b) shall, for the purposes of calculating the rate of the current charge under sub-paragraph (2) or (3) above, be taken to increase the value there mentioned by an amount equal to that amount (or aggregate).

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- (8) References in sub-paragraphs (1) to (3) above to the effective rate are to the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged.
- [<sup>F5</sup>(9) For the purposes of sub-paragraph (1) above the appropriate provision of section 7 of this Act is subsection (2), and for the purposes of sub-paragraphs (2) and (3) above it is (if the settlement was made on death) subsection (1) and (if not) subsection (2).]

#### Textual Amendments

- F1** Finance Act 1986 Sch. 19, para. 38(1), *with effect from 18 March 1986. Originally* “under the appropriate Table”.
- F2** Finance Act 1986 Sch. 19, para. 38(2), *with effect from 18 March 1986.*
- F3** Sch. 4 para. 14(2A) inserted (with effect in accordance with Sch. 33 para. 10(1) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 33 para. 8](#)
- F4** Finance Act 1986 Sch. 19, para. 38(3), *with effect from 18 March 1986. Originally* “ten years”.
- F5** Finance Act 1986 Sch. 19, para. 38(4), *with effect from 18 March 1986. Originally* “(9) For the purposes of sub-paragraph (1) above the appropriate Table is the second Table in Schedule 1 to this Act, and for the purposes of sub-paragraphs (2) and (3) above it is (if the settlement was made on death) the first Table in that Schedule and (if not) the second.”

- 15 Where property is, by virtue of paragraph 1(3) above, treated as property in respect of which a direction has been given under paragraph 1, it shall for the purposes of paragraphs 11 to 14 above be treated as having become property to which paragraph 8 above applies when the transfer of value mentioned in paragraph 1(3) was made.

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