



Inheritance Tax Act 1984

1984 CHAPTER 51

PART V

MISCELLANEOUS RELIEFS

CHAPTER I

BUSINESS PROPERTY

[^{F1}113A Transfers within seven years before death of transferor.

- (1) Where any part of the value transferred by a potentially exempt transfer which proves to be a chargeable transfer would (apart from this section) be reduced in accordance with the preceding provisions of this Chapter, it shall not be so reduced unless the conditions in subsection (3) below are satisfied.
- (2) Where—
 - (a) any part of the value transferred by any chargeable transfer, other than a potentially exempt transfer, is reduced in accordance with the preceding provisions of this Chapter, and
 - (b) the transfer is made within seven years of the death of the transferor,then, unless the conditions in subsection (3) below are satisfied, the additional tax chargeable by reason of the death shall be calculated as if the value transferred had not been so reduced.
- (3) The conditions referred to in subsections (1) and (2) above are—
 - (a) that the original property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor; and
 - (b) [^{F2}except to the extent that the original property consists of shares or securities to which subsection (3A) below applies] that, in relation to a notional transfer of value made by the transferee immediately before the death, the original property would (apart from section 106 above) be relevant business property.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 113A. (See end of Document for details)

- [This subsection applies to shares or securities—
- ^{F2}(3A) (a) which were quoted at the time of the chargeable transfer referred to in subsection (1) or subsection (2) above; or
- (b) which fell within paragraph (b) [^{F3} or (bb)] of section 105(1) above in relation to that transfer and were unquoted throughout the period referred to in subsection (3)(a) above.]

[In subsection (3A) above “quoted”, in relation to any shares or securities, means ^{F4}(3B) [^{F5}listed] on a recognised stock exchange and “unquoted”, in relation to any shares or securities, means not so [^{F5}listed].]

- (4) If the transferee has died before the transferor, the reference in subsection (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.
- (5) If the conditions in subsection (3) above are satisfied only with respect to part of the original property, then,—
- (a) in a case falling within subsection (1) above, only a proportionate part of so much of the value transferred as is attributable to the original property shall be reduced in accordance with the preceding provisions of this Chapter, and
- (b) in a case falling within subsection (2) above, the additional tax shall be calculated as if only a proportionate part of so much of the value transferred as was attributable to the original property had been so reduced.
- (6) Where any shares owned by the transferee immediately before the death in question—
- (a) would under any of the provisions of sections [^{F6}126 to 136 of the 1992 Act] be identified with the original property (or part of it), or
- (b) were issued to him in consideration of the transfer of a business or interest in a business consisting of the original property (or part of it),
- they shall be treated for the purposes of this section as if they were the original property (or that part of it).

(7) This section has effect subject to section 113B below.

[The provisions of this Chapter for the reduction of value transferred shall be ^{F7}(7A) disregarded in any determination for the purposes of this section of whether there is a potentially exempt or chargeable transfer in any case.]

(8) In this section—

“the original property” means the property which was relevant business property in relation to the chargeable transfer referred to in subsection (1) or subsection (2) above; and

“the transferee” means the person whose property the original property became on that chargeable transfer or, where on the transfer the original property became or remained settled property in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.]

Textual Amendments

F1 Finance Act 1986 Sch. 19, para. 21, *with respect to transfers of value made, and other events occurring, on or after 18 March 1986.*

F2 Finance Act 1987 Sch. 8, para. 8, *in relation to transfers of value made on or after 17 March 1987.*

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 113A. (See end of Document for details)

- F3** Words in s. 113A(3A)(b) inserted (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. **184(4)**
- F4** S. 113A(3A)(b) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 3, 8, 9.
- F5** Words in s. 113A(3B) substituted (29.4.1996 with effect as mentioned in Sch. 38 para. 2(2) of the amending Act) by 1996 c. 8, s. 199, **Sch. 38 para. 2(1)(a)**
- F6** Words in s. 113A(6) 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(5)** (with ss. 60, 101(1), 201(3)).
- F7** S. 113A(7A) inserted (29.4.1996 with effect as mentioned in s. 184(6)(a) of the amending Act) by 1996 c. 8, s. **184(5)**

Modifications etc. (not altering text)

- C1** S. 113A amended (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, **Sch. 14 para. 9(2)(4)** (with Sch. 14 para. 8).

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 113A.