



Inheritance Tax Act 1984

1984 CHAPTER 51

PART V

MISCELLANEOUS RELIEFS

CHAPTER II

AGRICULTURAL PROPERTY

[^{F1}124B Application of section 124A to replacement property.

- (1) Subject to subsection (2) below, this section applies where—
 - (a) the transferee has disposed of all or part of the original property before the death of the transferor; and
 - (b) the whole of the consideration received by him for the disposal has been applied by him in acquiring other property (in this section referred to as “the replacement property”).
- (2) This section does not apply unless—
 - (a) the replacement property is acquired, or a binding contract for its acquisition is entered into, within [^{F2}the allowed period] after the disposal of the original property (or, as the case may be, the part concerned); and
 - (b) the disposal and acquisition are both made in transactions at arm’s length or on terms such as might be expected to be included in a transaction at arm’s length.
- (3) Where this section applies, the conditions in section 124A(3) above shall be taken to be satisfied in relation to the original property (or, as the case may be, the part concerned) if—
 - (a) the replacement property is owned by the transferee immediately before the death of the transferor and is not at that time subject to a binding contract for sale; and

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 124B. (See end of Document for details)

- (b) throughout the period beginning with the date of the chargeable transfer and ending with the disposal, the original property was owned by the transferee and occupied (by the transferee or another) for the purposes of agriculture; and
 - (c) throughout the period beginning with the date when the transferee acquired the replacement property and ending with the death, the replacement property was owned by the transferee and occupied (by the transferee or another) for the purposes of agriculture; and
 - (d) the replacement property is agricultural property immediately before the death.
- (4) If the transferee has died before the transferor, any reference in subsections (1) to (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.
- (5) In any case where—
- (a) all or part of the original property has been disposed of before the death of the transferor or is subject to a binding contract for sale at the time of the death, and
 - (b) the replacement property is acquired, or a binding contract for its acquisition is entered into, after the death of the transferor but within [^{F2}the allowed period] after the disposal of the original property or part, and
 - (c) the transferor dies before the transferee,
- subsection (3) above shall have effect with the omission of paragraphs (a) and (c), and as if any reference to a time immediately before the death of the transferor were a reference to the time when the replacement property is acquired.
- (6) Section 124A(6) above shall have effect in relation to the replacement property as it has effect in relation to the original property.
- (7) Where a binding contract for the disposal of any property is entered into at any time before the disposal of the property, the disposal shall be regarded for the purposes of subsections (2)(a) and (5)(b) above as taking place at that time.
- (8) In this section “the original property” and “the transferee” have the same meaning as in section 124A above [^{F3}and “allowed period” means the period of three years or such longer period as the Board may allow].]

Textual Amendments

- F1** Finance Act 1986 Sch. 19, para. 22, *with respect to transfers of value made, and other events occurring, on or after 18 March 1986.*
- F2** Words in s. 124B(2)(a)(5)(b) substituted (3.5.1994 with effect in relation to transfers of value made, and other events occurring, on or after 30.11.1993) by 1994 c. 9, s. 247(2)(a)(3)
- F3** Words in s. 124B(8) added (3.5.1994 with effect in relation to transfers of value made, and other events occurring, on or after 30.11.1993) by 1994 c. 9, s. 247(2)(b)(3)

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 124B.