



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER I

#### PRELIMINARY

**[<sup>F1</sup>46A Contract of life insurance entered into before 22nd March 2006 which on that day is settled property in which interest in possession subsists**

- (1) Subsections (2) and (4) below apply where—
- (a) a settlement commenced before 22nd March 2006,
  - (b) a contract of life insurance was entered into before that day,
  - (c) a premium payable under the contract is paid, or an allowed variation is made to the contract, at a particular time on or after that day,
  - (d) immediately before that day, and at all subsequent times up to the particular time, there were rights under the contract that—
    - (i) were comprised in the settlement, and
    - (ii) were settled property in which a transitionally-protected interest (whether or not the same such interest throughout that period) subsisted,
  - (e) rights under the contract become, by reference to payment of the premium or as a result of the variation,—
    - (i) comprised in the settlement, and
    - (ii) part of the settled property in which the then-current transitionally-protected interest subsists, and
  - (f) any variation of the contract on or after 22nd March 2006 but before the particular time, so far as it is a variation that—
    - (i) increased the benefits secured by the contract, or

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 46A. (See end of Document for details)*

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- (ii) extended the term of the insurance provided by the contract,  
was an allowed variation.
- (2) For the purposes of the provisions mentioned in subsection (3) below—
- (a) the rights mentioned in subsection (1)(e) above shall be taken to have become comprised in the settlement, and
  - (b) the person beneficially entitled to the then-current transitionally-protected interest shall be taken to have become beneficially entitled to his interest in possession so far as it subsists in those rights,  
before 22nd March 2006.
- (3) Those provisions are—
- section 3A(2) above;
  - section 5(1A) above;
  - section 49(1A) and (1B) below;
  - section 51(1A) and (1B) below;
  - section 52(2A) and (3A) below;
  - section 53(1A) and (2A) below;
  - section 54(2A) and (2B) below;
  - section 54A(1A) below;
  - section 57A(1A) below;
  - section 58(1B) and (1C) below;
  - section 59(1) and (2) below;
  - section 80(4) below;
  - section 100(1A) below;
  - section 101(1A) below;
  - section 102ZA(1) of the Finance Act 1986 (gifts with reservation); and
  - sections 72(1A) and (2A) and 73(2A) of the 1992 Act.
- (4) If payment of the premium is a transfer of value made by an individual, that transfer of value is a potentially exempt transfer.
- (5) In this section—
- “allowed variation”, in relation to a contract, means a variation that takes place by operation of, or as a result of exercise of rights conferred by, provisions forming part of the contract immediately before 22nd March 2006;
  - “transitionally-protected interest” means—
- (a) an interest in possession to which a person was beneficially entitled immediately before, and on, 22nd March 2006, or
  - (b) a transitional serial interest.]

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**Textual Amendments**

**F1** Ss. 46A, 46B inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **11(1)(2)**

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 46A.