



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER I

PRELIMINARY

[^{F1}46B Contract of life insurance entered into before 22nd March 2006 which immediately before that day is property to which section 71 applies

- (1) Subsections (2) and (5) 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 to which section 71 below applied,
 - (e) rights under the contract become, by reference to payment of the premium or as a result of the variation, comprised in the settlement, and
 - (f) any variation of the contract on or after 22nd March 2006 but before the particular time, so far as it was a variation that—
 - (i) increased the benefits secured by the contract, or
 - (ii) extended the term of the insurance provided by the contract,was an allowed variation.
- (2) If the rights mentioned in subsection (1)(e) above would, but for subsection (1A) of section 71 below, become property to which that section applies, those rights shall

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

become settled property to which that section applies when they become comprised in the settlement.

- (3) Subsection (5) below also applies 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 when there are rights under the contract—
 - (i) that are comprised in the settlement and are settled property to which section 71A or 71D below applies,
 - (ii) that immediately before that day were settled property to which section 71 below applied, and
 - (iii) that on or after that day, but before the particular time, became property to which section 71A or 71D below applies in circumstances falling within subsection (4) below,
 - (d) rights under the contract become, by reference to payment of the premium or as a result of the variation, comprised in the settlement, and
 - (e) any variation of the contract on or after 22nd March 2006 but before the particular time, so far as it was a variation that—
 - (i) increased the benefits secured by the contract, or
 - (ii) extended the term of the insurance provided by the contract,
 was an allowed variation.
- (4) The circumstances referred to in subsection (3)(c)(iii) above are—
- (a) in the case of property to which section 71D below applies, that the property on becoming property to which section 71D below applies ceased to be property to which section 71 below applied without ceasing to be settled property;
 - (b) in the case of property to which section 71A below applies—
 - (i) that the property on becoming property to which section 71A below applies ceased, by the operation of section 71(1B) below, to be property to which section 71 below applied, or
 - (ii) that the property, having become property to which section 71D below applied in circumstances falling within paragraph (a) above, on becoming property to which 71A below applies ceased, by the operation of section 71D(5)(a) below, to be property to which section 71D below applied.
- (5) If payment of the premium is a transfer of value made by an individual, that transfer of value is a potentially exempt transfer.
- (6) 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.]

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:

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