



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER II

[^{F1} INTERESTS IN POSSESSION, REVERSIONARY INTERESTS AND SETTLEMENT POWERS]

54 Exceptions from charge on death

- (1) Where a person is entitled to an interest in possession in settled property which on his death, but during the settlor's life, reverts to the settlor, the value of the settled property shall be left out of account in determining for the purposes of this Act the value of the deceased's estate immediately before his death.
- (2) Where on the death of a person entitled to an interest in possession in settled property—
 - (a) the settlor's spouse [^{F1}or civil partner], or
 - (b) if the settlor has died less than two years earlier, the settlor's widow or widower [^{F2}or surviving civil partner],

becomes beneficially entitled to the settled property and is domiciled in the United Kingdom, the value of the settled property shall be left out of account in determining for the purposes of this Act the value of the deceased's estate immediately before his death.

- [^{F3}(2A) Where a person becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property, subsections (1) and (2) above apply in relation to the interest only if it is—
- (a) a disabled person's interest, or
 - (b) a transitional serial interest.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 54. (See end of Document for details)

(2B) Where—

- (a) a person (“B”) becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property,
- (b) B dies,
- (c) the interest in possession, throughout the period beginning with when B becomes beneficially entitled to it and ending with B's death, is an immediate post-death interest,
- (d) the settlor died before B's death but less than two years earlier, and
- (e) on B's death, the settlor's widow or widower, or surviving civil partner, becomes beneficially entitled to the settled property and is domiciled in the United Kingdom,

the value of the settled property shall be left out of account in determining for the purposes of this Act the value of B's estate immediately before his death.]

- (3) Subsections (5) and (6) of section 53 above shall apply in relation to subsections [^{F4}(1), (2) and (2B)] above as they apply in relation to section 53(3) and (4) [^{F5}, but as if the reference in section 53(5)(a) above to section 53(4)(b) above were to subsection (2) (b) or (2B) above.] .
- (4) For the purposes of this section, where it cannot be known which of two or more persons who have died survived the other or others they shall be assumed to have died at the same instant.

Textual Amendments

- F1** Words in s. 54(2)(a) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **14(a)**
- F2** Words in s. 54(2)(b) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **14(b)**
- F3** S. 54(2A)(2B) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras 7, **15(2)**
- F4** Words in s. 54(3) substituted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **15(3)(a)**
- F5** Words in s. 54(3) added (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **15(3)(b)**

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 54.