



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER III

SETTLEMENTS WITHOUT INTERESTS IN POSSESSION ^[F1], AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST]

Interpretation

58 Relevant property.

- (1) In this Chapter “relevant property” means settled property in which no qualifying interest in possession subsists, other than—
- (a) property held for charitable purposes only, whether for a limited time or otherwise;
 - (b) property to which section 71, ^[F1]71A, 71D,] 73, 74 or 86 below applies ^[F2](but see subsection (1A) below) ;
 - (c) property held on trusts which comply with the requirements mentioned in paragraph 3(1) of Schedule 4 to this Act, and in respect of which a direction given under paragraph 1 of that Schedule has effect;
 - ^[F3](d) property which is held for the purposes of a registered pension scheme ^[F4], a qualifying non-UK pension scheme or a]section 615(3) scheme;]
 - (e) property comprised in a trade or professional compensation fund;
 - ^[F5](ea) property comprised in an asbestos compensation settlement, ^{F6}. . .]
 - ^[F7](eb) property comprised in a decommissioning security settlement; and]
 - (f) excluded property.

^[F8](1A) Settled property to which section 86 below applies is “relevant property” for the purposes of this Chapter if—

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- (a) an interest in possession subsists in that property, and
- (b) that interest falls within subsection (1B) or (1C) below.

(1B) An interest in possession falls within this subsection if—

- (a) an individual is beneficially entitled to the interest in possession,
- (b) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, and
- (c) the interest in possession is—
 - (i) not an immediate post-death interest,
 - (ii) not a disabled person's interest, and
 - (iii) not a transitional serial interest.

(1C) An interest in possession falls within this subsection if—

- (a) a company is beneficially entitled to the interest in possession,
- (b) the business of the company consists wholly or mainly in the acquisition of interests in settled property,
- (c) the company has acquired the interest in possession for full consideration in money or money's worth from an individual who was beneficially entitled to it,
- (d) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, and
- (e) immediately before the company acquired the interest in possession, the interest in possession was neither an immediate post-death interest nor a transitional serial interest.]

(2) The reference in subsection (1)(d) above to property which is ^{F9}. . . held for the purposes of a ^{F9}. . . scheme does not include a reference to a benefit which, having become payable under the ^{F9}. . . scheme, becomes comprised in a settlement.

[^{F10}(2A) For the purposes of subsection (1)(d) above—

- (a) property applied to pay lump sum death benefits within section 168(1) of the Finance Act 2004 in respect of a member of a registered pension scheme is to be taken to be held for the purposes of the scheme from the time of the member's death until the payment is made, and
- (b) property applied to pay lump sum death benefits in respect of a member of [^{F11}a qualifying non-UK pension scheme or] a section 615(3) scheme is to be taken to be so held if the benefits are paid within the period of two years beginning with the earlier of the day on which the member's death was first known to the trustees or other persons having the control of the fund and the day on which they could first reasonably be expected to have known of it.]

(3) In subsection (1)(e) above “trade or professional compensation fund” means a fund which is maintained or administered by a representative association of persons carrying on a trade or profession and the only or main objects of which are compensation for or relief of losses or hardship that, through the default or alleged default of persons carrying on the trade or profession or of their agents or servants, are incurred or likely to be incurred by others.

[^{F12}(4) In subsection (1)(ea) above “asbestos compensation settlement” means a settlement—

- (a) the sole or main purpose of which is making compensation payments to or in respect of individuals who have, or had before their death, an asbestos-related condition, and

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- (b) which is made before 24 March 2010 in pursuance of an arrangement within subsection (5) below.
- (5) An arrangement is within this subsection if it is—
- (a) a voluntary arrangement that has taken effect under Part 1 of the Insolvency Act 1986 or Part 2 of the Insolvency (Northern Ireland) Order 1989,
 - (b) a compromise or arrangement that has taken effect under section 425 of the Companies Act 1985, Article 418 of the Companies (Northern Ireland) Order 1986 or Part 26 of the Companies Act 2006, or
 - (c) an arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) above that has taken effect under, or as a result of, the law of a country or territory outside the United Kingdom.]
- [^{F13}(6) For the purposes of subsection (1)(eb) above a settlement is a “decommissioning security settlement” if the sole or main purpose of the settlement is to provide security for the performance of obligations under an abandonment programme.
- (7) In subsection (6)—
- “abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised);
- “security” has the same meaning as in section 38A of that Act.]

Textual Amendments

- F1** Words in s. 58(1)(b) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **18**
- F2** Words in s. 58(1)(b) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **19(2)**
- F3** S. 58(1)(d) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **ss. 203(3)**, 284 (with Sch. 36)
- F4** Words in s. 58(1)(d) substituted (retrospective to 6.4.2006) by [Finance Act 2008 \(c. 9\)](#), s. 92, **Sch. 29 para. 18(3)(a)(8)**
- F5** S. 58(1)(ea) substituted (retrospective to 6.4.2006) for word at end of s. 58(1)(e) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 31, **Sch. 14 para. 1(2)(4)**
- F6** Word in s. 58(1) omitted (retrospective to 20.3.1993) by virtue of [Finance Act 2013 \(c. 29\)](#), **s. 86(2)(4)** (with s. 86(5)(6))
- F7** S. 58(1)(eb) and word inserted (retrospective to 20.3.1993) by [Finance Act 2013 \(c. 29\)](#), **s. 86(2)(4)** (with s. 86(5)(6))
- F8** S. 58(1A)-(1C) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **19(3)**
- F9** Words in s. 58(2) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 326, **Sch. 42 Pt. 3** (with Sch. 36)
- F10** S. 58(2A) inserted (with effect in relation to lump sum death benefits paid on or after 6.4.2006) by [Finance Act 2007 \(c. 11\)](#), s. 70, **Sch. 20 paras. 20, 24(9)**
- F11** Words in s. 58(2A)(b) inserted (retrospective to 6.4.2006) by [Finance Act 2008 \(c. 9\)](#), s. 92, **Sch. 29 para. 18(3)(b)(8)**
- F12** S. 58(4)(5) inserted (retrospective to 6.4.2006) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 31, **Sch. 14 para. 1(3)(4)**
- F13** S. 58(5)(6) inserted (retrospective to 20.3.1993) by [Finance Act 2013 \(c. 29\)](#), **s. 86(3)(4)** (with s. 86(5)(6))

Modifications etc. (not altering text)

- C1** S. 58 applied (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), **reg. 33**

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 58.