



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER III

#### SETTLEMENTS WITHOUT INTERESTS IN POSSESSION [<sup>F1</sup>, AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST]

##### *Special cases—charges to tax*

#### **72 Property leaving employee trusts and newspaper trusts.**

- (1) This section applies to settled property to which section 86 below applies [<sup>F1</sup>if—
- (a) no interest in possession subsists in it to which an individual is beneficially entitled, and
  - (b) no company-purchased interest in possession subsists in it].

[<sup>F2</sup>(1A) For the purposes of subsection (1)(b) above, an interest in possession is “company-purchased” 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, and
- (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.

(1B) Section 59(3) and (4) above apply for the purposes of subsection (1A)(c) above as for those of section 59(2)(b) above, but as if the references to the condition set out in section 59(2)(a) above were to the condition set out in subsection (1A)(b) above.]

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 72. (See end of Document for details)*

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- (2) Subject to subsections [F<sup>3</sup>(3A),] (4) [F<sup>4</sup>, (4A)] and (5) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of a payment out of the settled property, and
  - (b) where a payment is made out of settled property to which this section applies for the benefit of a person within subsection (3) below, or a person connected with such a person, and
  - (c) in a case which paragraphs (a) and (b) above do not apply, where the trustees make a disposition (otherwise than by way of a payment out of the settled property) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) A person is within this subsection if—
- (a) he has directly or indirectly provided any of the settled property otherwise than by additions not exceeding in value £1,000 in any one year; or
  - (b) in a case where the employment in question is employment by a close company, he is a participator in relation to that company and either—
    - (i) is beneficially entitled to, or to rights entitling him to acquire, not less than 5 per cent. of, or of any class of the shares comprised in, its issued share capital, or
    - (ii) would, on a winding-up of the company, be entitled to not less than 5 per cent. of its assets; or
  - (c) he has acquired an interest in the settled property for a consideration in money or money's worth.
- [F<sup>5</sup>(3A) Where settled property ceases to be property to which this section applies because paragraph (d) of section 86(3) no longer applies, tax is not chargeable under this section by virtue of subsection (2)(a) if the only reason that paragraph no longer applies is that one or both of the trading requirement and the controlling interest requirement mentioned in that paragraph are no longer met with respect to the company so mentioned.]
- (4) If the trusts are those of a profit sharing scheme approved in accordance with Schedule 9 to the [F<sup>6</sup>Taxes Act 1988], tax shall not be chargeable under this section by virtue of subsection (3)(b) above on an appropriation of shares in pursuance of the scheme.
- [F<sup>7</sup>(4A) If the trusts are those of [F<sup>8</sup>a share incentive plan approved under Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003], tax shall not be chargeable under this section by virtue of subsection (3)(b) above on an appropriation of shares to, or acquisition of shares on behalf of, an individual under the plan.]
- (5) Subsections (3) to (10) of section 70 above shall apply for the purposes of this section as they apply for the purposes of that section (with the substitution of a reference to subsection (2)(c) above for the reference in section 70(4) to section 70(2)(b)).
- (6) In this section—
- (a) “close company” and “participator” have the same meanings as in Part IV of this Act; and
  - (b) “year” means the period beginning with 26th March 1974 and ending with 5th April 1974, and any subsequent period of twelve months ending with 5th April;

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and a person shall be treated for the purposes of this section as acquiring an interest for a consideration in money or money's worth if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that interest or of other property.

#### Textual Amendments

- F1** Words in s. 72(1) substituted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **21(2)**
- F2** S. 71(1A)(1B) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **21(3)**
- F3** Word in s. 72(2) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 37 para. 13(2)(4)**
- F4** Word in s. 72(2) inserted (28.7.2000) by [2000 c. 17](#), **s. 138(3)(a)**
- F5** S. 72(3A) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 37 para. 13(3)(4)**
- F6** *Substituted by*[Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29**, para. 32. *Originally* “Finance Act 1978”.
- F7** S. 72(4A) inserted (28.7.2000) by [2000 c. 17](#), **s. 138(3)(b)**
- F8** Words in s. 72(4A) substituted (with effect as mentioned in s. 723(1)(a)(b) (subject to Sch. 7) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), ss. 722, 723(1), **Sch. 6 para. 151(1)(b)(2)**

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 72.