
Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987, SCHEDULE 9. (See end of Document for details)

SCHEDULES

SCHEDULE 9

Section 59.

MAINTENANCE FUNDS FOR HISTORIC BUILDINGS ETC.

1 The following section shall be inserted after section 57 of the ^{M1}Inheritance Tax Act 1984—

“57A Relief where property enters maintenance fund.

- (1) Subject to the following provisions, subsection (2) below applies where—
 - (a) a person dies who immediately before his death was beneficially entitled to an interest in possession in property comprised in a settlement, and
 - (b) within two years after his death the property becomes held on trusts (whether of that or another settlement) by virtue of which a direction under paragraph 1 of Schedule 4 to this Act is given in respect of the property.
- (2) Where this subsection applies, this Act shall have effect as if the property had on the death of the deceased become subject to the trusts referred to in subsection (1)(b) above; and accordingly no disposition or other event occurring between the date of the death and the date on which the property becomes subject to those trusts shall, so far as it relates to the property, be a transfer of value or otherwise constitute an occasion for a charge to tax.
- (3) Where property becomes held on trusts of the kind specified in paragraph (b) of subsection (1) above as the result of proceedings before a court and could not have become so held without such proceedings, that paragraph shall have effect as if it referred to three years instead of two.
- (4) Subsection (2) above shall not apply if—
 - (a) the disposition by which the property becomes held on the trusts referred to in subsection (1)(b) above depends on a condition or is defeasible; or
 - (b) the property which becomes held on those trusts is itself an interest in settled property; or
 - (c) the trustees who hold the property on those trusts have, for a consideration in money or money’s worth, acquired an interest under a settlement in which the property was comprised immediately before the death of the person referred to in subsection (1)(a) above or at any time thereafter; or
 - (d) the property which becomes held on those trusts does so for a consideration in money or money’s worth, or is acquired by the trustees for such a consideration, or has at any time since the death of the person referred to in subsection (1)(a) above been acquired by any other person for such a consideration.

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- (5) If the value of the property when it becomes held on the trusts referred to in subsection (1)(b) above is lower than so much of the value transferred on the death of the person referred to in subsection (1)(a) as is attributable to the property, subsection (2) above shall apply to the property only to the extent of the lower value.
- (6) For the purposes of this section, a person shall be treated as acquiring property 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 or other property.”.

Marginal Citations

M1 1984 c. 51.

- 2 At the end of paragraph 3 of Schedule 4 to the 1984 Act there shall be added—
- “(5A) In the case of property which, if a direction is given under paragraph 1 above, will be property to which paragraph 15A below applies, sub-paragraph (1)(b) above shall have effect as if for the reference to the settlor there were substituted a reference to either the settlor or the person referred to in paragraph 15A(2).”.
- 3 After paragraph 15 of that Schedule there shall be inserted—

“ Maintenance fund following interest in possession

- 15A (1) In relation to settled property to which this paragraph applies, the provisions of this Part of this Schedule shall have effect with the modifications set out in the following sub-paragraphs.
- (2) This paragraph applies to property which become property to which paragraph 8 above applies on the occasion of a transfer of value which was made by a person beneficially entitled to an interest in possession in the property, and which (so far as the value transferred by it was attributable to the property)—
- (a) was an exempt transfer by virtue of the combined effect of either—
- (i) sections 27 and 57(5) of this Act, or
- (ii) sections 27 and 57A of this Act, and
- (b) would but for those sections have been a chargeable transfer;
- and in the following sub-paragraphs “the person entitled to the interest in possession” means the person above referred to.
- (3) Paragraph 9(2) shall have effect as if for the reference to the settlor there were substituted a reference to either the settlor or the person entitled to the interest in possession.
- (4) Paragraph 10 shall not apply if the person entitled to the interest in possession had died at or before the time when the property become property to which paragraph 8 above applies; and in any other case shall have effect with the substitution in sub-paragraph (1) of the following words for the words from “on becoming”—

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- (a) on becoming property to which the person entitled to the interest in possession is beneficially entitled, or
- (b) on becoming—
 - (i) property to which that person's spouse is beneficially entitled, or
 - (ii) property to which that person's widow or widower is beneficially entitled if that person has died in the two years preceding the time when it becomes such property;

but paragraph (b) above applies only where the spouse, widow or widower would have become beneficially entitled to the property on the termination of the interest in possession had the property not then become property to which paragraph 8 above applies.

(5) Paragraph 11 shall not apply.

(6) Sub-paragraphs (1) to (3) of paragraph 14 shall have effect as if for the references to the settlor there were substituted references to the person entitled to the interest in possession.

(7) Sub-paragraph (4) of paragraph 14 shall have effect with the insertion after paragraph (b) of the words “and(c) was, in relation to either of those settlements, property to which paragraph 15A below applied,”,

and with the substitution for the words from “settlor shall” onwards of the words “person entitled to the interest in possession shall, if the Board so determine, be construed as references to the person who was the settlor in relation to the current settlement.”.

(8) Sub-paragraph (5) of paragraph 14 shall have effect with the insertion after paragraph (b) of the words “and (c) was, in relation to any of those settlements, property to which paragraph 15A below applied,”,

and with the substitution for the words from “settlor shall” onwards of the words “person entitled to the interest in possession shall, if the Board so determine, be construed as references to any person selected by them who was the settlor in relation to any of the previous settlements or the current settlement.”

(9) Except in a case where the Board have made a determination under sub-paragraph (4) or (5) of paragraph 14, sub-paragraphs (6) and (7) of that paragraph shall have effect as if for the references to the settlor there were substituted references to the person entitled to the interest in possession.

(10) Sub-paragraph (9) of paragraph 14 shall have effect with the substitution for the words “(if the settlement was made on death)” of the words “(if the person entitled to the interest in possession had died at or before the time when the property became property to which paragraph 8 applies)”.

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- 5 Paragraph 2 above shall have effect in relation to directions given on or after 17th March 1987.
- 6 Paragraph 3 above shall have effect where the occasion of the charge or potential charge to tax under paragraph 8 of Schedule 4 to the 1984 Act falls on or after 17th March 1987.

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