



Finance Act 1989

1989 CHAPTER 26

PART III

MISCELLANEOUS AND GENERAL

Inheritance tax

171 Gifts to housing associations.

- (1) The following section shall be inserted in the Inheritance Tax Act 1984 after section 24—

“24A Gifts to housing associations

- (1) A transfer of value is exempt to the extent that the value transferred by it is attributable to land in the United Kingdom given to a registered housing association.
- (2) In subsection (1) above “registered housing association” means a registered housing association within the meaning of the Housing Associations Act 1985 or Part VII of the Housing (Northern Ireland) Order 1981.
- (3) Subsections (2) to (5) of section 23 and subsection (4) of section 24 above shall apply in relation to subsection (1) above as they apply in relation to section 24(1).”
- (2) In section 23(5) of the Inheritance Tax Act 1984 the words “or, where it is land, of a body mentioned in section 24A below” shall be added at the end.
- (3) In section 29(5) of that Act—
- (a) the words “or, where it is land, of a body mentioned in section 24A” shall be inserted at the end of paragraph (b), and
- (b) after “24(3) and (4),” there shall be inserted “24A(3),”.
- (4) In section 161(2)(b)(ii) of that Act after “24,” there shall be inserted “24A,”.

Status: This is the original version (as it was originally enacted).

(5) In section 102(5) of the Finance Act 1986 after paragraph (e) there shall be inserted—
“(ee) section 24A (gifts to housing associations);”.

(6) This section shall apply to transfers of value made on or after 14th March 1989.

172 Abatement of exemption where claim settled out of beneficiary’s own resources.

(1) The following section shall be inserted after section 29 of the Inheritance Tax Act 1984—

“29A Abatement of exemption where claim settled out of beneficiary’s own resources

- (1) This section applies where—
- (a) apart from this section the transfer of value made on the death of any person is an exempt transfer to the extent that the value transferred by it is attributable to an exempt gift, and
 - (b) the exempt beneficiary, in settlement of the whole or part of any claim against the deceased’s estate, effects a disposition of property not derived from the transfer.
- (2) The provisions of this Act shall have effect in relation to the transfer as if—
- (a) so much of the relevant value as is equal to the following amount, namely the amount by which the value of the exempt beneficiary’s estate immediately after the disposition is less than it would be but for the disposition, or
 - (b) where that amount exceeds the relevant value, the whole of the relevant value,
- were attributable to such a gift to the exempt beneficiary as is mentioned in subsection (3) below (instead of being attributable to a gift with respect to which the transfer is exempt).
- (3) The gift referred to in subsection (2) above is a specific gift with respect to which the transfer is chargeable, being a gift which satisfies the conditions set out in paragraphs (a) and (b) of section 38(1) below.
- (4) In determining the value of the exempt beneficiary’s estate for the purposes of subsection (2) above—
- (a) no deduction shall be made in respect of the claim referred to in subsection (1)(b) above, and
 - (b) where the disposition referred to in that provision constitutes a transfer of value—
 - (i) no account shall be taken of any liability of the beneficiary for any tax on the value transferred, and
 - (ii) sections 104 and 116 below shall be disregarded.
- (5) Subsection (1)(b) above does not apply in relation to any claim against the deceased’s estate in respect of so much of any liability as is, in accordance with this Act, to be taken into account in determining the value of the estate.
- (6) In this section—

Status: This is the original version (as it was originally enacted).

“exempt gift”, in relation to a transfer of value falling within subsection (1)(a) above, means—

- (a) a gift with respect to which the transfer is (apart from this section) exempt by virtue of the provisions of any of sections 18 and 23 to 28 above, or
- (b) where (apart from this section) the transfer is so exempt with respect to a gift up to a limit, so much of the gift as is within that limit;

“the exempt beneficiary”, in relation to an exempt gift, means any of the following, namely—

- (a) where the gift is exempt by virtue of section 18 above, the deceased’s spouse,
- (b) where the gift is exempt by virtue of section 23 above, any person or body—
 - (i) whose property the property falling within subsection (1) of that section becomes, or
 - (ii) by whom that property is held on trust for charitable purposes,
- (c) where the gift is exempt by virtue of section 24, 25 or 26 above, any body whose property the property falling within subsection (1) of that section becomes,
- (d) where the gift is exempt by virtue of section 24A above, any body to whom the land falling within subsection (1) of that section is given, and
- (e) where the gift is exempt by virtue of section 27 or 28 above, the trustees of any settlement in which the property falling within subsection (1) of that section becomes comprised;

“gift” and “specific gift” have the same meaning as in Chapter III of this Part; and

“the relevant value”, in relation to a transfer of value falling within subsection (1)(a) above, means so much of the value transferred by the transfer as is attributable to the gift referred to in that provision.”

- (2) This section shall have effect in relation to deaths occurring on or after the day on which this Act is passed.