

SCHEDULES

SCHEDULE 7

RELIEF FOR GIFTS OF BUSINESS ASSETS

PART I

AGRICULTURAL PROPERTY AND SETTLED PROPERTY

Settled property

- 2 (1) If—
- (a) the trustees of a settlement make a disposal otherwise than under a bargain at arm's length of an asset within sub-paragraph (2) below, and
 - (b) a claim for relief under section 165 is made by the trustees and the person who acquires the asset (“the transferee”) or, where the trustees of a settlement are also the transferee, by the trustees making the disposal alone,
- then, subject to sections 165(3), 166, 167 and 169, section 165(4) shall apply in relation to the disposal.
- (2) An asset is within this sub-paragraph if—
- (a) it is, or is an interest in, an asset used for the purposes of a trade, profession or vocation carried on by—
 - (i) the trustees making the disposal, or
 - (ii) a beneficiary who had an interest in possession in the settled property immediately before the disposal, or
 - (b) it consists of shares or securities of a trading company, or of the holding company of a trading group, where—
 - (i) the shares or securities are neither quoted on a recognised stock exchange nor dealt in on the Unlisted Securities Market, or
 - (ii) not less than 25 per cent. of the voting rights exercisable by shareholders of the company in general meeting are exercisable by the trustees at the time of the disposal.
- (3) Where section 165(4) applies by virtue of this paragraph, references to the trustees shall be substituted for the references in section 165(4)(a) to the transferor; and where it applies in relation to a disposal which is deemed to occur by virtue of section 71(1) or 72(1) section 165(7) shall not apply.
- 3 (1) This paragraph applies where—
- (a) there is a disposal of an asset which is, or is an interest in, agricultural property within the meaning of Chapter II of Part V of the Inheritance Tax Act 1984, and

Status: This is the original version (as it was originally enacted).

- (b) apart from this paragraph, the disposal would not fall within paragraph 2(1)(a) above by reason only that the agricultural property is not used for the purposes of a trade as mentioned in paragraph 2(2)(a) above.
- (2) Where this paragraph applies paragraph 2(1) above shall apply in relation to the disposal if the circumstances are such that a reduction in respect of the asset—
- (a) is made under Chapter II of Part V of the Inheritance Tax Act 1984 in relation to a chargeable transfer taking place on the occasion of the disposal, or
 - (b) would be so made if there were a chargeable transfer on that occasion, or
 - (c) would be so made but for section 124A of that Act (assuming, where there is no chargeable transfer on that occasion, that there were).