
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2012, PART 5. (See end of Document for details)*

SCHEDULES

SCHEDULE 14

GIFTS TO THE NATION

PART 5

RELATED CHANGES

IHTA 1984

- 26 IHTA 1984 is amended as follows.
- 27 In section 25 (gifts for national purposes etc), after subsection (2) insert—
- “(3) A transfer of value is an exempt transfer to the extent that the value transferred by it is attributable to property that is being transferred in the circumstances described in paragraph 1 of Schedule 14 to the Finance Act 2012 (gifts to the nation).”
- 28 In section 26A (potentially exempt transfer of property subsequently held for national purposes etc), in paragraph (b), after “below” insert “ or in the circumstances described in paragraph 1 of Schedule 14 to the Finance Act 2012 (gifts to the nation) ”.
- 29 (1) Section 32 (conditionally exempt transfers: chargeable events) is amended as follows.
- (2) In subsection (3), for “subsections (4) and (5)” substitute “ subsections (4), (4A) and (5) ”.
- (3) After subsection (4) insert—
- “(4A) A death or disposal is not a chargeable event with respect to any property if—
- (a) in the case of a death, a person who became beneficially entitled to the property on the death disposes of it in the circumstances described in paragraph 1 of Schedule 14 to the Finance Act 2012 (gifts to the nation) within 3 years of the death, or
- (b) in the case of a disposal, the disposal is made in the circumstances described in paragraph 1 of that Schedule,
- and a death or disposal of the property after such a disposal as is mentioned in paragraph (a) or (b) is not a chargeable event with respect to the property unless there has again been a conditionally exempt transfer of it after that disposal.”
- 30 (1) Section 32A (associated properties) is amended as follows.
- (2) After subsection (5) insert—

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“(5A) The death of a person beneficially entitled to property, or the disposal of property, is not a chargeable event if—

- (a) in the case of a death, a person who became beneficially entitled to the property on the death disposes of it in the circumstances described in paragraph 1 of Schedule 14 to the Finance Act 2012 (gifts to the nation) within 3 years of the death, or
- (b) in the case of a disposal, the disposal is made in the circumstances described in paragraph 1 of that Schedule.”

(3) In subsection (7), after “(5)(a) or (b)” insert “ or (5A)(a) or (b) ”.

- 31 In section 33 (amount of charge under section 32), in subsection (6)—
- (a) for “section 32(4)” substitute “ section 32(4) or (4A) ”, and
 - (b) for “section 32A(5)”, in both places it appears, substitute “ section 32A(5) or (5A) ”.
- 32 In section 34 (reinstatement of transferor's cumulative total), in subsection (4)—
- (a) for “section 32(4)” substitute “ section 32(4) or (4A) ”, and
 - (b) for “section 32A(5)”, in both places it appears, substitute “ section 32A(5) or (5A) ”.

[^{F1}32A(1) This paragraph applies where a person (“the donor”) makes a qualifying gift of an object in circumstances where, had the donor instead sold the object to an individual at market value, a charge to estate duty would have arisen under section 40 of FA 1930 on the proceeds of sale.

(2) At the time when the gift is made, estate duty becomes chargeable under that section as if the gift were such a sale (subject to any limitation imposed by paragraph 33(2)).

(3) In the application of this paragraph to Northern Ireland, the references to section 40 of FA 1930 are to be read as references to section 2 of the Finance Act (Northern Ireland) 1931.]

Annotations:

Amendments (Textual)

F1 Sch. 14 para. 32A inserted (17.7.2014) by Finance Act 2014 (c. 26), s. 118(1)

Estate duty etc

- 33 (1) This paragraph applies if a person makes a qualifying gift and as a result—
- (a) estate duty becomes chargeable under section 40 of FA 1930 (exemption from death duties of objects of national etc interest), or
 - (b) tax becomes chargeable under Schedule 5 to IHTA 1984 (conditional exemption: deaths before 7 April 1976).
- (2) Despite any other enactment, the amount of duty or tax that becomes so chargeable as a result of the gift is to be limited to the amount (if any) by which A exceeds B.
- (3) For these purposes—
- “A” is the amount of duty or tax that becomes so chargeable as a result of the gift (absent this paragraph), and

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“B” is what that amount would be if the effective rate at which the duty or tax is charged were the highest rate specified in column 3 of the Table in Schedule 1 to IHTA 1984.

- (4) References in this paragraph to the amount of duty or tax that becomes so chargeable are to the amount before applying any credit allowable against it under section 33(7) of IHTA 1984.
- (5) Nothing in this paragraph entitles a person to any repayment of inheritance tax if the amount of any such credit exceeds the amount (if any) chargeable in accordance with sub-paragraph (2).
- (6) In the application of this paragraph to Northern Ireland, for the reference to section 40 of FA 1930 substitute a reference to section 2 of the Finance Act (Northern Ireland) 1931.

TCGA 1992

34 In section 258 of TCGA 1992 (works of art etc), before subsection (2) insert—

“(1A) A gain is not a chargeable gain if it accrues on a disposal made in the circumstances described in paragraph 1 of Schedule 14 to the Finance Act 2012 (gifts to the nation).”

ITA 2007

35 In Chapter A1 of Part 14 of ITA 2007 (income tax: remittance basis), after section 809YD (inserted by Schedule 12 to this Act) insert—

“809YE Exception to section 809Y: gifts to the nation

- (1) Section 809Y(1) does not apply to property if—
 - (a) it ceases to be exempt property in the second case mentioned in that section, and
 - (b) by no later than the time when it ceases to be exempt property, it has been donated in the circumstances described in paragraph 1 of Schedule 14 to FA 2012 (gifts to the nation).
- (2) Where section 809Y(1) does not apply to property by virtue of this section, the property is to continue to be treated as not remitted to the United Kingdom even though it no longer meets any of the relevant rules.”

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