



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART IX

#### MISCELLANEOUS AND SUPPLEMENTARY

##### *Miscellaneous*

#### **262 Tax chargeable in certain cases of future payments, etc.**

- (1) Where a disposition made for a consideration in money or money's worth is a transfer of value and any payments made or assets transferred by the transferor in pursuance of the disposition are made or transferred more than one year after the disposition is made, tax (if any) shall be charged as if—
  - (a) any payment made or asset transferred in pursuance of the disposition were made or transferred in pursuance of a separate disposition made, without consideration, at the time the payment is made or the asset is transferred, and
  - (b) the amount of the payment made or the value of the asset transferred in pursuance of each of those separate dispositions were the chargeable portion of the payment or asset.
- (2) For the purposes of this section the chargeable portion of any payment made or any asset transferred at any time shall be such portion of its value at that time as is found by applying to it the fraction of which—
  - (a) the numerator is the value actually transferred by the disposition first mentioned in subsection (1) above (calculated as if no tax were payable on it), and
  - (b) the denominator is the value, at the time of that disposition, of the aggregate of the payments made or to be made and assets transferred or to be transferred by the transferor in pursuance of it.

#### **263 Annuity purchased in conjunction with life policy.**

- (1) Where—

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- (a) a policy of life insurance is issued in respect of an insurance made after 26th March 1974 or is after that date varied or substituted for an earlier policy, and
- (b) at the time the insurance is made or at any earlier or later date an annuity on the life of the insured is purchased, and
- (c) the benefit of the policy is vested in a person other than the person who purchased the annuity,

then, unless it is shown that the purchase of the annuity and the making of the insurance (or, as the case may be, the substitution or variation) were not associated operations, the person who purchased the annuity shall be treated as having made a transfer of value by a disposition made at the time the benefit of the policy became so vested (to the exclusion of any transfer of value which, apart from this section, he might have made as a result of the vesting, or of the purchase and the vesting being associated operations).

- (2) The value transferred by that transfer of value shall be equal to whichever of the following is less, namely,—
  - (a) the aggregate of—
    - (i) the value of the consideration given for the annuity, and
    - (ii) any premium paid or other consideration given under the policy on or before the transfer; and
  - (b) the value of the greatest benefit capable of being conferred at any time by the policy, calculated as if that time were the date of the transfer.
- (3) The preceding provisions of this section shall apply, with the necessary modifications, where a contract for an annuity payable on a person's death is after 26th March 1974 made or varied or substituted for or replaced by such a contract or a policy of life insurance as they apply where a policy of life insurance is issued, varied or substituted as mentioned in subsection (1) above.

## **264 Transfers reported late.**

- (1) This section has effect where a person has made a transfer of value (“the earlier transfer”) which—
  - (a) is not notified to the Board in an account under section 216 above or by information furnished under section 219 above before the expiration of the period specified in section 216 for the delivery of accounts, and
  - (b) is not discovered until after payment has been accepted by the Board in full satisfaction of the tax on the value transferred by another transfer of value (“the later transfer”) made by him on or after the day on which he made the earlier transfer.
- (2) Where the earlier transfer is made in the period of ten years ending with the date of the later transfer there shall be charged on the value transferred by the earlier transfer, in addition to any tax chargeable on it apart from this section, an amount of tax equal to the difference, if any, between—
  - (a) the tax which, having regard to the earlier transfer, was properly chargeable on the value transferred by the later transfer, and
  - (b) the payment accepted by the Board in full satisfaction of the tax chargeable on that value;

and any such difference shall not be chargeable on the value transferred by the later transfer.

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- (3) Where in the period mentioned in subsection (2) above there have been two or more earlier transfers the reference in paragraph (a) of that subsection to the earlier transfer shall be construed as a reference to both or all of those transfers, but the amount of tax chargeable under that subsection in respect of each of them shall, subject to subsection (4) below, be reduced in the proportion which the value transferred by it bears to the aggregate of the values transferred by it and the other or others.
- (4) Where the earlier transfers mentioned in subsection (3) above include a settled transfer, that is to say, a transfer in the case of which an amount in full satisfaction of the tax chargeable in respect of it under subsection (2) above has been paid to and accepted by the Board before the discovery of one or more of the other earlier transfers,—
  - (a) no further tax shall be chargeable under subsection (2) above in respect of the settled transfer in consequence of regard being had under paragraph (a) of that subsection to the subsequently discovered transfer or transfers;
  - (b) the amount so paid and accepted shall reduce the amount chargeable under subsection (2) above in respect of the subsequently discovered transfer or transfers; and
  - (c) if there are two or more subsequently discovered transfers, the value transferred by the settled transfer shall be disregarded in calculating under subsection (3) above the reduction in the amount of tax chargeable in respect of each of them.
- (5) Where the later transfer referred to in subsection (2) above is itself an earlier transfer in relation to another later transfer the references in paragraphs (a) and (b) of that subsection to tax chargeable on the value transferred by it are references to tax so chargeable apart from this section.
- (6) Subsection (2) above shall not increase the amount in respect of which interest is payable under section 233 above in relation to the earlier transfer in respect of any period falling before the expiration of six months from the date on which it was discovered.
- (7) Where, apart from this subsection, the earlier transfer would be wholly or partly exempt by reason of some or all of the value transferred by it falling within a limit applicable to an exemption, then, if tax has been accepted as mentioned in subsection (1)(b) above on the basis that the later transfer is partly exempt by reason of part of the value thereby transferred falling within that limit—
  - (a) tax shall not be chargeable on that part of the value transferred by the later transfer, but
  - (b) a corresponding part of the value transferred by the earlier transfer shall be treated as falling outside that limit.
- (8) Subsection (1)(b) above shall apply to a transfer in respect of which no tax is chargeable because the rate of tax applicable under section 7 above is nil as if payment had been accepted when the transfer was notified in an account under section 216 above, and subsection (2)(b) above shall apply in relation to any such transfer as if the amount of the payment were nil.
- (9) For the purposes of this section a transfer is discovered—
  - (a) if it is notified under the provisions mentioned in subsection (1)(a) above after the expiration of the period there mentioned, on the date on which it is so notified;

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- (b) in any other case, on the date on which the Board give notice of a determination in respect of the transfer under section 221 above.

**Modifications etc. (not altering text)**

- C1** S. 264(8) modified (1.8.2002) by [S.I. 2002/1731](#), **reg. 7**  
 S. 264(8) modified (1.8.2002) by [S.I. 2002/1733](#), **reg. 8**
- C2** S. 264(8) modified (1.11.2004 with effect as mentioned in reg. 1 of the amending S.I.) by [The Inheritance Tax \(Delivery of Accounts\) \(Excepted Estates\) Regulations 2004 \(S.I. 2004/2543\)](#), **reg. 10**
- C3** S. 264(8) modified (6.4.2008) by [The Inheritance Tax \(Delivery of Accounts\) \(Excepted Settlements\) Regulations 2008 \(S.I. 2008/606\)](#), **reg. 7**

**265 Chargeable transfers affecting more than one property.**

Where the value transferred by a chargeable transfer is determined by reference to the values of more than one property the tax chargeable on the value transferred shall be attributed to the respective values in the proportions which they bear to their aggregate, but subject to [<sup>F1</sup>section 54B(3) above and to] any provision reducing the amount of tax attributable to the value of any particular property.

**Textual Amendments**

- F1** [Finance Act 1987 \(No.2\)](#) Sch. 7, para. 5, with effect from 17 March 1987.

**266 More than one chargeable transfer on one day.**

- (1) Where the value transferred by more than one chargeable transfer made by the same person on the same day depends on the order in which the transfers are made, they shall be treated as made in the order which results in the lowest value chargeable.
- (2) Subject to subsection (1) above, the rate at which the tax is charged on the values transferred by two or more chargeable transfers made by the same person on the same day shall be the effective rate at which tax would have been charged if those transfers had been a single chargeable transfer of the same total value.
- (3) The chargeable transfers referred to in subsections (1) and (2) above do not include a transfer made on the death of the transferor.
- (4) Chargeable transfers under Chapter III of Part III of this Act shall if they relate to the same settlement be treated for the purposes of subsections (1) and (2) above as made by the same person.

**267 Persons treated as domiciled in United Kingdom.**

- (1) A person not domiciled in the United Kingdom at any time (in this section referred to as “the relevant time”) shall be treated for the purposes of this Act as domiciled in the United Kingdom (and not elsewhere) at the relevant time if—
  - (a) he was domiciled in the United Kingdom within the three years immediately preceding the relevant time, <sup>F2</sup>...
  - [<sup>F3</sup>(aa) he is a formerly domiciled resident for the tax year in which the relevant time falls (“the relevant tax year”), or]

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- [<sup>F4</sup>(b) he was resident in the United Kingdom—
- (i) for at least fifteen of the twenty tax years immediately preceding the relevant tax year, and
  - (ii) for at least one of the four tax years ending with the relevant tax year.]
- (2) Subsection (1) above shall not apply for the purposes of section 6(2) or (3) or 48(4) above and shall not affect the interpretation of any such provision as is mentioned in section 158(6) above.
- <sup>F5</sup>(3) . . . . .
- (4) For the purposes of this section the question whether a person was resident in the United Kingdom [<sup>F6</sup>for any tax year] shall be determined as for the purposes of income tax <sup>F7</sup>. . . .
- [<sup>F8</sup>(5) In determining for the purposes of this section whether a person is, or at any time was, domiciled in the United Kingdom, sections 267ZA and 267ZB are to be ignored.]

**Textual Amendments**

- F2** Word in s. 267(1)(a) omitted (with effect in accordance with s. 30(9)-(12) of the amending Act) by virtue of Finance (No. 2) Act 2017 (c. 32), s. 30(1)(a)
- F3** S. 267(1)(aa) inserted (with effect in accordance with s. 30(9)-(12) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 30(1)(b)
- F4** S. 267(1)(b) substituted (with effect in accordance with s. 30(9)-(12) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 30(1)(c)
- F5** S. 267(3) omitted (with effect in accordance with s. 30(9)-(12) of the amending Act) by virtue of Finance (No. 2) Act 2017 (c. 32), s. 30(2)
- F6** Words in s. 267(4) substituted (with effect in accordance with s. 30(9)-(12) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 30(3)
- F7** Words in s. 267(4) repealed (27.7.1993: the repeal having effect in accordance with s. 208 of the repealing Act) by 1993 c. 34, ss. 208(3)(5), 213, Sch. 23 Pt. V.
- F8** S. 267(5) inserted (17.7.2013) by Finance Act 2013 (c. 29), s. 177(2)

**Modifications etc. (not altering text)**

- C4** S. 267(1)(a) modified (29.4.1996 with effect as mentioned in s. 200(1) of the amending Act) by 1996 c. 8, s. 200(1) (with s. 200(4))

[<sup>F9</sup>**267ZA Election to be treated as domiciled in United Kingdom**

- (1) A person may, if condition A or B is met, elect to be treated for the purposes of this Act as domiciled in the United Kingdom (and not elsewhere).
- (2) A person's personal representatives may, if condition B is met, elect for the person to be treated for the purposes of this Act as domiciled in the United Kingdom (and not elsewhere).
- (3) Condition A is that, at any time on or after 6 April 2013 and during the period of 7 years ending with the date on which the election is made, the person had a spouse or civil partner who was domiciled in the United Kingdom.
- (4) Condition B is that a person (“the deceased”) dies and, at any time on or after 6 April 2013 and within the period of 7 years ending with the date of death, the deceased was—

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- (a) domiciled in the United Kingdom, and
  - (b) the spouse or civil partner of the person who would, by virtue of the election, be treated as domiciled in the United Kingdom.
- (5) An election under this section does not affect a person's domicile for the purposes of section 6(2) or (3) or 48(4).
- (6) An election under this section is to be ignored—
- (a) in interpreting any such provision as is mentioned in section 158(6), and
  - (b) in determining the effect of any qualifying double taxation relief arrangements in relation to a transfer of value by the person making the election.
- (7) For the purposes of subsection (6)(b) a qualifying double taxation relief arrangement is an arrangement which is specified in an Order in Council made under section 158 before the coming into force of this section (other than by way of amendment by an Order made on or after the coming into force of this section).
- (8) In determining for the purposes of this section whether a person making an election under this section is or was domiciled in the United Kingdom, section 267 is to be ignored.

**Textual Amendments**

**F9** Ss. 267ZA, 267ZB inserted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 177\(3\)](#)

**267ZB Section 267ZA: further provision about election**

- (1) For the purposes of this section—
- (a) references to a lifetime election are to an election made by virtue of section 267ZA(3), and
  - (b) references to a death election are to an election made by virtue of section 267ZA(4).
- (2) A lifetime or death election is to be made by notice in writing to HMRC.
- (3) A lifetime or death election is treated as having taken effect on a date specified, in accordance with subsection (4), in the notice.
- (4) The date specified in a notice under subsection (3) must—
- (a) be 6 April 2013 or a later date,
  - (b) be within the period of 7 years ending with—
    - (i) in the case of a lifetime election, the date on which the election is made, or
    - (ii) in the case of a death election, the date of the deceased's death, and
  - (c) meet the condition in subsection (5).
- (5) The condition in this subsection is met by a date if, on the date—
- (a) in the case of a lifetime election—
    - (i) the person making the election was married to, or in a civil partnership with, the spouse or civil partner, and
    - (ii) the spouse or civil partner was domiciled in the United Kingdom, or
  - (b) in the case of a death election—

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- (i) the person who is, by virtue of the election, to be treated as domiciled in the United Kingdom was married to, or in a civil partnership with, the deceased, and
  - (ii) the deceased was domiciled in the United Kingdom.
- (6) A death election may only be made within 2 years of the death of the deceased or such longer period as an officer of Revenue and Customs may in the particular case allow.
- (7) Subsection (8) applies if—
  - (a) a lifetime or death election is made,
  - (b) a disposition is made, or another event occurs, during the period beginning with the time when the election is treated by virtue of subsection (3) as having taken effect and ending at the time when the election is made, and
  - (c) the effect of the election being treated as having taken effect at that time is that the disposition or event gives rise to a transfer of value.
- (8) This Act applies with the following modifications in relation to the transfer of value—
  - (a) subsections (1) and (6)(c) of section 216 have effect as if the period specified in subsection (6)(c) of that section were the period of 12 months from the end of the month in which the election is made, and
  - (b) sections 226 and 233 have effect as if the transfer were made at the time when the election is made.
- (9) A lifetime or death election cannot be revoked.
- (10) If a person who made an election under section 267ZA(1) is not resident in the United Kingdom for the purposes of income tax for a period of four successive tax years beginning at any time after the election is made, the election ceases to have effect at the end of that period.]

**Textual Amendments**

**F9** Ss. 267ZA, 267ZB inserted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 177\(3\)](#)

**<sup>F10</sup>[267A] Limited liability partnerships.**

For the purposes of this Act and any other enactments relating to inheritance tax—

- (a) property to which a limited liability partnership is entitled, or which it occupies or uses, shall be treated as property to which its members are entitled, or which they occupy or use, as partners,
- (b) any business carried on by a limited liability partnership shall be treated as carried on in partnership by its members,
- (c) incorporation, change in membership or dissolution of a limited liability partnership shall be treated as formation, alteration or dissolution of a partnership, and
- (d) any transfer of value made by or to a limited liability partnership shall be treated as made by or to its members in partnership (and not by or to the limited liability partnership as such).]

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**Textual Amendments**

**F10** S. 267A inserted (6.4.2001) by 2000 c. 12, s. 11; S.I. 2000/3316, art. 2



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