



# Finance Act 2006

## 2006 CHAPTER 25

### PART 6

#### INHERITANCE TAX

##### *Future rates and bands*

#### **155 Rates and rate bands for 2008-09 and 2009-10**

- (1) For the Table in Schedule 1 to IHTA 1984 (rates and rate bands), as it has effect in relation to chargeable transfers made on or after 6th April 2008, there shall be successively substituted—
- (a) the 2008-09 Table, which shall apply to any chargeable transfer made on or after 6th April 2008 (but before 6th April 2009), and
  - (b) the 2009-10 Table, which shall apply to any chargeable transfer made on or after 6th April 2009.
- (2) Subsection (1)(b) is without prejudice to the application of section 8 of IHTA 1984 (indexation) by virtue of the difference between the retail prices index for the month of September in 2008 or any later year and that for the month of September in the following year.
- (3) The 2008-09 Table is—

*“TABLE OF RATES OF TAX*

<i>Portion of value</i>		<i>Rate of tax</i>
<b>Lower limit (£)</b>	<b>Upper limit (£)</b>	<b>Per cent.</b>
0	312,000	Nil
312,000		40”

- (4) The 2009-10 Table is—

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Part 6. (See end of Document for details)*

---

*“TABLE OF RATES OF TAX*

<i>Portion of value</i>		<i>Rate of tax</i>
<b>Lower limit (£)</b>	<b>Upper limit (£)</b>	<b>Per cent.</b>
0	325,000	Nil
325,000		40”

(5) Section 8(1) of IHTA 1984 (indexation of rate bands) shall not have effect as respects any difference between the retail prices index—

- (a) for the month of September 2006 and that for the month of September 2007, or
- (b) for the month of September 2007 and that for the month of September 2008.

*Trusts*

**156 Rules for trusts etc**

- (1) Schedule 20 contains—
  - (a) amendments of provisions of IHTA 1984 relating to settled property,
  - (b) amendments of provisions relating to property that, for purposes of that Act, is property subject to a reservation, and
  - (c) related amendments of provisions relating to chargeable gains.
- (2) Those amendments have effect as mentioned in that Schedule.

**157 Purchase of interests in foreign trusts**

- (1) Section 48 of IHTA 1984 (settled property: excluded property) is amended as follows.
- (2) In subsection (3) (circumstances in which settled property situated outside the United Kingdom is excluded property), after paragraph (b) insert— “; but this subsection is subject to subsection (3B) below.”.
- (3) In subsection (3A) (circumstances in which a holding in an authorised unit trust or a share in an open-ended investment company comprised in settled property is excluded property), after paragraph (b) insert— “; but this subsection is subject to subsection (3B) below.”.
- (4) After subsection (3A) insert—
  - “(3B) Property is not excluded property by virtue of subsection (3) or (3A) above if—
    - (a) a person is, or has been, beneficially entitled to an interest in possession in the property at any time,
    - (b) the person is, or was, at that time an individual domiciled in the United Kingdom, and
    - (c) the entitlement arose directly or indirectly as a result of a disposition made on or after 5th December 2005 for a consideration in money or money's worth.

(3C) For the purposes of subsection (3B) above—

---

**Changes to legislation:** *There are currently no known outstanding effects for the Finance Act 2006, Part 6. (See end of Document for details)*

---

- (a) it is immaterial whether the consideration was given by the person or by anyone else, and
  - (b) the cases in which an entitlement arose indirectly as a result of a disposition include any case where the entitlement arose under a will or the law relating to intestacy.”
- (5) If, in consequence of the amendments made by this section, an amount of inheritance tax would (but for this subsection) fall due before the day on which this Act is passed, that amount is to be treated instead as falling due at the end of the period of 14 days beginning with that day.
- (6) This section is deemed to have come into force on 5th December 2005.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2006, Part 6.