



Inheritance Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER III

SETTLEMENTS WITHOUT INTERESTS IN POSSESSION ^[F1], AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST]

Interpretation

58 Relevant property.

- (1) In this Chapter “relevant property” means settled property in which no qualifying interest in possession subsists, other than—
- (a) property held for charitable purposes only, whether for a limited time or otherwise;
 - (b) property to which section 71, ^[F1]71A, 71D,] 73, 74 or 86 below applies ^[F2](but see subsection (1A) below) ;
 - (c) property held on trusts which comply with the requirements mentioned in paragraph 3(1) of Schedule 4 to this Act, and in respect of which a direction given under paragraph 1 of that Schedule has effect;
 - (d) property which is part of or held for the purposes of a fund or scheme to which section 151 below applies;
 - (e) property comprised in a trade or professional compensation fund; ^{F3} . . .
 - ^[F4](eb) property comprised in a decommissioning security settlement; and]
 - (f) excluded property.

^[F5](1A) Settled property to which section 86 below applies is “relevant property” for the purposes of this Chapter if—

- (a) an interest in possession subsists in that property, and

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- (b) that interest falls within subsection (1B) or (1C) below.
- (1B) An interest in possession falls within this subsection if—
- (a) an individual is beneficially entitled to the interest in possession,
 - (b) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, and
 - (c) the interest in possession is—
 - (i) not an immediate post-death interest,
 - (ii) not a disabled person's interest, and
 - (iii) not a transitional serial interest.
- (1C) An interest in possession falls within this subsection if—
- (a) a company is beneficially entitled to the interest in possession,
 - (b) the business of the company consists wholly or mainly in the acquisition of interests in settled property,
 - (c) the company has acquired the interest in possession for full consideration in money or money's worth from an individual who was beneficially entitled to it,
 - (d) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, and
 - (e) immediately before the company acquired the interest in possession, the interest in possession was neither an immediate post-death interest nor a transitional serial interest.]
- (2) The reference in subsection (1)(d) above to property which is part of or held for the purposes of a fund or scheme does not include a reference to a benefit which, having become payable under the fund or scheme, becomes comprised in a settlement.
- (3) In subsection (1)(e) above “trade or professional compensation fund” means a fund which is maintained or administered by a representative association of persons carrying on a trade or profession and the only or main objects of which are compensation for or relief of losses or hardship that, through the default or alleged default of persons carrying on the trade or profession or of their agents or servants, are incurred or likely to be incurred by others.
- [^{F6}(6) For the purposes of subsection (1)(eb) above a settlement is a “decommissioning security settlement” if the sole or main purpose of the settlement is to provide security for the performance of obligations under an abandonment programme.
- (7) In subsection (6)—
- “abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised);
- “security” has the same meaning as in section 38A of that Act.]

Textual Amendments

- F1** Words in s. 58(1)(b) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **18**
- F2** Words in s. 58(1)(b) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, **19(2)**
- F3** Word in s. 58(1) omitted (retrospective to 20.3.1993) by virtue of [Finance Act 2013 \(c. 29\)](#), s. **86(2)(4)** (with s. 86(5)(6))

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- F4** S. 58(1)(eb) and word inserted (retrospective to 20.3.1993) by Finance Act 2013 (c. 29), s. 86(2)(4) (with s. 86(5)(6))
- F5** S. 58(1A)-(1C) inserted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 paras. 7, 19(3)
- F6** S. 58(5)(6) inserted (retrospective to 20.3.1993) by Finance Act 2013 (c. 29), s. 86(3)(4) (with s. 86(5)(6))

59 Qualifying interest in possession.

[^{F7}(1) In this Chapter “qualifying interest in possession” means—

- (a) an interest in possession—
 - (i) to which an individual is beneficially entitled, and
 - (ii) which, if the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, is an immediate post-death interest, a disabled person's interest or a transitional serial interest, or
- (b) an interest in possession to which, where subsection (2) below applies, a company is beneficially entitled.]

(2) This subsection applies where—

- (a) the business of the company consists wholly or mainly in the acquisition of interests in settled property, and
- (b) the company has acquired the interest for full consideration in money or money's worth from an individual who was beneficially entitled to it.^{F8} and
- (c) if the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, the interest is an immediate post-death interest, or a disabled person's interest within section 89B(1)(c) or (d) below or a transitional serial interest, immediately before the company acquires it.]

(3) Where the acquisition mentioned in paragraph (b) of subsection (2) above was before 14th March 1975—

- (a) the condition set out in paragraph (a) of that subsection shall be treated as satisfied if the business of the company was at the time of the acquisition such as is described in that paragraph, and
- (b) that condition need not be satisfied ^{F9}if the company is an insurance company (within the meaning of Chapter I of Part XII of the ^{M1}Taxes Act 1988) and ^{F10}has permission—
 - (i) under Part 4 of the Financial Services and Markets Act 2000, or
 - (ii) under paragraph 15 of Schedule 3 to that Act ^{F11} (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule),

to effect or carry out contracts of long-term insurance.]

[In subsection (3)(b) above “contracts of long-term insurance” means contracts which ^{F12}(4) fall within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ^{F13}.]]

Textual Amendments

- F7** S. 59(1) substituted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 para. 20(2)
- F8** S. 59(2)(c) and preceding word inserted (22.3.2006) by Finance Act 2006 (c. 25), s. 156, Sch. 20 para. 20(3)

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- F9** Words in s. 59(3) substituted (1.5.1995 with effect as mentioned in s. 52(5) of the amending Act) by 1995 c. 4, s. 52(4)
- F10** Words in s. 59(3) substituted (1.12.2001 with effect as mentioned in art. 5(4) of the amending S.I.) by S.I. 2001/3629, art. 5(1)(2)(4)
- F11** Schedule 3 was amended by regulation 8 of S.I. 2000/2952.
- F12** S. 59(4) added (1.12.2001 with effect as mentioned in art. 5(4) of the amending S.I.) by S.I. 2001/3629, art. 5(1)(3)(4)
- F13** S.I. 2001/544.

Marginal Citations

- M1** 1984 c. 51.

60 Commencement of settlement.

In this Chapter references to the commencement of a settlement are references to the time when property first becomes comprised in it.

61 Ten-year anniversary.

- (1) In this Chapter “ten-year anniversary” in relation to a settlement means the tenth anniversary of the date on which the settlement commenced and subsequent anniversaries at ten-yearly intervals, but subject to subsections (2) to (4) below.
- (2) The ten-year anniversaries of a settlement treated as made under section 80 below shall be the dates that are (or would but for that section be) the ten-year anniversaries of the settlement first mentioned in that section.
- (3) No date falling before 1st April 1983 shall be a ten-year anniversary.
- (4) Where—
 - (a) the first ten-year anniversary of a settlement would apart from this subsection fall during the year ending with 31st March 1984, and
 - (b) during that year an event occurs in respect of the settlement which could not have occurred except as the result of some proceedings before a court, and
 - (c) the event is one on which tax was chargeable under Chapter II of Part IV of the ^{M2}Finance Act 1982 (or, apart from Part II of Schedule 15 to that Act, would have been so chargeable),

the first ten-year anniversary shall be taken to be 1st April 1984 (but without affecting the dates of later anniversaries).

Marginal Citations

- M2** 1982 c. 39.

62 Related settlements.

- (1) For the purposes of this Chapter two settlements are related if and only if—
 - (a) the settlor is the same in each case, and
 - (b) they commenced on the same day,
 but subject to subsection (2) below.

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- (2) Two settlements are not related for the purposes of this Chapter if all the property comprised in one or both of them was immediately after the settlement commenced held for charitable purposes only without limit of time (defined by a date or otherwise).

63 Minor interpretative provisions.

In this Chapter, unless the context otherwise requires—

“payment” includes a transfer of assets other than money;

“quarter” means period of three months.

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