



Inheritance Tax Act 1984

1984 CHAPTER 51

PART VIII

ADMINISTRATION AND COLLECTION

Adjustments

240 Underpayments.

- (1) Where too little tax has been paid in respect of a chargeable transfer the tax underpaid shall be payable with interest under section 233 above, whether or not the amount that has been paid was that stated as payable in a notice under section 221 above; but subject to section 239 above and to the following provisions of this section.
- (2) Where tax attributable to the value of any property is paid in accordance with an account duly delivered to the Board under this Part of this Act and the payment is made and accepted in full satisfaction of the tax so attributable, no proceedings shall be brought for the recovery of any additional tax so attributable after the end of the period of [^{F1}4 years] beginning with the later of—
 - (a) the date on which the payment (or in the case of tax paid by instalments the last payment) was made and accepted, and
 - (b) the date on which the tax or the last instalment became due;and at the end of that period any liability for the additional tax and any Inland Revenue charge for that tax shall be extinguished.
- [^{F2}(3) Subsection (2) has effect subject to subsections (4) [^{F3}to (5A)] [^{F4}and to section 240B (underpayments involving offshore matter etc).]
- (4) Proceedings in a case involving a loss of tax brought about carelessly by a person liable for the tax (or a person acting on behalf of such a person) may be brought at any time not more than 6 years after the later of the dates in subsection (2)(a) and (b).

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- (5) Proceedings in a case involving a loss of tax brought about deliberately by a person liable for the tax (or a person acting on behalf of such a person) may be brought at any time not more than 20 years after the later of [^{F5}the dates in subsection (2)(a) and (b)].
- [^{F6}(5A) Proceedings in a case involving a loss of tax attributable to arrangements which were expected to give rise to a tax advantage in respect of which a person liable for the tax was under an obligation to make a report under section 253 of the Finance Act 2014 (duty to notify Commissioners of promoter reference number) but failed to do so, may be brought at any time not more than 20 years after the later of the dates in subsection (2)(a) and (b).]
- (6) Subsection (7) applies to any case not falling within subsection (2) where too little tax has been paid in respect of a chargeable transfer, provided that the case does not involve a loss of tax brought about deliberately by a person liable for the tax (or a person acting on behalf of such a person).
- (7) Where this subsection applies—
- (a) no proceedings are to be brought for the recovery of the tax after the end of the period of 20 years beginning with the date on which the chargeable transfer was made, and
 - (b) at the end of that period any liability for the tax and any Inland Revenue charge for that tax is extinguished.
- (8) In relation to cases of tax chargeable under Chapter 3 of Part 3 of this Act (apart from section 79), the references in subsections (4) [^{F7}to (6)] to a person liable for the tax are to be treated as including references to a person who is the settlor in relation to the settlement.]

Textual Amendments

- F1** Words in s. 240(2) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99, **Sch. 51 para. 11(2)**; [S.I. 2010/867](#), **art. 2(2)**
- F2** S. 240(3)-(8) substituted (1.4.2011) for s. 240(3) by [Finance Act 2009 \(c. 10\)](#), s. 99, **Sch. 51 para. 11(3)**; [S.I. 2010/867](#), **art. 2(2)**
- F3** Words in s. 240(3) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 277(3)(a)** (with [ss. 269-271](#))
- F4** Words in [s. 240\(3\)](#) inserted (with effect in accordance with s. 81(4) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 81(2)**
- F5** Words in s. 240(5) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 277(3)(b)** (with [ss. 269-271](#))
- F6** S. 240(5A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 277(3)(c)** (with [ss. 269-271](#))
- F7** Words in s. 240(8) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 277(3)(d)** (with [ss. 269-271](#))

Modifications etc. (not altering text)

- C1** S. 240(8) applied (with effect in accordance with s. 81(4) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 81(5)**

[^{F8}240A Underpayments: supplementary

- (1) This section applies for the purposes of section 240.
- (2) A loss of tax is brought about carelessly by a person if the person fails to take reasonable care to avoid bringing about that loss.
- (3) Where—

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- (a) information is provided to Her Majesty's Revenue and Customs,
 - (b) the person who provided the information, or the person on whose behalf the information was provided, discovers some time later that the information was inaccurate, and
 - (c) that person fails to take reasonable steps to inform Her Majesty's Revenue and Customs,
- any loss of tax brought about by the inaccuracy is to be treated as having been brought about carelessly by that person.
- (4) References to a loss of tax brought about deliberately by a person include a loss of tax brought about as a result of a deliberate inaccuracy in a document given to Her Majesty's Revenue and Customs by or on behalf of that person.]

Textual Amendments

F8 S. 240A inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99, [Sch. 51 para. 12](#); [S.I. 2010/867](#), [art. 2\(2\)](#)

[^{F9}240B Underpayments involving offshore matters etc

- (1) This section applies in a case within section 240(2) which involves a loss of tax in relation to a chargeable transfer, where—
 - (a) the lost tax involves an offshore matter, or
 - (b) the lost tax involves an offshore transfer which makes the lost tax significantly harder to identify.
- (2) Proceedings for the recovery of the lost tax may be brought at any time not more than 12 years after the later of the dates in section 240(2)(a) and (b).
- (3) Lost tax “involves an offshore matter” if it is charged on or by reference to property which is situated or held in a territory outside the United Kingdom at, or immediately after, the time of the chargeable transfer.
- (4) Lost tax “involves an offshore transfer” if—
 - (a) it does not involve an offshore matter, and
 - (b) the property is transferred to a territory outside the United Kingdom at a relevant time.
- (5) In subsection (4)(b) “relevant time” means a time after the chargeable transfer but before—
 - (a) the date on which an account under section 216 is delivered to HMRC in relation to the chargeable transfer, or
 - (b) any later date on which an account under section 217 is so delivered.
- (6) Where lost tax involves an offshore transfer, the cases in which the transfer makes the lost tax significantly harder to identify include any case where, because of the transfer—
 - (a) HMRC was significantly less likely to become aware of the lost tax, or
 - (b) HMRC was likely to become aware of the lost tax only at a significantly later time.
- (7) But proceedings may not be brought under this section if—

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- (a) before the last date on which the proceedings could otherwise be brought, HMRC received relevant overseas information on the basis of which HMRC could reasonably have been expected to become aware of the lost tax, and
 - (b) it was reasonable to expect the proceedings to be brought before that date.
- (8) In subsection (7)(a) “relevant overseas information” means information which is provided to HMRC by an authority in a territory outside the United Kingdom under—
- (a) any provision of EU law relating to any tax, or
 - (b) an agreement to which the United Kingdom and that territory are parties, with or without other parties.
- (9) This section is subject to any provision of this Act which allows for a longer period for the bringing of proceedings.]

Textual Amendments

- F9** S. 240B inserted (with effect in accordance with s. 81(4) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 81\(3\)](#)

241 Overpayments.

- (1) If it is proved to the satisfaction of the Board that too much tax has been paid on the value transferred by a chargeable transfer or on so much of that value as is attributable to any property, the Board shall repay the excess unless the claim for repayment was made more than [^{F10}4 years] after the date on which the payment or last payment of the tax was made.
- (2) References in this section to tax include references to interest on tax.

Textual Amendments

- F10** Words in s. 241(1) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99, [Sch. 51 para. 13](#); [S.I. 2010/867](#), [art. 2\(2\)](#)

Modifications etc. (not altering text)

- C2** S. 241(1) applied (with modifications) (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [s. 94\(6\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross
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