

## SCHEDULE 4

### MAINTENANCE FUNDS FOR HISTORIC BUILDINGS, ETC

#### PART II

##### PROPERTY LEAVING MAINTENANCE FUNDS

###### *Charge to tax*

- 8 (1) This paragraph applies to settled property which is held on trusts which comply with the requirements mentioned in paragraph 3(1) above, and in respect of which a direction given under paragraph 1 above has effect.
- (2) Subject to paragraphs 9 and 10 below, there shall be a charge to tax under this paragraph—
- (a) where settled property ceases to be property to which this paragraph applies, otherwise than by virtue of an application of the kind mentioned in paragraph 3(1)(a)(i) or (ii) above or by devolving on any such body or charity as is mentioned in paragraph 3(1)(a)(ii);
  - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by such an application) as a result of which the value of settled property to which this paragraph applies is less than it would be but for the disposition.
- (3) Subsections (4), (5) and (10) of section 70 of this Act shall apply for the purposes of this paragraph as they apply for the purposes of that section (with the substitution of a reference to sub-paragraph (2)(b) above for the reference in section 70(4) to section 70(2)(b)).
- (4) The rate at which tax is charged under this paragraph shall be determined in accordance with paragraphs 11 to 15 below.
- (5) The devolution of property on a body or charity shall not be free from charge by virtue of sub-paragraph (2)(a) above if, at or before the time of devolution, an interest under the settlement in which the property was comprised immediately before the devolution is or has been acquired for a consideration in money or money's worth by that or another such body or charity; but for the purposes of this sub-paragraph any acquisition from another such body or charity shall be disregarded.
- (6) For the purposes of sub-paragraph (5) above a body or charity shall be treated as acquiring an interest for a consideration in money or money's worth if it becomes entitled to the interest as a result of transactions which include a disposition for such consideration (whether to that body or charity or to another person) of that interest or of other property.

###### *Exceptions from charge*

- 9 (1) Tax shall not be charged under paragraph 8 above in respect of property which, within the permitted period after the occasion on which tax would be chargeable under that paragraph, becomes comprised in another settlement as a result of a transfer of value which is exempt under section 27 of this Act

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- (2) In sub-paragraph (1) above " the permitted period" means the period of thirty days except in a case where the occasion referred to is the death of the settlor, and in such a case means the period of two years.
  - (3) Sub-paragraph (1) above shall not apply to any property if the person who makes the transfer of value has acquired it for a consideration in money or money's worth; and for the purposes of this sub-paragraph a person shall be treated as acquiring any property for such consideration if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that or other property.
  - (4) If the amount on which tax would be charged apart from sub-paragraph (1) above in respect of any property exceeds the value of the property immediately after it becomes comprised in the other settlement (less the amount of any consideration for its transfer received by the person who makes the transfer of value), that sub-paragraph shall not apply but the amount on which tax is charged shall be equal to the excess.
  - (5) The reference in sub-paragraph (4) above to the amount on which tax would be charged is a reference to the amount on which it would be charged apart from—
    - (a) section 70(5)(6) of this Act (as applied by paragraph 8(3) above), and
    - (b) Chapters I and II of Part V of this Act;
 and the reference in that sub-paragraph to the amount on which tax is charged is a reference to the amount on which it would be charged apart from section 70(5)(b) and those Chapters.
- 10 (1) Tax shall not be charged under paragraph 8 above in respect of property which ceases to be property to which that paragraph applies on becoming—
- (a) property to which the settlor or his spouse is beneficially entitled, or
  - (b) property to which the settlor's widow or widower is beneficially entitled if the settlor has died in the two years preceding the time when it becomes such property.
- (2) If the amount on which tax would be charged apart from sub-paragraph (1) above in respect of any property exceeds the value of the property immediately after it becomes property of a description specified in paragraph (a) or (b) of that sub-paragraph (less the amount of any consideration for its transfer received by the trustees), that sub-paragraph shall not apply but the amount on which tax is charged shall be equal to the excess.
  - (3) The reference in sub-paragraph (2) above to the amount on which tax would be charged is a reference to the amount on which it would be charged apart from—
    - (a) section 70(5)(b) of this Act (as applied by paragraph 8(3) above), and
    - (b) Chapters I and II of Part V of this Act;
 and the reference in sub-paragraph (2) above to the amount on which tax is charged is a reference to the amount on which it would be charged apart from section 70(5)(b) and those Chapters.
  - (4) Sub-paragraph (1) above shall not apply in relation to any property if, at or before the time when it becomes property of a description specified in paragraph (a) or (b) of that sub-paragraph, an interest under the settlement in which the property was comprised immediately before it ceased to be property to which paragraph 8 above

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applies is or has been acquired for a consideration in money or money's worth by the person who becomes beneficially entitled.

- (5) For the purposes of sub-paragraph (4) above a person shall be treated as acquiring an interest for a consideration in money or money's worth if he becomes entitled to the interest as a result of transactions which include a disposition for such consideration (whether to him or to another person) of that interest or of other property.
- (6) Sub-paragraph (1) above shall not apply in respect of property if it was relevant property before it became (or last became) property to which paragraph 8 above applies and, by virtue of paragraph 16(1) or 17(1) below, tax was not chargeable (or, but for paragraph 16(2) or 17(4), would not have been chargeable) under section 65 of this Act in respect of its ceasing to be relevant property before becoming (or last becoming) property to which paragraph 8 above applies.
- (7) Sub-paragraph (1) above shall not apply in respect of property if—
  - (a) before it last became property to which paragraph 8 above applies it was comprised in another settlement in which it was property to which that paragraph applies, and
  - (b) it ceased to be comprised in the other settlement and last became property to which that paragraph applies in circumstances such that by virtue of paragraph 9(1) above there was no charge (or, but for paragraph 9(4), there would have been no charge) to tax in respect of it.
- (8) Sub-paragraph (1) above shall not apply unless the person who becomes beneficially entitled to the property is domiciled in the United Kingdom at the time when he becomes so entitled.

#### *Rates of charge*

- 11 (1) This paragraph applies where tax is chargeable under paragraph 8 above and—
  - (a) the property in respect of which the tax is chargeable was relevant property before it became (or last became) property to which that paragraph applies, and
  - (b) by virtue of paragraph 16(1) or 17(1) below tax was not chargeable (or, but for paragraph 16(2) or 17(4), would not have been chargeable) under section 65 of this Act in respect of its ceasing to be relevant property on or before becoming (or last becoming) property to which paragraph 8 above applies.
- (2) Where this paragraph applies, the rate at which the tax is charged shall be the aggregate of the following percentages—
  - (a) 0.25 per cent for each of the first forty complete successive quarters in the relevant period,
  - (b) 0.20 per cent for each of the next forty,
  - (c) 0.15 per cent for each of the next forty,
  - (d) 0.10 per cent for each of the next forty, and
  - (e) 0.05 per cent for each of the next forty.
- (3) In sub-paragraph (2) above " the relevant period " means the period beginning with the latest of—

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- (a) the date of the last ten-year anniversary of the settlement in which the property was comprised before it ceased (or last ceased) to be relevant property,
  - (b) the day on which the property became (or last became) relevant property before it ceased (or last ceased) to be such property, and
  - (c) 13th March 1975,

and ending with the day before the event giving rise to the charge.
- (4) Where the property in respect of which the tax is chargeable has at any time ceased to be and again become property to which paragraph 8 above applies in circumstances such that by virtue of paragraph 9(1) above there was no charge to tax in respect of it (or, but for paragraph 9(4), there would have been no charge), it shall for the purposes of this paragraph be treated as having been property to which paragraph 8 above applies throughout the period mentioned in paragraph 9(1).
- 12 (1) This paragraph applies where tax is chargeable under paragraph 8 above and paragraph 11 above does not apply.
- (2) Where this paragraph applies, the rate at which the tax is charged shall be the higher of—
  - (a) the first rate (as determined in accordance with paragraph 13. below), and
  - (b) the second rate (as determined in accordance with paragraph 14 below).
- 13 (1) The first rate is the aggregate of the following percentages—
  - (a) 0.25 per cent for each of the first forty complete successive quarters in the relevant period,
  - (b) 0.20 per cent for each of the next forty,
  - (c) 0.15 per cent for each of the next forty.
  - (d) 0.10 per cent for each of the next forty, and
  - (e) 0.05 per cent for each of the next forty.
- (2) In sub-paragraph (1) above " the relevant period " means the period beginning with the day on which the property in respect of which the tax is chargeable became (or first became) property to which paragraph 8 above applies, and ending with the day before the event giving rise to the charge.
- (3) For the purposes of sub-paragraph (2) above, any occasion on which property became property to which paragraph 8 above applies, and which occurred before an occasion of charge to tax under that paragraph in respect of the property, shall be disregarded.
- (4) The reference in sub-paragraph (3) above to an occasion of charge to tax under paragraph 8 does not include a reference to—
  - (a) the occasion by reference to which the rate is being determined in accordance with this Schedule, or
  - (b) an occasion which would not be an occasion of charge but for paragraph 9(4) above.
- 14 (1) If the settlor is alive, the second rate is the effective rate at which tax would be charged, on the amount on which it is chargeable, under the appropriate Table if the amount were the value transferred by a chargeable transfer made by him on the occasion on which the tax becomes chargeable.
- (2) If the settlor is dead, the second rate is (subject to sub-paragraph (3) below) the effective rate at which tax would have been charged, on the amount on which it is

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chargeable, under the appropriate Table if the amount had been added to the value transferred on his death and had formed the highest part of it.

- (3) If the settlor died before 13th March 1975, the second rate is the effective rate at which tax would have been charged, on the amount on which it is chargeable ("the chargeable amount"), under the appropriate Table if the settlor had died when the event occasioning the charge under paragraph 8 above occurred, the value transferred on his death had been equal to the amount on which estate duty was chargeable when he in fact died, and the chargeable amount had been added to that value and had formed the highest part of it.
- (4) Where, in the case of a settlement ("the current settlement"), tax is chargeable under paragraph 8 above in respect of property which—
- (a) was previously comprised in another settlement, and
  - (b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of paragraph 9(1) above there was no charge (or, but for paragraph 9(4), there would have been no charge) to tax in respect of it,

then, subject to sub-paragraph (5) below, references in sub-paragraphs (1) to (3) above to the settlor shall be construed as references to the person who was the settlor in relation to the settlement mentioned in paragraph (a) above (or, if the Board so determine, the person who was the settlor in relation to the current settlement).

- (5) Where, in the case of a settlement ("the current settlement"), tax is chargeable under paragraph 8 above in respect of property which—
- (a) was previously comprised at different times in other settlements ("the previous settlements"), and
  - (b) ceased to be comprised in each of them, and became comprised in another of them or in the current settlement, in circumstances such that by virtue of paragraph 9(1) above there was no charge (or, but for paragraph 9(4), there would have been no charge) to tax in respect of it,

references in sub-paragraphs (1) to (3) above to the settlor shall be construed as references to the person who was the settlor in relation to the previous settlement in which the property was first comprised (or, if the Board so determine, any person selected by them who was the settlor in relation to any of the other previous settlements or the current settlement).

- (6) Sub-paragraph (7) below shall apply if—
- (a) in the period of ten years preceding a charge under paragraph 8 above (the "current charge"), there has been another charge under that paragraph where tax was charged at the second rate, and
  - (b) the person who is the settlor for the purposes of the current charge is the settlor for the purposes of the other charge (whether or not the settlements are the same and, if the settlor is dead, whether or not he has died since the other charge);

and in sub-paragraph (7) below the other charge is referred to as the "previous charge".

- (7) Where this sub-paragraph applies, the amount on which tax was charged on the previous charge (or, if there have been more than one, the aggregate of the amounts on which tax was charged on each)—
- (a) shall, for the purposes of calculating the rate of the current charge under sub-paragraph (1) above, be taken to be the value transferred by a chargeable

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transfer made by the settlor immediately before the occasion of the current charge, and

- (b) shall, for the purposes of calculating the rate of the current charge under sub-paragraph (2) or (3) above, be taken to increase the value there mentioned by an amount equal to that amount (or aggregate).

- (8) References in sub-paragraphs (1) to (3) above to the effective rate are to the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged.

- (9) For the purposes of sub-paragraph (1) above the appropriate Table is the second Table in Schedule 1 to this Act, and for the purposes of sub-paragraphs (2) and (3) above it is (if the settlement was made on death) the first Table in that Schedule and (if not) the second.

- 15      Where property is, by virtue of paragraph 1(3) above, treated as property in respect of which a direction has been given under paragraph 1, it shall for the purposes of paragraphs 11 to 14 above be treated as having become property to which paragraph 8 above applies when the transfer of value mentioned in paragraph 1(3) was made.