

SCHEDULE 5

CONDITIONAL EXEMPTION: DEATHS BEFORE 7TH APRIL 1976

Modifications etc. (not altering text)

- C1** By Finance Act 1985 s. 95, *the functions of the Treasury were transferred to the Commissioners of Inland Revenue (“the Board”).*

Charge on failure of condition of exemption—objects

- 1 (1) Where, under section 31 of the ^{M1}Finance Act 1975, the value of an object has been left out of account and the Treasury are satisfied that at any time the undertaking given under that section or under paragraph 5 below with respect to the object has not been observed in a material respect, tax shall be chargeable with respect to the object in accordance with paragraph 2 below.
- (2) Where, under section 31 of the Finance Act 1975, the value of any object has been left out of account and—
- (a) sub-paragraph (1) above does not apply, but
 - (b) the object is disposed of, whether on sale or otherwise,
- then, subject to the following provisions of this paragraph, tax shall be chargeable with respect to the object in accordance with paragraph 2 below; but where the value of an object has been so left out of account on the death of more than one person, the tax chargeable under this sub-paragraph shall be chargeable only by reference to the last death.
- (3) Tax shall not be chargeable by virtue of sub-paragraph (2) above with respect to an object—
- (a) on its being sold by private treaty to a body mentioned in Schedule 3 to this Act or on its being disposed of to such a body otherwise than by sale, or
 - (b) if it is disposed of otherwise than by sale and the undertaking previously given with respect to it is replaced by a further undertaking under paragraph 5 below.
- (4) For the purposes of sub-paragraph (2) above, the acceptance of an object under section 230 of this Act shall not be treated as a disposal of the object.

Marginal Citations

- M1** 1975 c. 7.

- 2 (1) The following provisions of this paragraph shall have effect where, under section 31 of the ^{M2}Finance Act 1975, the value of any object has been left out of account in determining the value transferred by the transfer of value made on the death of any person (in this paragraph referred to as the value transferred on death) and tax becomes chargeable with respect to the object under paragraph 1 above by reason of the disposal of the object or the non-observance of an undertaking (in this paragraph referred to as a chargeable event).

Changes to legislation: *There are currently no known outstanding effects for the Inheritance Tax Act 1984,*
Cross Heading: Charge on failure of condition of exemption—objects. (See end of Document for details)

- (2) The tax chargeable under paragraph 1 above with respect to an object shall be so much of the tax that would have been chargeable on the value transferred on death as would have been attributable to the value of the object if—
- (a) section 31 of the Finance Act 1975 had not applied to the object, and
 - (b) the value of the object at the time of the death had been equal to its value at the time of the chargeable event and, if the chargeable event was a disposal on sale complying with paragraph 6 below, that value had been equal to the proceeds of sale.
- (3) Where—
- (a) under section 31 of the Finance Act 1975 the value of two or more objects has been left out of account in determining the value transferred on death, and
 - (b) those objects formed a set at the time of death, and
 - (c) tax becomes chargeable under paragraph 1 above with respect to two or more of the objects by reason of chargeable events occurring at different times,
- the preceding provisions of this paragraph shall apply as if both or all the chargeable events had occurred at the time of the earlier or earliest one, and the tax chargeable with respect to the objects shall be adjusted accordingly on the occurrence of each of the subsequent chargeable events.
- (4) Sub-paragraph (3) above shall not apply with respect to two or more chargeable events which are disposals to different persons who are neither acting in concert nor connected with each other.

Marginal Citations

M2 1975 c. 7.

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Cross
Heading: Charge on failure of condition of exemption—objects.