



Inheritance Tax Act 1984

1984 CHAPTER 51

PART V

MISCELLANEOUS RELIEFS

CHAPTER I

BUSINESS PROPERTY

105 Relevant business property.

- (1) Subject to the following provisions of this section and to sections 106, 108, ^{F1} . . . , 112(3) and 113 below, in this Chapter “relevant business property” means, in relation to any transfer of value,—
- (a) property consisting of a business or interest in a business;
 - (b) ^{F2} . . . securities of a company which [^{F3}are unquoted and which] (either by themselves or together with other such [^{F4}securities owned by the transferor and any unquoted shares so owned]) gave the transferor control of the company immediately before the transfer;
 - ^{F5}(bb) any unquoted shares in a company;]
 - (c)
 - ^{F6}(cc) shares in or securities of a company which are quoted and which (either by themselves or together with other such shares or securities owned by the transferor) gave the transferor control of the company immediately before the transfer;]
 - (d) any land or building, machinery or plant which, immediately before the transfer, was used wholly or mainly for the purposes of a business carried on by a company of which the transferor then had control or by a partnership of which he then was a partner; and
 - (e) any land or building, machinery or plant which, immediately before the transfer, was used wholly or mainly for the purposes of a business carried on

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by the transferor and was settled property in which he was then beneficially entitled to an interest in possession.

^{F7}(1A)

^{F7}(1B)

^{F8}(1ZA) In subsection (1) above “quoted”, in relation to any shares or securities, means [^{F9}listed] on a recognised stock exchange and “unquoted”, in relation to any shares or securities, means not so [listed].]

(2) Shares in or securities of a company do not fall within subsection (1) ^{F10} . . . [^{F11}(cc)] above if—

- (a) they would not have been sufficient, without other property, to give the transferor control of the company immediately before the transfer, and
- (b) their value is taken by virtue of section 176 below to be less than the value previously determined.

^{F12}(2A)

(3) A business or interest in a business, or shares in or securities of a company, are not relevant business property if the business or, as the case may be, the business carried on by the company consists wholly or mainly of one or more of the following, that is to say, dealing in securities, stocks or shares, land or buildings or making or holding investments.

(4) Subsection (3) above—

- ^{F13}(a) does not apply to any property if the business concerned is wholly that of a market maker or is that of a discount house and (in either case) is carried on in the United Kingdom, and]
- (b) does not apply to shares in or securities of a company if the business of the company consists wholly or mainly in being a holding company of one or more companies whose business does not fall within that subsection.

^{F14}(4A) Subsection (3) above also does not apply to any property if the business concerned is of a description set out in regulations under section 106(5) of the Finance Act 1986.]

(5) Shares in or securities of a company are not relevant business property in relation to a transfer of value if at the time of the transfer a winding-up order has been made in respect of the company or the company has passed a resolution for voluntary winding-up or is otherwise in process of liquidation, unless the business of the company is to continue to be carried on after a reconstruction or amalgamation and the reconstruction or amalgamation either is the purpose of the winding-up or liquidation or takes place not later than one year after the transfer of value.

(6) Land, a building, machinery or plant owned by the transferor and used wholly or mainly for the purposes of a business carried on as mentioned in subsection (1) (d) or (e) above is not relevant business property in relation to a transfer of value, unless the business or the transferor’s interest in it is, or shares or securities of the company carrying on the business immediately before the transfer are, relevant business property in relation to the transfer.

^{F15}(7) In this section “market maker” means a person who—

- (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities, stocks or shares at a price specified by him, and

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(b) is recognised as doing so by the Council of The Stock Exchange.]

Textual Amendments

- F1** Words in s. 105(1) repealed (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. VI** note 1
- F2** Words in s. 105(1)(b) repealed (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, ss. 184(2)(a)(i), 205, **Sch. 41 Pt. VI**, note 1
- F3** Words in s. 105(1)(b) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 2(2), 8, 9.
- F4** Words in s. 105(1)(b) substituted (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. 184(2)(a)(ii)
- F5** S. 105(1)(bb) substituted (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. 184(2)(b)
- F6** S. 105(1)(cc) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 2(3), 8, 9.
- F7** S. 105(1A)(1B) repealed (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. VI** note 1
- F8** S. 105(1ZA) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 2(4), 8, 9.
- F9** Words in s. 105(1ZA) substituted (29.4.1996 with effect as mentioned in Sch. 38 para. 2(2) of the amending Act) by 1996 c. 8, s. 199, **Sch. 38 para. 2(1)(a)**
- F10** Words in s. 105(2) repealed (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. VI** note 1
- F11** Words in s. 105(2) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 2(5), 8, 9.
- F12** S. 105(2A) repealed (29.4.1996 with effect as mentioned in s. 184(6)(b) of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. VI**, note 1
- F13** Finance Act 1986 s. 106(1), 25 *in relation to events on or after 27 October 1986 “the day of the Stock Exchange reforms”*—(as defined in s.106(8)). *Originally*
“(a) does not apply to any property if the business concerned is that of a jobber (as defined in section 477 of the Taxes Act) or discount house and is carried on in the United Kingdom, and”.
- F14** S. 105(4A) inserted (with application in accordance with reg. 2 of the amending S.I.) by **The Inheritance Tax (Market Makers and Discount Houses) Regulations 2012 (S.I. 2012/2903)**, regs. 1, 4
- F15** Finance Act 1986 s. 106(2), *in relation to events on or after 27 October 1986— “the day of The Stock Exchange reforms”*—(as defined in s.106(8)).

Modifications etc. (not altering text)

- C1** S. 105(4A) modified (with application in accordance with reg. 2 of the amending S.I.) by **The Inheritance Tax (Market Makers and Discount Houses) Regulations 2012 (S.I. 2012/2903)**, regs. 1, 6
- C2** S. 105(7) amended (6.1.1993) by S.I. 1992/3181, **reg. 4** as amended (1.12.2001) by S.I. 2001/3629, **art. 135**

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 105.