



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART VI **U.K.**

#### VALUATION

### CHAPTER I **U.K.**

#### GENERAL

#### 167 Life policies, etc. **U.K.**

- (1) In determining in connection with a transfer of value the value of a policy of insurance on a person's life or of a contract for an annuity payable on a person's death, that value shall be taken to be not less than—
  - (a) the total of the premiums or other consideration which, at any time before the transfer of value, has been paid under the policy or contract or any policy or contract for which it was directly or indirectly substituted, less
  - (b) any sum which, at any time before the transfer of value, has been paid under, or in consideration for the surrender of any right conferred by, the policy or contract or a policy or contract for which it was directly or indirectly substituted.
- (2) Subsection (1) above shall not apply in the case of—
  - (a) the transfer of value which a person makes on his death, or
  - (b) any other transfer of value which does not result in the policy or contract ceasing to be part of the transferor's estate,  
.....<sup>F1</sup>
- (3) Subsection (1) above shall not apply where the policy is one—
  - (a) under which the sum assured becomes payable only if the person whose life is insured dies before the expiry of a specified term or both before the expiry of a specified term and during the life of a specified person, and

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 167. (See end of Document for details)*

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- (b) which, if that specified term ends, or can, under the policy, be extended so as to end, more than three years after the making of the insurance, satisfies the condition that, if neither the person whose life is insured nor the specified person dies before the expiry of the specified term—
  - (i) the premiums are payable during at least two-thirds of that term and at yearly or shorter intervals, and
  - (ii) the premiums payable in any one period of twelve months are not more than twice the premiums payable in any other such period.
- (4) Where the policy is one under which—
  - (a) the benefit secured is expressed in units the value of which is published and subject to fluctuation, and
  - (b) the payment of each premium secures the allocation to the policy of a specified number of such units,then, if the value, at the time of the transfer of value, of the units allocated to the policy on the payment of premiums is less than the aggregate of what the respective values of those units were at the time of allocation, the value to be taken under subsection (1) above as a minimum shall be reduced by the amount of the difference.
- (5) References in subsections (1) and (4) above to a transfer of value shall be construed as including references to an event on which there is a charge to tax under Chapter III of Part III of this Act (apart from section 79), other than an event on which tax is chargeable in respect of the policy or contract by reason only that its value (apart from this section) is reduced.

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**Textual Amendments**

**F1** *Repealed by Finance Act 1986 s. 114(6) and Sch. 23, Part X, where the donee's transfer is made on or after 18 March 1986.*

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 167.