



Inheritance Tax Act 1984

1984 CHAPTER 51

PART VIII

ADMINISTRATION AND COLLECTION

Payment

228 Shares, etc. within section 227.

- (1) This section applies—
- (a) to shares or securities of a company which immediately before the chargeable transfer gave control of the company—
 - (i) in the case of a transfer on death, to the deceased,
 - (ii) in the case of a transfer under Chapter III of Part III of this Act, to the trustees, and
 - (iii) in any other case, to the transferor;
 - (b) to shares or securities of a company [^{F1}which do not fall under paragraph (a) above and are unquoted], if the chargeable transfer is made on death and the condition stated in subsection (2) below is satisfied;
 - (c) to shares or securities of a company [^{F2}which do not fall under paragraph (a) above and are unquoted], if the Board are satisfied that the tax attributable to their value cannot be paid on one sum without undue hardship (assuming, in the case of a chargeable transfer made otherwise than on death, that the shares or securities would be retained by the persons liable to pay the tax);
 - (d) to shares of a company [^{F2}which do not fall under paragraph (a) above and are unquoted], if the conditions stated in subsection (3) below are satisfied.
- (2) The condition mentioned in subsection (1)(b) above is that not less than 20 per cent of so much of the tax chargeable on the value transferred as is tax for which the person paying the tax attributable as mentioned in section 227(1) above is liable (in the same capacity) consists of tax attributable to the value of the shares or securities or such other tax (if any) as may by virtue of section 227 be paid by instalments.

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 228. (See end of Document for details)

- (3) The conditions mentioned in subsection (1)(d) above are that so much of the value transferred (calculated, if the transfer is not made on death, as if no tax were chargeable on it) as is attributable to the shares exceeds £20,000, and that either—
- (a) the nominal value of the shares is not less than 10 per cent of the nominal value of all the shares of the company at the time of the transfer, or
 - (b) the shares are ordinary shares and their nominal value is not less than 10 per cent of the nominal value of all ordinary shares of the company at that time.
- [^{F3}(3A) The further condition referred to in section 227(1A) above is that the shares or securities remained unquoted throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor (or, if earlier, the death of the transferee).]
- (4) In this section “ordinary shares” means shares which carry either—
- (a) a right to dividends not restricted to dividends at a fixed rate, or
 - (b) a right to conversion into shares carrying such a right as is mentioned in paragraph (a) above.
- [^{F4}(5) In this section “unquoted”, in relation to any shares or securities, means not [^{F5}listed]] on a recognised stock exchange.

Textual Amendments

- F1** Finance Act 1987 Sch. 8, para. 16(1), with effect from 17 March 1987. Originally “not falling under paragraph (a) above and not quoted on a recognised stock exchange”.
- F2** Finance Act 1987 Sch. 8, para. 16(1), with effect from 17 March 1987. Originally “not falling under paragraph (a) above and not quoted on a recognised stock exchange”.
- F3** Finance Act 1987 Sch. 8, para. 16(2), with effect from 17 March 1987.
- F4** S. 228(5) added (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras. 6, 8, 9.
- F5** Word in s. 228(5) substituted (29.4.1996 with effect as mentioned in Sch. 38 para. 5(2) of the amending Act) by 1996 c. 8, s. 199, Sch. 38 para. 5(1)

Changes to legislation:

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