



Inheritance Tax Act 1984

1984 CHAPTER 51

PART VIII

ADMINISTRATION AND COLLECTION

Adjustments

240 Underpayments.

- (1) Where too little tax has been paid in respect of a chargeable transfer the tax underpaid shall be payable with interest under section 233 above, whether or not the amount that has been paid was that stated as payable in a notice under section 221 above; but subject to section 239 above and to the following provisions of this section.
- (2) Where tax attributable to the value of any property is paid in accordance with an account duly delivered to the Board under this Part of this Act and the payment is made and accepted in full satisfaction of the tax so attributable, no proceedings shall be brought for the recovery of any additional tax so attributable after the end of the period of [^{F1}4 years] beginning with the later of—
 - (a) the date on which the payment (or in the case of tax paid by instalments the last payment) was made and accepted, and
 - (b) the date on which the tax or the last instalment became due;and at the end of that period any liability for the additional tax and any Inland Revenue charge for that tax shall be extinguished.
- [^{F2}(3) Subsection (2) has effect subject to subsections (4) [^{F3}to (5A)] [^{F4}and to section 240B (underpayments involving offshore matter etc).]
- (4) Proceedings in a case involving a loss of tax brought about carelessly by a person liable for the tax (or a person acting on behalf of such a person) may be brought at any time not more than 6 years after the later of the dates in subsection (2)(a) and (b).

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 240. (See end of Document for details)

- (5) Proceedings in a case involving a loss of tax brought about deliberately by a person liable for the tax (or a person acting on behalf of such a person) may be brought at any time not more than 20 years after the later of [^{F5}the dates in subsection (2)(a) and (b)].
- [^{F6}(5A) Proceedings in a case involving a loss of tax attributable to arrangements which were expected to give rise to a tax advantage in respect of which a person liable for the tax was under an obligation to make a report under section 253 of the Finance Act 2014 (duty to notify Commissioners of promoter reference number) but failed to do so, may be brought at any time not more than 20 years after the later of the dates in subsection (2)(a) and (b).]
- (6) Subsection (7) applies to any case not falling within subsection (2) where too little tax has been paid in respect of a chargeable transfer, provided that the case does not involve a loss of tax brought about deliberately by a person liable for the tax (or a person acting on behalf of such a person).
- (7) Where this subsection applies—
- (a) no proceedings are to be brought for the recovery of the tax after the end of the period of 20 years beginning with the date on which the chargeable transfer was made, and
 - (b) at the end of that period any liability for the tax and any Inland Revenue charge for that tax is extinguished.
- (8) In relation to cases of tax chargeable under Chapter 3 of Part 3 of this Act (apart from section 79), the references in subsections (4) [^{F7}to (6)] to a person liable for the tax are to be treated as including references to a person who is the settlor in relation to the settlement.]

Textual Amendments

- F1** Words in s. 240(2) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99, [Sch. 51 para. 11\(2\)](#); S.I. 2010/867, [art. 2\(2\)](#)
- F2** S. 240(3)-(8) substituted (1.4.2011) for s. 240(3) by [Finance Act 2009 \(c. 10\)](#), s. 99, [Sch. 51 para. 11\(3\)](#); S.I. 2010/867, [art. 2\(2\)](#)
- F3** Words in s. 240(3) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 277\(3\)\(a\)](#) (with ss. 269-271)
- F4** Words in s. 240(3) inserted (with effect in accordance with s. 81(4) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 81\(2\)](#)
- F5** Words in s. 240(5) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 277\(3\)\(b\)](#) (with ss. 269-271)
- F6** S. 240(5A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 277\(3\)\(c\)](#) (with ss. 269-271)
- F7** Words in s. 240(8) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 277\(3\)\(d\)](#) (with ss. 269-271)

Modifications etc. (not altering text)

- C1** S. 240(8) applied (with effect in accordance with s. 81(4) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 81\(5\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 240.