



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER II

#### [<sup>F1</sup> INTERESTS IN POSSESSION, REVERSIONARY INTERESTS AND SETTLEMENT POWERS]

#### [<sup>F1</sup>49E Transitional serial interest: contracts of life insurance

(1) Where—

- (a) a person (“C”) is beneficially entitled to an interest in possession in settled property (“the present interest”), and
- (b) on C's becoming beneficially entitled to the present interest, the settled property consisted of, or included, rights under a contract of life insurance entered into before 22nd March 2006,

the present interest so far as subsisting in rights under the contract, or in property comprised in the settlement that directly or indirectly represents rights under the contract, is a “transitional serial interest” for the purposes of this Chapter if the following conditions are met.

(2) Condition 1 is that—

- (a) the settlement commenced before 22nd March 2006, and
- (b) immediately before 22nd March 2006—
  - (i) the property then comprised in the settlement consisted of, or included, rights under the contract, and
  - (ii) those rights were property in which C, or some other person, was beneficially entitled to an interest in possession (“the earlier interest”).

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 49E. (See end of Document for details)*

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- (3) Condition 2 is that—
- (a) the earlier interest came to an end at a time on or after 6th [F2October] 2008 (“the earlier-interest end-time”) on the death of the person beneficially entitled to it and C became beneficially entitled to the present interest—
    - (i) at the earlier-interest end-time, or
    - (ii) on the coming to an end, on the death of the person beneficially entitled to it, of an interest in possession to which that person became beneficially entitled at the earlier-interest end-time, or
    - (iii) on the coming to an end of the second or last in an unbroken sequence of two or more consecutive interests in possession to the first of which a person became beneficially entitled at the earlier-interest end-time and each of which ended on the death of the person beneficially entitled to it, or
  - (b) C became beneficially entitled to the present interest—
    - (i) on the coming to an end, on the death of the person entitled to it, of an interest in possession that is a transitional serial interest under section 49C above, or
    - (ii) on the coming to an end of the second or last in an unbroken sequence of two or more consecutive interests in possession the first of which was a transitional serial interest under section 49C above and each of which ended on the death of the person beneficially entitled to it.
- (4) Condition 3 is that rights under the contract were comprised in the settlement throughout the period beginning with 22nd March 2006 and ending with C's becoming beneficially entitled to the present interest.
- (5) Condition 4 is that—
- (a) section 71A below does not apply to the property in which the present interest subsists, and
  - (b) the present interest is not a disabled person's interest.]

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**Textual Amendments**

**F1** Ss. 49A-49E inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, [Sch. 20 para. 5\(1\)\(2\)](#)

**F2** Word in s. 49E(3) substituted (retrospective to 6.4.2008) by [Finance Act 2008 \(c. 9\)](#), s. 141(1)(c)(2)

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 49E.