



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER II

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

#### **52 Charge on termination of interest in possession.**

- (1) Where at any time during the life of a person beneficially entitled to an interest in possession in settled property his interest comes to an end, tax shall be charged, subject to section 53 below, as if at that time he had made a transfer of value and the value transferred had been equal to the value of the property in which his interest subsisted.
  - (2) If the interest comes to an end by being disposed of by the person beneficially entitled to it and the disposal is for a consideration in money or money's worth, tax shall be chargeable under this section as if the value of the property in which the interest subsisted were reduced by the amount of the consideration; but in determining that amount the value of a reversionary interest in the property or of any interest in other property comprised in the same settlement shall be left out of account.
- [<sup>F1</sup>(2A) Where the interest mentioned in subsection (1) or (2) above is one to which the person became beneficially entitled on or after 22nd March 2006, that subsection applies in relation to the coming to an end of the interest only if the interest is—
- (a) an immediate post-death interest,
  - (b) a disabled person's interest, or
  - (c) a transitional serial interest,
- [<sup>F2</sup>or falls within section 5(1B) above.]]

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 52. (See end of Document for details)*

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(3) Where a transaction is made between the trustees of the settlement and a person who is, or is connected with,—

- (a) the person beneficially entitled to an interest in the property, or
- (b) a person beneficially entitled to any other interest in that property or to any interest in any other property comprised in the settlement, or
- (c) a person for whose benefit any of the settled property may be applied,

and, as a result of the transaction, the value of the first-mentioned property is less than it would be but for the transaction, a corresponding part of the interest shall be deemed for the purposes of this section to come to an end, unless the transaction is such that, were the trustees beneficially entitled to the settled property, it would not be a transfer of value.

[<sup>F3</sup>(3A) Where the interest mentioned in paragraph (a) of subsection (3) above is one to which the person mentioned in that paragraph became beneficially entitled on or after 22nd March 2006, that subsection applies in relation to the transaction only if the interest is—

- (a) an immediate post-death interest,
- (b) a disabled person's interest, or
- (c) a transitional serial interest,

[<sup>F2</sup>or falls within section 5(1B) above.]]

(4) References in this section or section 53 below to any property or to an interest in any property include references to part of any property or interest; and—

- (a) the tax chargeable under this section on the coming to an end of part of an interest shall be charged as if the value of the property (or part) in which the interest subsisted were a corresponding part of the whole; and
- (b) if the value of the property (or part) to which or to an interest in which a person becomes entitled as mentioned in subsection (2) of section 53 below is less than the value on which tax would be chargeable apart from that subsection, tax shall be chargeable on a value equal to the difference.

#### Textual Amendments

- F1** S. 52(2A) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, 13(2)
- F2** Words in s. 52(2A)(3A) inserted (with effect as mentioned in s. 53(10) of the amending Act) by [Finance Act 2010 \(c. 13\)](#), s. 53(4)(c)
- F3** S. 52(3A) inserted (22.3.2006) by [Finance Act 2006 \(c. 25\)](#), s. 156, Sch. 20 paras. 7, 13(3)

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 52.