



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

#### CHAPTER III

#### SETTLEMENTS WITHOUT INTERESTS IN POSSESSION [F<sup>1</sup>], AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST]

##### *Principal charge to tax*

#### **65 Charge at other times.**

- (1) There shall be a charge to tax under this section—
- (a) where the property comprised in a settlement or any part of that property ceases to be relevant property (whether because it ceases to be comprised in the settlement or otherwise); and
  - (b) in a case in which paragraph (a) above does not apply, where the trustees of the settlement make a disposition as a result of which the value of relevant property comprised in the settlement is less than it would be but for the disposition.
- (2) The amount on which tax is charged under this section shall be—
- (a) the amount by which the value of relevant property comprised in the settlement is less immediately after the event in question that it would be but for the event, or
  - (b) where the tax payable is paid out of relevant property comprised in the settlement immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 65. (See end of Document for details)*

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- (3) The rate at which tax is charged under this section shall be the rate applicable under section 68 or 69 below.
- (4) Subsection (1) above does not apply if the event in question occurs in a quarter beginning with the day on which the settlement commenced or with a ten-year anniversary.
- (5) Tax shall not be charged under this section in respect of—
- (a) a payment of costs or expenses (so far as they are fairly attributable to relevant property), or
  - (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be income of a person not resident in the United Kingdom if he were so resident,
- or in respect of a liability to make such a payment.
- (6) Tax shall not be charged under this section by virtue of subsection (1)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 10 or section 16 above would prevent the disposition from being a transfer of value.
- (7) Tax shall not be charged under this section by reason only that property comprised in a settlement ceases to be situated in the United Kingdom and thereby becomes excluded property by virtue of section 48(3)(a) above.
- [<sup>F1</sup>(7A) Tax shall not be charged under this section by reason only that property comprised in a settlement becomes excluded property by virtue of section 48(3A)(a) (holding in an authorised unit trust or a share in an open-ended investment company is excluded property unless settlor domiciled in UK when [<sup>F2</sup>property became comprised in settlement]).]
- [<sup>F3</sup>(7B) Tax shall not be charged under this section by reason only that property comprised in a settlement becomes excluded property by virtue of section 48(3E) ceasing to apply in relation to it.]
- [<sup>F4</sup>(7C) Tax shall not be charged under this section by reason only that property comprised in a settlement ceases to any extent to be property to which paragraph 2 or 3 of Schedule A1 applies and thereby becomes excluded property by virtue of section 48(3)(a) above.]
- (7D) Tax shall not be charged under this section where property comprised in a settlement or any part of that property—
- (a) is, by virtue of paragraph 5(2)(a) of Schedule A1, not excluded property for the two year period referred to in that paragraph, but
  - (b) becomes excluded property at the end of that period.]
- (8) If the settlor of [<sup>F5</sup>property comprised in] a settlement was not domiciled in the United Kingdom when the [<sup>F6</sup>property became comprised in the settlement (but see also subsection (8A))], tax shall not be charged under this section by reason only that [<sup>F7</sup>the property] is invested in securities issued by the Treasury subject to a condition of the kind mentioned in section 6(2) above and thereby becomes excluded property by virtue of section 48(4)(b) above.
- [<sup>F8</sup>(8A) If—
- (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and

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(b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsection (8) has effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.]

(9) For the purposes of this section trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

#### Textual Amendments

- F1** S. 65(7A) inserted (retrospective to 16.10.2002) by [Finance Act 2013 \(c. 29\), s. 175](#)
- F2** Words in s. 65(7A) substituted (with effect in accordance with s. 73(11) of the amending Act) by [Finance Act 2020 \(c. 14\), s. 73\(6\)\(a\)](#)
- F3** S. 65(7B) inserted (with effect in accordance with s. 30(9)-(12) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 30\(6\)](#)
- F4** S. 65(7C)(7D) inserted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 10 para. 5](#)
- F5** Words in s. 65(8) inserted (with effect in accordance with s. 73(11) of the amending Act) by [Finance Act 2020 \(c. 14\), s. 73\(6\)\(b\)\(i\)](#)
- F6** Words in s. 65(8) substituted (with effect in accordance with s. 73(11) of the amending Act) by [Finance Act 2020 \(c. 14\), s. 73\(6\)\(b\)\(ii\)](#)
- F7** Words in s. 65(8) substituted (with effect in accordance with s. 73(11) of the amending Act) by [Finance Act 2020 \(c. 14\), s. 73\(6\)\(b\)\(iii\)](#)
- F8** S. 65(8A) inserted (with effect in accordance with s. 73(11) of the amending Act) by [Finance Act 2020 \(c. 14\), s. 73\(6\)\(c\)](#)

#### Modifications etc. (not altering text)

- C1** S. 65 restricted (31.7.1998 with effect as mentioned in [s. 161\(1\)](#) of the amending Act) by [1998 c. 36, s. 161\(3\)](#)
- C2** S. 65 restricted (retrospective to 20.3.1993) by [Finance Act 2013 \(c. 29\), s. 86\(4\)\(6\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 65.