



# Inheritance Tax Act 1984

## 1984 CHAPTER 51

### PART IV

#### CLOSE COMPANIES

##### *Transfers by close companies*

#### **94 Charge on participators.**

- (1) Subject to the following provisions of this Part of this Act, where a close company makes a transfer of value, tax shall be charged as if each individual to whom an amount is apportioned under this section had made a transfer of value of such amount as after deduction of tax (if any) would be equal to the amount so apportioned, less the amount (if any) by which the value of his estate is more than it would be but for the company's transfer; but for this purpose his estate shall be treated as not including any rights or interests in the company.
- (2) For the purposes of subsection (1) above the value transferred by the company's transfer of value shall be apportioned among the participators according to their respective rights and interests in the company immediately before the transfer, and any amount so apportioned to a close company shall be further apportioned among its participators, and so on; but—
  - (a) so much of that value as is attributable to any payment or transfer of assets to any person which falls to be taken into account in computing that person's profits or gains or losses for the purposes of income tax or corporation tax (or would fall to be so taken into account but for [F1section 1285 of the Corporation Tax Act 2009 (exemption for UK company distributions)]) shall not be apportioned, and
  - (b) if any amount which would otherwise be apportioned to an individual who is domiciled outside the United Kingdom is attributable to the value of any property outside the United Kingdom, that amount shall not be apportioned.
- (3) In determining for the purposes of this section whether a disposition made by a close company is a transfer of value or what value is transferred by such a transfer no account

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*Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 94. (See end of Document for details)*

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shall be taken of the surrender by the company, in pursuance of section [F<sup>2</sup>240 or 402 of the M<sup>1</sup>Taxes Act 1988], of any relief or of the benefit of any amount of advance corporation tax paid by it.

- (4) Where the amount apportioned to a person under this section is 5 per cent. or less of the value transferred by the company's transfer of value then, notwithstanding section 3(4) above, tax chargeable under subsection (1) above shall be left out of account in determining, with respect to any time after the company's transfer, what previous transfers of value he has made.
- (5) References in section 19 above to transfers of value made by a transferor and to the values transferred by them (calculated as there mentioned) shall be treated as including references to apportionments made to a person under this section and to the amounts for the tax on which (if charged) he would be liable.

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**Textual Amendments**

- F1** Words in s. 94(2)(a) substituted (1.4.2009 with effect as mentioned in s. 1329(1) of the amending Act) by *Corporation Tax Act 2009* (c. 4), s. 1322, **Sch. 1 para. 317**
- F2** *Substituted by* *Income and Corporation Taxes Act 1988* (c. 1, SIF 63:1), **Sch. 29**, para. 32. *Originally* "258 of the Taxes Act or of section 92 of the Finance Act 1972".
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**Marginal Citations**

- M1** 1988 c. 1.

**Changes to legislation:**

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 94.