



Finance (No. 2) Act 1987

1987 CHAPTER 51

PART II

INHERITANCE TAX ETC.

96 Interests in possession.

- (1) With respect to transfers of value made, and other events occurring, on or after 17th March 1987, the ^{M1}Inheritance Tax Act 1984 shall be amended in accordance with this section.
- (2) In section 3A (potentially exempt transfers)—
 - (a) in subsection (2)(a) the words “otherwise than as settled property” shall be omitted;
 - (b) in subsection (2)(b) the words from “otherwise” onwards shall be omitted; and
 - ^{F1}(c)
- (3) At the end of section 3A there shall be added the following subsection—

“(7) In the application of this section to an event on the happening of which tax is chargeable under section 52 below, the reference in subsection (1)(a) above to the individual by whom the transfer of value is made is a reference to the person who, by virtue of section 3(4) above, is treated as the transferor.”
- (4) In section 49 (treatment of interests in possession) subsection (3) (which was added by paragraph 14 of Schedule 19 to the ^{M2}Finance Act 1986) shall be omitted.
- (5) In section 55 (reversionary interest acquired by beneficiary) in subsection (2) the words “and such a disposition is not a potentially exempt transfer” (being words added by paragraph 15 of the said Schedule 19) shall be omitted.
- (6) Schedule 7 to this Act shall have effect for the purpose of making further amendments of the ^{M3}Inheritance Tax Act 1984 relating to interests in possession in settled property.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1987, Part II. (See end of Document for details)

Textual Amendments

F1 S. 96(2)(c) omitted (with effect in accordance with s. 53(10) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 53\(9\)](#)

Marginal Citations

- M1** 1984 c. 51.
- M2** 1986 c. 41.
- M3** 1984 c. 51.

97 Acceptance in lieu: capital transfer tax and estate duty.

- (1) If, under paragraph 17 of Schedule 4 to the ^{M4}Finance Act 1975, the Commissioners of Inland Revenue agree to accept property in satisfaction of an amount of capital transfer tax on terms that the value to be attributed to the property for the purposes of that acceptance is determined as at a date earlier than that on which the property is actually accepted, the terms may provide that the amount of capital transfer tax which is satisfied by the acceptance of that property shall not carry interest under paragraph 19 of that Schedule from that date.
- (2) If, under any of the enactments set out in paragraphs (a) to (c) of subsection (3) of section 8 of the ^{M5}National Heritage Act 1980, the Commissioners of Inland Revenue agree to accept property in satisfaction of an amount of estate duty on terms that the value to be attributed to the property for the purposes of that acceptance is determined as at a date earlier than that on which the property is actually accepted, the terms may provide that the amount of estate duty which is satisfied by the acceptance of that property shall not carry interest under section 18 of the ^{M6}Finance Act 1896 from that date.
- (3) Subsections (1) and (2) above apply in any case where the acceptance of the property in question occurs on or after 17th March 1987 and paragraph 19 of Schedule 4 to the Finance Act 1975 or, as the case may be, section 18 of the Finance Act 1896 shall have effect subject to any such terms as are referred to in subsection (1) or subsection (2) above.
- (4) In this section “estate duty” and “property” have the meaning assigned by section 272 of the Inheritance Tax Act 1984.

Marginal Citations

- M4** 1975 c. 7.
- M5** 1980 c. 17.
- M6** 1896 c. 28.

F²98 Personal pension schemes.

Textual Amendments

F2 S. 98 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#) (with [Sch. 36](#))

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 1987, Part II.