



Finance Act 2002

2002 CHAPTER 23

PART 5

OTHER TAXES

Inheritance tax

120 IHT: variation of dispositions taking effect on death

(1) In section 142 of the Inheritance Tax Act 1984 (alteration of dispositions taking effect on death), for subsection (2) (election to treat subsequent variation of dispositions taking effect on death as if effected by deceased) substitute—

“(2) Subsection (1) above shall not apply to a variation unless the instrument contains a statement, made by all the relevant persons, to the effect that they intend the subsection to apply to the variation.

(2A) For the purposes of subsection (2) above the relevant persons are—

- (a) the person or persons making the instrument, and
- (b) where the variation results in additional tax being payable, the personal representatives.

Personal representatives may decline to make a statement under subsection (2) above only if no, or no sufficient, assets are held by them in that capacity for discharging the additional tax.”.

(2) After section 218 of that Act insert—

“218A Instruments varying dispositions taking effect on death

(1) Where—

- (a) an instrument is made varying any of the dispositions of the property comprised in the estate of a deceased person immediately before his death,

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Section 120. (See end of Document for details)

- (b) the instrument contains a statement under subsection (2) of section 142 above, and
 - (c) the variation results in additional tax being payable,the relevant persons (within the meaning of that subsection) shall, within six months after the day on which the instrument is made, deliver a copy of it to the Board and notify them of the amount of the additional tax.
- (2) To the extent that any of the relevant persons comply with the requirements of this section, the others are discharged from the duty to comply with them.”.
- (3) In section 245A of that Act (failure to provide information etc)—
 - (a) after subsection (1) insert—

“(1A) A person who fails to comply with the requirements of section 218A above shall be liable—

 - (a) to a penalty not exceeding £100; and
 - (b) to a further penalty not exceeding £60 for every day after the day on which the failure has been declared by a court or the Special Commissioners and before the day on which the requirements are complied with.”.
 - (b) in subsection (4), insert “ (1A)(b), ” after “subsection (1)(b),” and after paragraph (a) insert—

“(aa) he complies with the requirements of section 218A above,”.
- (4) This section applies in relation to instruments made on or after 1st August 2002.

Changes to legislation:

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