



Finance Act 2016

2016 CHAPTER 24

PART 5

INHERITANCE TAX ETC

97 Estate duty: objects of national, scientific, historic or artistic interest

- (1) Section 40 of FA 1930 and section 2 of the Finance Act (Northern Ireland) 1931 (exemption from death duties of objects of national etc interest), so far as continuing to have effect, have effect as if after subsection (2) there were inserted—

“(2A) In the event of the loss of any objects to which this section applies, estate duty shall become chargeable on the value of those objects in respect of the last death on which the objects passed at the rate appropriate to the principal value of the estate passing on that death upon which estate duty is leviable, and with which the objects would have been aggregated if they had not been objects to which this section applies.

(2B) Where subsection (2A) applies, any owner of the objects—

- (a) shall be accountable for the estate duty, and
- (b) shall deliver an account for the purposes thereof.

(2C) The account under subsection (2B)(b) must be delivered within the period of one month beginning with—

- (a) in the case of a loss occurring before the coming into force of subsection (2A)—
 - (i) the coming into force of subsection (2A), or
 - (ii) if later, the date when the owner became aware of the loss;
- (b) in the case of a loss occurring after the coming into force of subsection (2A)—
 - (i) the date of the loss, or
 - (ii) if later, the date when the owner became aware of the loss.

This is subject to subsection (2E).

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(2D) Subsection (2E) applies if—

- (a) no account has been delivered under subsection (2B),
- (b) the Commissioners for Her Majesty's Revenue and Customs have by notice required an owner of the objects to confirm that the objects have not been lost,
- (c) the owner has not so confirmed by the end of—
 - (i) the period of three months beginning with the day on which the notice was sent, or
 - (ii) such longer period as the Commissioners may allow, and
- (d) the Commissioners are satisfied that the objects are lost.

(2E) Where this subsection applies—

- (a) the objects are to be treated as lost for the purposes of subsection (2A) on the day on which the Commissioners are satisfied as specified in subsection (2D)(d), and
- (b) the account under subsection (2B)(b) must be delivered within the period of one month beginning with that date.

(2F) The reference in subsection (2A) to the value of objects is to their value at the time they are lost (or treated as lost).

(2G) Subsection (2A) does not apply in relation to a loss notified to the Commissioners before the coming into force of that subsection.

(2H) In this section “owner”, in relation to any objects, means a person who, if the objects were sold, would be entitled to receive (whether for their own benefit or not) the proceeds of sale or any income arising therefrom.

(2I) In this section references to the loss of objects include their theft or destruction; but do not include a loss which the Commissioners are satisfied was outside the owner's control.”

(2) Section 48 of FA 1950, so far as continuing to have effect, has effect as if—

- (a) after subsection (3) there were inserted—

“(3A) But where the value of any objects is chargeable with estate duty under subsection (2A) of the said section forty (loss of objects), no estate duty shall be chargeable under this section on that value.”;
- (b) after subsection (4) there were inserted—

“(5) Where any objects are lost (within the meaning of the said section forty) after becoming chargeable with estate duty under this section in respect of any death, the value of those objects shall not be chargeable with estate duty under subsection (2A) of the said section forty.”

(3) Section 39 of FA 1969, so far as continuing to have effect, has effect as if—

- (a) in subsection (1)—
 - (i) after “subsection (2)” there were inserted “ or (2A) ”;
 - (ii) after “other disposal” there were inserted “ or loss ”;
- (b) in subsection (2), after “subsection (2)” there were inserted “ , (2A) ”;
- (c) in subsection (3)—
 - (i) after “subsection (2)” there were inserted “ , (2A) ”;

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- (ii) for the words from “the amount” to the end there were substituted “the amount in respect of which estate duty is chargeable under the said subsection”.
- (4) Section 6 of the Finance Act (Northern Ireland) 1969, so far as continuing to have effect as originally enacted, has effect as if—
 - (a) in subsection (1)—
 - (i) after “subsection (2)” there were inserted “ or (2A) ”;
 - (ii) after “sale” there were inserted “ or loss ”;
 - (b) in subsection (2)—
 - (i) for “sale” there were substituted “ event ”;
 - (ii) after “subsection (2)” there were inserted “ or (2A) ”;
 - (c) in subsection (3)—
 - (i) for “sale” there were substituted “ event ”;
 - (ii) after “subsection (2)” there were inserted “ or (2A) ”;
 - (iii) for “the amount of the proceeds of sale” there were substituted “ the amount in respect of which estate duty is chargeable under the said subsection ”.
- (5) Section 6 of the Finance Act (Northern Ireland) 1969, so far as continuing to have effect as amended by Article 7 of the Finance (Northern Ireland) Order 1972 (S.I. 1972/1100 (N.I.11)) (deaths occurring after the making of that Order), has effect as if—
 - (a) in subsection (1)—
 - (i) after “subsection (2)” there were inserted “ or (2A) ”;
 - (ii) after “sale” there were inserted “ or loss ”;
 - (b) in subsection (2), after “subsection (2)” there were inserted “ or (2A) ”;
 - (c) in subsection (3)—
 - (i) in the opening words, after “subsection (2)” there were inserted “ or (2A) ”;
 - (ii) in paragraphs (a) and (b), after “otherwise than on sale” there were inserted “ or at the time of the loss ”.
- (6) In section 35 of IHTA 1984 (conditional exemption on death before 7th April 1976), in subsection (2), for paragraphs (a) and (b) substitute—
 - “(a) tax shall be chargeable under section 32 or 32A (as the case may be), or
 - (b) tax shall be chargeable under Schedule 5.”.
- (7) In Schedule 6 to IHTA 1984 (transition from estate duty), in paragraph 4 (objects of national etc interest left out of account on death)—
 - (a) in sub-paragraph (2), for paragraphs (a) and (b) substitute—
 - “(a) tax shall be chargeable under section 32 or 32A of this Act (as the case may be), or
 - (b) estate duty shall be chargeable under those provisions,

as the Board may elect, ”, and
 - (b) in sub-paragraph (4), after “40(2)” insert “ or (2A) ”.

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- (8) Subsections (6) and (7) have effect in relation to a chargeable event where the conditionally exempt transfer referred to in section 35(2) of or paragraph 4(2) of Schedule 6 to IHTA 1984 occurred after 16 March 2016.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)