
STATUTORY INSTRUMENTS

2004 No. 2543

**The Inheritance Tax (Delivery of Accounts)
(Excepted Estates) Regulations 2004**

Excepted estates

4.—(1) An excepted estate means the estate of a person immediately before his death in the circumstances prescribed by paragraphs (2), (3) or (4).

(2) The circumstances prescribed by this paragraph are that—

- (a) the person died on or after 6th April 2004, domiciled in the United Kingdom;
- (b) the value of that person's estate is attributable wholly to property passing—
 - (i) under his will or intestacy,
 - (ii) under a nomination of an asset taking effect on death,
 - (iii) under a single settlement in which he was entitled to an interest in possession in settled property, or
 - (iv) by survivorship in a beneficial joint tenancy or, in Scotland, by survivorship in a special destination;
- (c) of that property —
 - (i) not more than £100,000 represented value attributable to property which, immediately before that person's death, was settled property; and
 - (ii) not more than £75,000 represented value attributable to property which, immediately before that person's death, was situated outside the United Kingdom;
- (d) that person died without having made any chargeable transfers during the period of seven years ending with his death other than specified transfers where, subject to paragraph (7), the aggregate value transferred did not exceed £100,000; and
- (e) the aggregate of—
 - (i) the gross value of that person's estate,
 - (ii) subject to paragraph (7), the value transferred by any specified transfers made by that person, and
 - (iii) the value transferred by any specified exempt transfers made by that person, did not exceed the IHT threshold.

(3) The circumstances prescribed by this paragraph are that—

- (a) the person died on or after 6th April 2004, domiciled in the United Kingdom;
- (b) the value of that person's estate is attributable wholly to property passing—
 - (i) under his will or intestacy,
 - (ii) under a nomination of an asset taking effect on death,
 - (iii) under a single settlement in which he was entitled to an interest in possession in settled property, or

- (iv) by survivorship in a beneficial joint tenancy or, in Scotland, by survivorship in a special destination;
 - (c) of that property—
 - (i) subject to paragraph (8), not more than £100,000 represented value attributable to property which, immediately before that person's death, was settled property; and
 - (ii) not more than £75,000 represented value attributable to property which, immediately before that person's death, was situated outside the United Kingdom;
 - (d) that person died without having made any chargeable transfers during the period of seven years ending with his death other than specified transfers where, subject to paragraph (7), the aggregate value transferred did not exceed £100,000;
 - (e) the aggregate of—
 - (i) the gross value of that person's estate,
 - (ii) subject to paragraph (7), the value transferred by any specified transfers made by that person, and
 - (iii) the value transferred by any specified exempt transfers made by that person, did not exceed £1,000,000; and
 - (f) the aggregate of —

$$A - (B + C)$$

does not exceed the IHT threshold, where—

 - A is the aggregate of the values in sub-paragraph (e),
 - B, subject to paragraph (4), is the total value transferred on that person's death by a spouse or charity transfer, and
 - C is the total liabilities of the estate.
- (4) In Scotland, if legitim could be claimed which would reduce the value of the spouse or charity transfer, the value of B is reduced—
- (a) to take account of any legitim claimed, and
 - (b) on the basis that any part of the remaining legitim fund, which has been neither claimed nor renounced at the time of the application for confirmation, will be claimed in full.
- (5) The circumstances prescribed by this paragraph are that—
- (a) the person died on or after 6th April 2004;
 - (b) he was never domiciled in the United Kingdom or treated as domiciled in the United Kingdom by section 267 of the 1984 Act⁽¹⁾; and
 - (c) the value of that person's estate situated in the United Kingdom is wholly attributable to cash or quoted shares or securities passing under his will or intestacy or by survivorship in a beneficial joint tenancy or, in Scotland, by survivorship in a special destination, the gross value of which does not exceed £100,000.
- (6) For the purposes of paragraphs (2) and (3)—
- “specified transfers” means chargeable transfers made by a person during the period of seven years ending with that person's death where the value transferred is attributable to—
- (a) cash;
 - (b) personal chattels or corporeal moveable property;

(1) Section 267(4) was amended by section 208(3) and (5) of and Schedule 23 Part 5 to the Finance Act 1993 (c. 34).

- (c) quoted shares or securities; or
- (d) an interest in or over land, save to the extent that sections 102 and 102A(2) of the Finance Act 1986(2) apply to that transfer or the land became settled property on that transfer; “specified exempt transfers” means transfers of value made by a person during the period of seven years ending with that person’s death which are exempt transfers only by reason of—
 - (a) section 18 (transfers between spouses),
 - (b) section 23 (3) (gifts to charities),
 - (c) section 24(4) (gifts to political parties),
 - (d) section 24A(5) (gifts to housing associations),
 - (e) section 27(6) (maintenance funds for historic buildings, etc), or
 - (f) section 28 (employee trusts)of the 1984 Act.

(7) For the purpose of paragraphs (2)(d) and (e) and (3)(d) and (e), sections 104 (business property relief) and 116 (agricultural property relief) of the 1984 Act shall not apply in determining the value transferred by a chargeable transfer.

(8) Paragraph (3)(c)(i) does not apply to property which immediately before the person’s death was settled property, to the extent that the property is transferred on that person’s death by a spouse or charity transfer.

(2) Section 102 was amended by section 171(5) and (6) of the Finance Act 1989 (c. 26) and Schedule 27 Part 4 to the Finance Act 1998 (c. 36). Section 102A was inserted by section 104 of the Finance Act 1999 (c. 16).

(3) Section 23 was amended by section 171(2) and (6) of the Finance Act 1989.

(4) Section 24 was amended by section 137 of, and Part 10 of Schedule 14 to, the Finance Act 1988 (c. 39).

(5) Section 24A was inserted by section 171(1) and (6) of the Finance Act 1989 (c. 26) and amended by article 5(1) of, and paragraph 12(2) and (3) of Schedule 2 to, S.I. 1996/2325.

(6) Section 27 was amended by section 144 to the Finance Act 1998.