



Inheritance Tax Act 1984

1984 CHAPTER 51

PART II

EXEMPT TRANSFERS

CHAPTER III

ALLOCATION OF EXEMPTIONS

42 Supplementary.

(1) In this Chapter—

“gift”, in relation to any transfer of value, means the benefit of any disposition or rule of law by which, on the making of the transfer, any property becomes (or would but for any abatement become) the property of any person or applicable for any purpose;

“given” shall be construed accordingly;

“specific gift” means any gift other than a gift of residue or of a share in residue.

(2) For the purposes of this Chapter a gift bears its own tax if the tax attributable to it falls on the person who becomes entitled to the property given or (as the case may be) is payable out of property applicable for the purposes for which the property given becomes applicable.

(3) Where—

(a) the whole or part of the value transferred by a transfer of value is attributable to property which is the subject of two or more gifts, and

(b) the aggregate of the values of the property given by each of those gifts is less than the value transferred or, as the case may be, that part of it,

then for the purposes of this Chapter (and notwithstanding the definition of a gift in subsection (1) above) the value of each gift shall be taken to be the relevant proportion of the value transferred or, as the case may be, that part of it; and the relevant proportion

Changes to legislation: *There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 42. (See end of Document for details)*

in relation to any gift is the proportion which the value of the property given by it bears to the said aggregate.

- (4) Where on the death of a person legal rights under the law of Scotland are claimed by a person entitled to claim them, they shall be treated for the purposes of this Chapter as a specific gift which bears its own tax; and in determining the value of such legal rights, any tax payable on the estate of the deceased shall be left out of account.

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 42.