



Inheritance Tax Act 1984

1984 CHAPTER 51

PART I

GENERAL

Rates

[^{F1}8E Residence nil-rate amount: interest in home goes to descendants etc

- (1) Subsections (2) to (7) apply if—
- (a) the person's estate immediately before the person's death includes a qualifying residential interest, and
 - (b) $N\%$ of the interest is closely inherited, where N is a number—
 - (i) greater than 0, and
 - (ii) less than or equal to 100,
- and in those subsections “ $NV/100$ ” means $N\%$ of so much (if any) of the value transferred by the transfer of value under section 4 [^{F2}on the person's death] as is attributable to the interest.
- (2) Where—
- (a) E is less than or equal to TT , and
 - (b) $NV/100$ is less than the person's default allowance,
- the person's residence nil-rate amount is equal to $NV/100$ and an amount, equal to the difference between $NV/100$ and the person's default allowance, is available for carry-forward.
- (3) Where—
- (a) E is less than or equal to TT , and
 - (b) $NV/100$ is greater than or equal to the person's default allowance,
- the person's residence nil-rate amount is equal to the person's default allowance (and no amount is available for carry-forward).

Changes to legislation: There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 8E. (See end of Document for details)

- (4) Where—
- (a) E is greater than TT, and
 - (b) NV/100 is less than the person's adjusted allowance,
- the person's residence nil-rate amount is equal to NV/100 and an amount, equal to the difference between NV/100 and the person's adjusted allowance, is available for carry-forward.
- (5) Where—
- (a) E is greater than TT, and
 - (b) NV/100 is greater than or equal to the person's adjusted allowance,
- the person's residence nil-rate amount is equal to the person's adjusted allowance (and no amount is available for carry-forward).
- (6) Subsections (2) to (5) have effect subject to subsection (7) [^{F3}and sections 8FC and 8M(2B) to (2E)].
- (7) Where the person's residence nil-rate amount as calculated under subsections (2) to (5) without applying this subsection is greater than VT—
- [^{F4}(a) the person's residence nil-rate amount is equal to VT,
 - (b) where E is less than or equal to TT, an amount, equal to the difference between VT and the person's default allowance, is available for carry-forward, and
 - (c) where E is greater than TT, an amount, equal to the difference between VT and the person's adjusted allowance, is available for carry-forward.]
- (8) See also—
- [^{F5}section 8FC (modifications of this section where there is entitlement to a downsizing addition),]
 - section 8H (meaning of “qualifying residential interest” [^{F6}, “qualifying former residential interest” and “residential property interest”]),
 - section 8J (meaning of “inherit”),
 - section 8K (meaning of “closely inherited”), and
 - section 8M (cases involving conditional exemption).]

Textual Amendments

- F1** Ss. 8D-8M inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 9\(4\)](#)
- F2** Words in s. 8E(1) inserted (with application in accordance with s. 66(6) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 66\(4\)](#)
- F3** Words in s. 8E(6) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), Sch. 15 para. 3\(2\)](#)
- F4** S. 8E(7)(a)-(c) substituted for s. 8E(7)(a)(b) (15.9.2016) by [Finance Act 2016 \(c. 24\), Sch. 15 para. 3\(3\)](#)
- F5** Words in s. 8E(8) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), Sch. 15 para. 3\(4\)\(a\)](#)
- F6** Words in s. 8E(8) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), Sch. 15 para. 3\(4\)\(b\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Inheritance Tax Act 1984, Section 8E.