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*Status: Point in time view as at 22/03/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Rate of tax on ending of interest in possession in property settled during settlor's life. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 20

#### INHERITANCE TAX: RULES FOR TRUSTS ETC

#### PART 3

#### RELATED AMENDMENTS IN IHTA 1984

##### *Rate of tax on ending of interest in possession in property settled during settlor's life*

- 16 (1) Section 54A of IHTA 1984 (special rate of charge on coming to end of interest in possession in settled property affected by potentially exempt transfer) is amended as follows.
- (2) After subsection (1) insert—
- “(1A) Where a person becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property, subsection (1)(b) above applies in relation to the person's death only if the interest is—
- (a) a disabled person's interest, or
  - (b) a transitional serial interest.”
- (3) In subsection (2) (circumstances in which section applies to a chargeable transfer)—
- (a) in paragraph (c), omit “, other than property to which section 71 below applies”, and
  - (b) in paragraph (d)(i), omit “or to which section 71 below applies”.
- (4) Where a chargeable transfer to which section 54A of IHTA 1984 applies was made before 22nd March 2006, that section has effect in relation to that transfer without the amendments made by sub-paragraph (3).

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