



Finance Act 2010

2010 CHAPTER 13

PART 2

ANTI-AVOIDANCE AND REVENUE PROTECTION

Inheritance tax

52 Reversionary interests of purchaser or settlor etc in relevant property

(1) In IHTA 1984, after section 81 insert—

“81A Reversionary interests in relevant property

(1) Where a reversionary interest in relevant property to which—

- (a) a person who acquired it for a consideration in money or money's worth, or
- (b) the settlor or the spouse or civil partner of the settlor, (a “relevant reversioner”) is beneficially entitled comes to an end by reason of the relevant reversioner becoming entitled to an interest in possession in the relevant property, the relevant reversioner is to be treated as having made a disposition of the reversionary interest at that time.

(2) A transfer of value of a reversionary interest in relevant property to which a relevant reversioner is beneficially entitled is to be taken to be a transfer which is not a potentially exempt transfer.”

(2) The amendment made by subsection (1) has effect in relation to reversionary interests to which a relevant reversioner becomes beneficially entitled on or after 9 December 2009.

53 Interests in possession

(1) IHTA 1984 is amended as follows.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2010, Cross Heading: Inheritance tax. (See end of Document for details)

- (2) In section 3A (potentially exempt transfers)—
- (a) in subsection (6), omit “other than section 52”, and
 - (b) after that subsection insert—

“(6A) The reference in subsection (6) above to any provision of this Act does not include section 52 below except where the transfer of value treated as made by that section is one treated as made on the coming to an end of an interest which falls within section 5(1B) below.”
- (3) In section 5 (meaning of estate)—
- (a) in subsection (1)(a)(ii), after “below” insert “ unless it falls within subsection (1B) below ”, and
 - (b) after subsection (1A) insert—

“(1B) An interest in possession falls within this subsection if the person—

 - (a) was domiciled in the United Kingdom on becoming beneficially entitled to it, and
 - (b) became beneficially entitled to it by virtue of a disposition which was prevented from being a transfer of value by section 10 below.”
- (4) In—
- (a) section 49(1A) (treatment of interests in possession),
 - (b) section 51(1A) (disposal of interest in possession), and
 - (c) section 52(2A) and (3A) (charge on termination of interest in possession),
- insert at the end (not as part of paragraph (c))—
- “or falls within section 5(1B) above.”
- (5) In section 57A(1A) (relief where property enters maintenance fund), insert at the end (not as part of paragraph (c))—
- “or fell within section 5(1B) above.”
- (6) In section 100(1A) (alterations of capital etc where participators are trustees), insert at the end (not as part of paragraph (c))—
- “or falls within section 5(1B) above.”
- (7) In section 101(1A) (companies' interests in settled property), insert at the end (not as part of paragraph (b))—
- “or falls within section 5(1B) above.”
- (8) In section 102ZA(1)(b)(ii) of FA 1986 (gifts with reservation: termination of interests in possession), after “serial interest” insert “ or falls within section 5(1B) of the 1984 Act ”.
- (9) In F(No.2)A 1987, omit section 96(2)(c).
- (10) The amendments made by this section have effect in relation to an interest in possession to which a person is beneficially entitled if the person becomes beneficially entitled to it on or after 9 December 2009.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2010, Cross Heading:
Inheritance tax.