
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2012, Cross Heading: Consequential amendments. (See end of Document for details)

SCHEDULES

SCHEDULE 33

INHERITANCE TAX: GIFTS TO CHARITIES ETC

Consequential amendments

- 2 IHTA 1984 is amended as follows in consequence of paragraph 1.
- 3 In section 7 (rates), in subsection (1), after “(4) and (5) below” insert “ and to Schedule 1A ”.
- 4 In section 33 (amount of charge under section 32), after subsection (2) insert—
- “**(2ZA)** In determining for the purposes of subsection (1)(b)(ii) the rate or rates that would have applied in accordance with subsection (1) of section 7, the effect of Schedule 1A (if it would have applied) is to be disregarded.”
- 5 In section 78 (conditionally exempt occasion), in subsection (3), for “33(3)” substitute “ 33(2ZA) ”.
- 6 In section 128 (rate of charge: woodlands)—
- (a) the existing provisions become subsection (1) of that section, and
- (b) after that subsection insert—
- “**(2)** In determining for the purposes of subsection (1) the rate or rates at which tax would have been charged on the amount determined under section 127, the effect of Schedule 1A (if it would have applied) is to be disregarded.”
- 7 After section 141 insert—

“141A Apportionment of relief under section 141

- (1) This section applies if any part of the value transferred by the later transfer qualifies for the lower rate of tax in accordance with Schedule 1A.
- (2) The amount of the reduction made under section 141(1) is to be apportioned in accordance with this section.
- (3) For each qualifying component, the tax chargeable on so much of the value transferred by the later transfer as is attributable to property in that component (“the relevant part of the tax”) is to be reduced by the appropriate proportion of the amount calculated in accordance with section 141(3).
- (4) “The appropriate proportion” is a proportion equal to the proportion that—
- (a) the relevant part of the tax, bears to
- (b) the tax chargeable on the value transferred by the later transfer as a whole.

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- (5) If parts of an estate are treated under Schedule 1A as a single component, subsection (3) applies to the single component (and not to individual components forming part of the deemed single component).
- (6) If, after making the reductions required by subsection (3), there remains any part of the tax chargeable on the value transferred by the later transfer that has not been reduced, the remaining part of the tax is to be reduced by so much of the amount calculated in accordance with section 141(3) as has not been used up for the purposes of making the reductions required by subsection (3).
- (7) In this section—
- “component” means a component of the estate, as defined in paragraph 3 of Schedule 1A;
 - “the later transfer” has the meaning given in section 141(1);
 - “qualifying component” means a component (or deemed single component) for which the donated amount is at least 10% of the baseline amount, as determined in accordance with Schedule 1A.”

8 In Schedule 4 (maintenance funds for historic buildings etc), in paragraph 14, after sub-paragraph (2) insert—

- “(2A) In determining for the purposes of sub-paragraph (2) the effective rate or rates at which tax would have been charged on the amount in accordance with section 7(1), the effect of Schedule 1A (if it would have applied) is to be disregarded.”

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