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*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2016. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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## SCHEDULES

### SCHEDULE 15

#### INHERITANCE TAX: INCREASED NIL-RATE BAND

8 After section 8H insert—

**“8HA Qualifying former residential interest”: interests in possession**

- (1) This section applies for the purposes of determining whether certain interests may be, or be included in, a qualifying former residential interest in relation to a person (see section 8H(4A) to (4C)).
- (2) This section applies where—
  - (a) a person (“P”) is beneficially entitled to an interest in possession in settled property, and
  - (b) the settled property consists of, or includes, an interest in a dwelling-house.
- (3) Subsection (4) applies where—
  - (a) the trustees of the settlement dispose of the interest in the dwelling-house to a person other than P,
  - (b) P's interest in possession in the settled property subsists immediately before the disposal, and
  - (c) P's interest in possession—
    - (i) falls within subsection (7) throughout the period beginning with P becoming beneficially entitled to it and ending with the disposal, or
    - (ii) falls within subsection (8).
- (4) The disposal is to be treated as a disposal by P of the interest in the dwelling-house to which P is beneficially entitled as a result of the operation of section 49(1).
- (5) Subsection (6) applies where—
  - (a) P disposes of the interest in possession in the settled property, or P's interest in possession in the settled property comes to an end in P's lifetime,
  - (b) the interest in the dwelling-house is, or is part of, the settled property immediately before the time when that happens, and
  - (c) P's interest in possession—
    - (i) falls within subsection (7) throughout the period beginning with P becoming beneficially entitled to it and ending with the time mentioned in paragraph (b), or
    - (ii) falls within subsection (8).

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- (6) The disposal, or (as the case may be) the coming to an end of P's interest in possession, is to be treated as a disposal by P of the interest in the dwelling-house to which P is beneficially entitled as a result of the operation of section 49(1).
- (7) An interest in possession falls within this subsection if—
  - (a) P became beneficially entitled to it before 22 March 2006 and section 71A does not apply to the settled property; or
  - (b) P becomes beneficially entitled to it on or after 22 March 2006 and the interest is—
    - (i) an immediate post-death interest,
    - (ii) a disabled person's interest, or
    - (iii) a transitional serial interest.
- (8) An interest in possession falls within this subsection if P becomes beneficially entitled to it on or after 22 March 2006 and it falls within section 5(1B).”

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)