



Finance Act 2020

2020 CHAPTER 14

PART 3

OTHER TAXES

Inheritance tax

73 Excluded property etc

(1) IHTA 1984 is amended as follows.

(2) In section 48 (excluded property)—

- (a) in subsection (3)(a), for “settlement was made” substitute “property became comprised in the settlement (but see also subsection (3F))”,
- (b) in subsection (3A)(a), for “settlement was made” substitute “property became comprised in the settlement (but see also subsection (3F))”,
- (c) in subsection (3E), for “settlement is made” substitute “property became comprised in the settlement (but see also subsection (3F))”, and
- (d) after subsection (3E) insert—

“(3F) If—

- (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and
- (b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsections (3)(a), (3A)(a) and (3E) have effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.”

(3) After section 48 insert—

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, Section 73. (See end of Document for details)

“48A Commencement of settlement

In this Act any reference to the commencement of a settlement is to the time when property first becomes comprised in it.”

- (4) Omit section 60 (meaning of commencement of settlement for purposes of Chapter).
- (5) In section 64 (charge at ten-year anniversary)—
- (a) in subsection (1B)—
 - (i) after “settlor of” insert “ property comprised in ”,
 - (ii) for “settlement was made” substitute “ property became comprised in the settlement (but see also subsection (1BA)) ”, and
 - (iii) after “income of the settlement” insert “ that arose (directly or indirectly) from the property ”, and
 - (b) after that subsection insert—

“(1BA) If—

 - (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and
 - (b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsection (1B) has effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.”
- (6) In section 65 (charge at other times)—
- (a) in subsection (7A), for “settlement made” substitute “ property became comprised in settlement ”,
 - (b) in subsection (8)—
 - (i) after “settlor of” insert “ property comprised in ”,
 - (ii) for “settlement was made” substitute “ property became comprised in the settlement (but see also subsection (8A)) ”, and
 - (iii) for “property comprised in the settlement” substitute “ the property ”, and
 - (c) after that subsection insert—

“(8A) If—

 - (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and
 - (b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsection (8) has effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.”
- (7) In section 74A (arrangements involving acquisition of interest in settled property etc)
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- (a) in subsection (2)(a), for “settlement was made” substitute “ relevant settled property became comprised in the settlement ”, and

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- (b) in subsection (3)(a), for “settlement was made” substitute “ relevant settled property became comprised in the settlement ”.
- (8) In section 157(3) (non-residents' bank accounts), for “he made” substitute “ the settled property became comprised in ”.
- (9) In section 237(1)(b) (imposition of charge), for “the chargeable transfer is made by the making of a settlement or” substitute “ property becomes comprised in a settlement by virtue of the chargeable transfer or the chargeable transfer ”.
- (10) In section 272 (general interpretation)—
 - (a) before the definition of “conditionally exempt transfer” insert—

““commencement” of a settlement has the meaning given by section 48A;”, and
 - (b) in the definition of “foreign-owned”, in paragraph (b)(ii), at the end insert “ (and section 64(1BA) applies for the purposes of this sub-paragraph as it applies for the purposes of section 64(1B)) ”.
- (11) In relation to any chargeable transfer made on or after the day on which this Act is passed, the amendments made by this section are treated as always having been in force.

Section 2(3) of IHTA 1984 applies for the purposes of this subsection.

Changes to legislation:

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