

**Govt 134**

Mr Stephen Timms

EastHam (Lab)

**Amendment 134**

Schedule 19, page 228, line 9, leave out from 'arrangement' to end of line 11.

**EXPLANATORY NOTE**

**SUMMARY**

1. Amendment 134 removes the time limit from new section 151C(3D). This means that in cases where left-over alternatively secured pension (ASP) funds are used on the scheme member's death to provide a dependant's ASP there is no prospect of a second inheritance tax charge on any remaining ASP funds on the dependant's death, no matter how long the administrators of the scheme took to define the original destination of those left-over funds.

**DETAILS**

2. This amendment to paragraph 23(4) of schedule 19 removes the six month time limit from new section 151C(3D) of the Inheritance Tax Act 1984 (IHTA).

**BACKGROUND NOTE**

3. ASP funds were brought within the inheritance tax (IHT) framework in Finance Act 2006. Broadly speaking there are two distinct provisions for charging IHT on left-over ASP funds on death. The first is where a scheme member dies with left-over ASP funds, in which case IHT is applied on the scheme member's death. The second is where an inherited lump sum death benefit (i.e. non-ASP funds) is invested by a dependant in a dependant's ASP, in which case any left-over ASP funds are charged to IHT on the dependant's death. It was never intended that these two separate IHT charges should overlap. The new section 151C(3D) of IHTA, inserted by paragraph 23(4) of schedule 19 (as amended), ensures that that there will be no second IHT charge should the scheme member's left-over ASP funds on death be invested in a dependant's ASP.