

Amendment	Page	Line
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(Brent South - Lab)

Amendment 140

Schedule 15, page 345, line 26, leave out from beginning to 'property' in line 28 and insert—

'(A1) Paragraph 3 (land), paragraph 6 (chattels) and paragraph 8 (intangible property) do not apply to a person at a time when his estate for the purposes of IHTA 1984 includes—

(a) the relevant property, or

(b) other property—

(i) which derives its value from the relevant property, and

(ii) whose value, so far as attributable to the relevant property, is not substantially less than the value of the relevant property.

(A2) Where the estate for the purposes of IHTA 1984 of a person to whom paragraph 3, 6 or 8 applies includes property—

(a) which derives its value from the relevant property, and

(b) whose value, so far as attributable to the relevant property, is substantially less than the value of the relevant property,

the appropriate rental value in paragraph 4, the appropriate amount in paragraph 7 or the chargeable amount in paragraph 9 (as the case may be) is to be reduced by such proportion as is reasonable to take account of the inclusion of the property in his estate.

(1) Paragraphs 3, 6 and 8 do not apply to a person at a time when the relevant'

EXPLANATORY NOTE**SUMMARY**

1. The amendment introduces a new relief (subsuming existing provision for interests-in-possession) for cases where the property being enjoyed by the former owner is included in their estate for inheritance tax purposes, or where their estate includes other property whose value reflects the value of the property being enjoyed.

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DETAILS

2. New subparagraph (A1) exempts cases where the person enjoying property they formerly owned has the full value of that property as part of their estate for inheritance tax purposes, or whose estate includes other property whose value reflects substantially all that value.
3. New subparagraph (A2) scales down the value of the benefit which would otherwise be taken into account in cases where the former owners includes property whose value is derived from the property they formerly owned, but is not the whole of it.

BACKGROUND NOTE

4. The relief covers a range of possibilities including where:
 - the former owner simply reacquires the property they disposed of or part of it (e.g. a gift is given back);
 - the owner creates or is subsequently given an “interest-in-possession” in the property under a trust; or
 - the former owner owns the property or a share in it indirectly e.g. by owning a company which owns the property.