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*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 2006, Part 6. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 20

#### INHERITANCE TAX: RULES FOR TRUSTS ETC

##### PART 6

###### CONDITIONAL EXEMPTION: RELIEF FROM CHARGES

- 34 (1) Section 79 of IHTA 1984 (subsection (3) of which provides for charges to tax where, in the case of settled property designated under section 31 on a claim under section 79, an event occurs that would be chargeable under section 32 or 32A if the claim had been under section 30) is amended as follows.
- (2) After subsection (5) (amount on which tax charged under subsection (3)) insert—
- “(5A) Where the event giving rise to a charge to tax under subsection (3) above is a disposal on sale, and the sale—
- (a) was not intended to confer any gratuitous benefit on any person, and
  - (b) was either a transaction at arm's length between persons not connected with each other or a transaction such as might be expected to be made at arm's length between persons not connected with each other,
- the value of the property at the time of that event shall be taken for the purposes of subsection (5) above to be equal to the proceeds of the sale.”
- (3) For subsection (7) (which provides that the “relevant period” mentioned in subsection (6) begins with the latest of certain listed days and ends with the day before the event giving rise to the charge under subsection (3)) substitute—
- “(7) In subsection (6) above “the relevant period” means the period given by subsection (7A) below or, if shorter, the period given by subsection (7B) below.
- (7A) The period given by this subsection is the period beginning with the latest of—
- (a) the day on which the settlement commenced,
  - (b) the date of the last ten-year anniversary of the settlement to fall before the day on which the property became comprised in the settlement,
  - (c) the date of the last ten-year anniversary of the settlement to fall before the day on which the property was designated under section 31 above on a claim under this section, and
  - (d) 13th March 1975,
- and ending with the day before the event giving rise to the charge.

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(7B) The period given by this subsection is the period equal in length to the number of relevant-property days in the period—

- (a) beginning with the day that is the latest of those referred to in paragraphs (a) to (d) of subsection (7A) above, and
- (b) ending with the day before the event giving rise to the charge.

(7C) For the purposes of subsection (7B) above, a day is a “relevant-property day” if at any time on that day the property was relevant property.”

(4) After subsection (9) insert—

“(9A) Subsection (9B) below applies where the same event gives rise—

- (a) to a charge under subsection (3) above in relation to any property, and
- (b) to a charge under section 32 or 32A above in relation to that property.

(9B) If the amount of each of the charges is the same, each charge shall have effect as a charge for one half of the amount that would be charged apart from this subsection; otherwise, whichever of the charges is lower in amount shall have effect as if it were a charge the amount of which is nil.”

**Changes to legislation:**

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