STATUTORY INSTRUMENTS

2014 No. 488

INHERITANCE TAX

The Inheritance Tax (Delivery of Accounts) (Excepted Estates) (Amendment) Regulations 2014

Made - - - -	*4th March 2014*
Laid before the House of Commons	*6th March 2014*
Coming into force - -	*1st April 2014*

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by section 256(1) and (3) of the Inheritance Tax Act 1984(**a**) and now vested in them(**b**).

In accordance with section 256(3A) of that Act(**c**), they have consulted the Lord Chancellor, the Scottish Ministers and the Lord Chief Justice of Northern Ireland.

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the Inheritance Tax (Delivery of Accounts) (Excepted Estates) (Amendment) Regulations 2014.

(2) These Regulations shall come into force on 1st April 2014 and have effect in relation to deaths occurring on or after that date.

(3) In these Regulations "the principal Regulations" means the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004(**d**).

Amendment of the principal Regulations

2.—(1) Regulation 4 of the principal Regulations (excepted estates) is amended as follows.

(2) In paragraph (3)(f) between "C" and "is the total liabilities of the estate" insert ", subject to paragraph (7B),".

(**a**) 1984 c. 51. By virtue of section 100(1) and (2) of the Finance Act 1986 (c. 41), on and after 25th July 1986 the Capital Transfer Tax Act 1984 may be cited as the Inheritance Tax Act 1984, and any reference in that Act to capital transfer tax is to have effect as a reference to inheritance tax, except where the reference relates to a liability to tax arising before 25th July 1986. Section 256(1) of the Inheritance Tax Act 1984 was amended by section 293(2) of the Finance Act 2004 (c. 12) and section 256(3) of the Inheritance Tax Act 1984 was amended by section 293(5) of the Finance Act 2004.

(**b**) The powers under section 256(1) of the Inheritance Tax Act 1984 are stated to be exercisable by the Board. The Board is defined in section 272 of that Act as the Commissioners of Inland Revenue. The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that, insofar as is appropriate in consequence of section 5, a reference to the Commissioners of Inland Revenue shall be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(**c**) Section 256(3A) of the Inheritance Tax Act 1984 was substituted by paragraph 176 of Schedule 4 to the Constitutional Reform Act 2005 (c. 4).

(**d**) S.I. 2004/2543, amended by S.I. 2005/3230, 2006/2141, 2011/214 and 2011/2226.

(3) After paragraph (7A) insert—

"(7B) For the purpose of paragraph (3)(f) "the total liabilities of the estate" do not include liabilities of the estate to the extent that they—

(a) are not discharged as mentioned in section 175A(1)(a) of the 1984 Act (discharge of liabilities after death)(**a**);

(b) are prevented from being taken into account as mentioned in section 175A(1)(b) of the 1984 Act (discharge of liabilities after death); or

(c) are attributable as mentioned in section 162A(1)(a) or (b), or section 162A(5), of the 1984 Act (liabilities attributable to financing excluded property)(**b**)."

Ruth Owen
Simon Bowles

4th March 2014 Two of the Commissioners for Her Majesty's Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004 (S.I. 2004/2543) ("the principal Regulations").

Regulation 2 amends regulation 4 of the principal Regulations in connection with amendments made to the Inheritance Tax 1984 ("the 1984 Act") by section 176 of and Schedule 36 to the Finance Act 2013. Those amendments restrict the liabilities that may be taken into account for the purposes of determining the value of a person's estate for the purposes of the 1984 Act.

Paragraph (2) of regulation 2 amends paragraph (3)(f) of regulation 4 of the principal Regulations by providing that the expression "total liabilities of the estate" is subject to new paragraph (7B).

Paragraph (3) of regulation 2 inserts new paragraph (7B) into regulation 4 of the principal Regulations.

Sub-paragraphs (a) and (b) of the new paragraph (7B) provide that the total liabilities of the estate for the purpose of paragraph (3)(f) of regulation 4 of the principal Regulations do not include liabilities of the estate to the extent that they are not discharged as mentioned in section 175A(1)(a) of the 1984 Act, or are prevented from being taken into account as mentioned in section 175A(1)(b) of the 1984 Act.

Sub-paragraph (c) of the new paragraph (7B) provides that the total liabilities of the estate for the purpose of paragraph (3)(f) of regulation 4 of the principal Regulations do not include liabilities that are attributable to financing excluded property as mentioned in section 162A(1)(a) or (b), or section 162A(5), of the 1984 Act.

A Tax Information and Impact Note has not been prepared for this Instrument as it contains no substantive changes to tax policy.

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(**a**) Section 175A inserted by paragraph 4 of Schedule 36 to the Finance Act 2013 (c. 29).
(**b**) Section 162A inserted by paragraph 3 of Schedule 36 to the Finance Act 2013.

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