

2015 No. 0000

INHERITANCE TAX

The Inheritance Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2015

Made - - - - - ***

Laid before the House of Commons **

Coming into force - - *

The Treasury make the following Regulations in exercise of the powers conferred by section 306(1)(a) and (b) and 317(2) of the Finance Act 2004(a).

Citation and commencement

1. These Regulations may be cited as the Inheritance Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2015 and come into force on [date].

Prescribed description of arrangements in relation to inheritance tax

2.—(1) For the purposes of Part 7 of the Finance Act 2004 (disclosure of tax avoidance schemes) arrangements are prescribed in relation to inheritance tax if an informed observer, having studied the arrangements and having regard to all the relevant circumstances, could reasonably be expected to conclude that—

- (a) condition 1 is met, and
- (b) either condition 2 or condition 3 is met.

(2) Condition 1 is that the main purpose, or one of the main purposes, of the arrangements is that a person might reasonably be expected to obtain an advantage in relation to inheritance tax (“the tax advantage”).

(3) Condition 2 is that one or more elements of the arrangements would be unlikely to have been entered into but for the obtaining of the tax advantage.

(4) Condition 3 is that the arrangements involve one or more contrived or abnormal steps without which the tax advantage could not be obtained.

(5) In paragraph (3), “one or more elements of the arrangements” includes—

- (a) a step or steps in the arrangements,
- (b) one or more terms or conditions agreed as part of the arrangements, or
- (c) the way in which the arrangements are structured.

(6) Arrangements are excepted from being prescribed under this regulation if they are specified in regulation 3.

(a) 2004 c. 12. Section 317(2) was amended by paragraph 8 of Schedule 17 to the Finance Act 2010 (c. 13).

Arrangements excepted from being prescribed in regulation 2

3.—(1) Arrangements are specified in this regulation if they comprise only of arrangements of the description in paragraph (2), (3) or (4).

(2) A person makes or amends their will or codicil.

(3) A person (“S”) makes a disposition of property whereby property becomes comprised in a settlement, where—

- (a) the settled property consists of, or includes, rights under a contract of insurance, and
- (b) S retains only indefeasible rights under either the terms of the trust, contract of insurance or both, to—
 - (i) the proceeds of one or more single premium insurance policies with fixed maturity dates, or
 - (ii) pre-determined capital payments, if S is alive at the prospective payment date.

(4) A person makes—

- (a) a disposition of property whereby property becomes comprised in a settlement and
- (b) an interest-free, repayable on demand loan to the trustees of the settlement.

(5) In paragraphs (3) and (4), “property”, “settlement” and “settled property” are to be construed in accordance with the Inheritance Tax Act 1984(a).

Revocation of 2011 Regulations

4.—(1) The Inheritance Tax Avoidance Schemes (Prescribed Description of Arrangements) Regulations 2011(b) are revoked.

(2) In regulation 4(5) of the Tax Avoidance Schemes (Information) Regulations 2012(c), in the definition of “the IHT Arrangements Regulations” for “2011” substitute “2015”.

Date _____ *Names*
Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations bring inheritance tax within the scope of Part 7 of the Finance Act 2004 (disclosure of tax avoidance schemes).

Regulation 1 provides for the citation and commencement of the Regulations.

Regulation 2 sets out the conditions, in relation to inheritance tax, that, if met, mean that arrangements fall within the description of prescribed arrangements for the purposes of section 306(1)(a) of the Finance Act 2004.

Regulation 3 defines arrangements that are specified for the purposes of regulation 2(6).

Regulation 4 revokes the Inheritance Tax Avoidance Schemes (Prescribed Description of Arrangements) Regulations 2011 and makes consequential amendments.

A Tax Information and Impact Note covering this instrument was published on 10 December 2014 alongside the Autumn Statement 2014 and is available on the HMRC website at

(a) 1984 c. 51.
(b) S.I. 2011/170.
(c) S.I. 2012/1836; relevant amendments were made by [...].

<http://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.

Withdrawn - do not use