

Clause 1: IHT relief: payments to victims of persecution during Second World War era

Summary

1. This clause provides that one-off compensation payments of €2,500 made to eligible survivors under the Kindertransport Fund will obtain relief from Inheritance Tax (IHT). The clause will include the Kindertransport Fund payments in the list of qualifying compensation payments for World War II era claims. The extension of the relief to Kindertransport payments has effect in relation to deaths occurring on or after 1 January 2019.

Details of the clause

2. Subsection (1) introduces amendments to the Inheritance Tax Act 1984 (IHTA).
3. Subsection (2) allows regulations made under Section 153ZA(8) IHTA to have effect in relation to deaths occurring before the regulations are made. Section 153ZA IHTA outlines the mechanics by which the IHT relief on qualifying payments to victims of persecution during the Second World War era are applied.
4. Subsection (3) inserts the Kindertransport Fund into Part 1 of Schedule 5A to IHTA. Schedule 5A lists the qualifying compensation payments that are not subject to IHT under Section 153ZA IHTA.
5. Subsection (4) provides that the amendment made by paragraph 3 will have effect in relation to deaths occurring on or after 1 January 2019. This is the date the scheme opened for claims and ensures that survivors who die before Royal Assent will still be entitled to the relief.

Background note

6. Under the existing IHT rules, compensation or ex-gratia payments, or the rights to those payments, increase the value of a person's chargeable estate at death and would form part of the claimant's estate for IHT purposes.
7. Section 153ZA provides that certain qualifying compensations payments in relation to compensation payments for personal hurt suffered during World War II era are not subject to IHT.
8. If you have any questions about this change, or comments on the legislation, please contact Jane Romilly Hague on 03000 547038 (email: jane.romillyhague@hmrc.gov.uk).