

**1     Inheritance tax: business property relief and agricultural property relief**

Schedule 1 makes provision about business property relief and agricultural property relief.

## SCHEDULE 1

Section 1

## REFORM OF RELIEFS FOR BUSINESS PROPERTY AND AGRICULTURAL PROPERTY

*Introduction*

- 1 IHTA 1984 is amended as follows.

*Business property*

- 2 (1) Section 104 (business property relief) is amended as follows.
- (2) In subsection (1) –
- (a) in the words before paragraph (a), after “reduced” insert “by 50%.”, and
  - (b) omit paragraphs (a) and (b) and the words after paragraph (b).
- (3) After that subsection insert –
- “(1A) But so much of the value transferred as –
- (a) is attributable to the value of relevant business property that falls within section 105(1)(a), (b) or (bb),
  - (b) constitutes a chargeable transfer that is not an occasion on which tax is chargeable under Chapter 3 of Part 3 (charges on certain settlements etc), and
  - (c) does not exceed the amount of the 100% relief allowance available in relation to that chargeable transfer (see section 124D),
- is to be treated (instead) as reduced by 100%.
- (1B) And so much of the value transferred as –
- (a) is attributable to the value of relevant business property that falls within section 105(1)(a), (b) or (bb),
  - (b) constitutes a chargeable transfer that is an occasion on which tax is chargeable under Chapter 3 of Part 3, and
  - (c) does not exceed the amount of the 100% trust relief allowance available in relation to that occasion (see sections 124E to 124I),
- is to be treated (instead) as reduced by 100%.
- (1C) Subsections (1) to (1B) are subject to the following provisions of this Chapter.”

*Agricultural property*

- 3 (1) Section 116 (agricultural property relief) is amended as follows.
- (2) In subsection (1), for the words from “the appropriate” to the end substitute “50%”.
- (3) After that subsection insert –
- “(1A) But so much of that whole or that part as –

- (a) constitutes a chargeable transfer that is not an occasion on which tax is chargeable under Chapter 3 of Part 3 (charges on certain settlements etc), and
  - (b) does not exceed the amount of the 100% relief allowance available in relation to that chargeable transfer (see section 124D),is to be treated (instead) as reduced by 100%, but only if the transferor's interest condition is met.
- (1B) And so much of that whole or that part as –
  - (a) constitutes a chargeable transfer that is an occasion on which tax is chargeable under Chapter 3 of Part 3, and
  - (b) does not exceed the amount of the 100% trust relief allowance available in relation to that occasion (see sections 124E to 124I),is to be treated (instead) as reduced by 100%, but only if the transferor's interest condition is met.
- (1C) Subsections (1) to (1B) are subject to the following provisions of this Chapter.”
- (4) In subsection (2) –
  - (a) in the words before paragraph (a), for “The appropriate percentage is 100 per cent.” substitute “For the purposes of subsections (1A) and (1B), the transferor's interest condition is met”, and
  - (b) omit the words after paragraph (c).
- (5) In subsection (4) –
  - (a) for “appropriate percentage would be 100 per cent.” substitute “transferor's interest condition would be met”, and
  - (b) for the words from “the appropriate percentage”, in the second place it occurs, to the end substitute “subsections (1A) and (1B) have effect as if –
    - (a) the transferor's interest condition were met, and
    - (b) after paragraph (a) of each subsection there were inserted –
      - “(aa) does not exceed the amount which would have attracted relief under Schedule 8 to the Finance Act 1975, and”.

*100% relief allowance*

4 In Part 5, after Chapter 2 insert—

**“CHAPTER 2A****100% RELIEF ALLOWANCE AND 100% TRUST RELIEF ALLOWANCE****124D 100% relief allowance**

- (1) This section applies for the purpose of determining the amount of the 100% relief allowance available in relation to a chargeable transfer that is not an occasion on which tax is chargeable under Chapter 3 of Part 3 for the purposes of—
  - (a) section 104(1A) (business property relief), and
  - (b) section 116(1A) (agricultural property relief).
- (2) The 100% relief allowance available in relation to a chargeable transfer (“the relevant transfer”) is equal to—
  - (a) £1 million, less
  - (b) the total amount by which the values transferred by chargeable transfers made by the transferor in the allowance period were treated as reduced as a result of section 104(1A) or 116(1A).
- (3) The allowance period means the period—
  - (a) beginning with the commencement of the period of seven years ending with the day on which the relevant transfer was made, and
  - (b) ending with the day before the relevant transfer was made.
- (4) But where—
  - (a) more than one conditionally relievable transfer in relation to the transferor occurs on the same day, and
  - (b) the sum of the potentially relievable values of those transfers exceeds the amount of the 100% relief allowance that would have been available in relation to a transfer made on that same day, if no other transfer had occurred on that day,
 the 100% relief allowance available in relation to those transfers is to be determined under subsection (5) (instead of under subsection (2)).
- (5) The 100% relief allowance available in relation to each of those transfers is the amount given by multiplying—
  - (a) the amount given by dividing the potentially relievable value of that transfer by the sum of the potentially relievable values of all of those transfers, by
  - (b) the amount of the 100% relief allowance that would have been available in relation to a transfer made on that same day, if no other transfer had occurred on that day.

- (6) Subsection (7) applies where—
  - (a) the relevant transfer is the transfer made under section 4 (transfers on death), and
  - (b) the potentially relievable value of that transfer exceeds the amount of the 100% relief allowance available in relation to it.
- (7) The 100% relief allowance available in relation to the transfer is to be attributed between the properties transferred in proportion to the amount of the value of each property as is attributable to—
  - (a) the value of relevant business property that falls within section 105(1)(a), (b) or (bb),
  - (b) the agricultural value of agricultural property in relation to which the transferor's interest condition in section 116(2) is met, or
  - (c) so much of the agricultural value of agricultural property in relation to which the transferor's interest condition in section 116(2) is treated as met as a result of section 116(4) as does not exceed the amount which would have attracted relief under Schedule 8 to the Finance Act 1975.
- (8) Subsection (9) applies where section 131(2) (relief where value of transferred property subsequently decreases) applies in relation to a chargeable transfer—
  - (a) made by the transferor in the allowance period, and
  - (b) the value of which is treated as reduced as a result of section 104(1A) or 116(1A).
- (9) Subsection (2)(b) applies as if the amount by which that value is treated as reduced under section 104(1A) or 116(1A) is the amount by which it would have been treated as reduced if section 131(2) did not apply.
- (10) For the purposes of this section—
  - (a) a chargeable transfer is a “conditionally relievable transfer” in relation to a transferor if—
    - (i) it was made by the transferor, and
    - (ii) section 104(1A) or 116(1A) would apply to reduce the value transferred if there were an amount of the 100% relief allowance available in relation to it, and
  - (b) the potentially relievable value of a chargeable transfer is so much of the value transferred as would be treated as reduced as a result of section 104(1A) or 116(1A) if the 100% relief allowance available in relation to it were unlimited.”

*100% trust relief allowance*

5 After section 124D (as inserted by paragraph 4) insert –

**“124E 100% trust relief allowance (relevant property)**

- (1) This section applies for the purpose of determining the amount of the 100% trust relief allowance available in relation to an occasion on which tax is charged under section 64 or 65 in relation to a settlement (“the relevant settlement”) for the purposes of –
  - (a) section 104(1B) (business property relief), and
  - (b) section 116(1B) (agricultural property relief).
- (2) The 100% trust relief allowance available in relation to an occasion on which tax is charged under section 64 or 65 (“the relevant occasion”) in relation to the relevant settlement is equal to –
  - (a) the trust maximum allowance (see sections 124F and 124G) for the relevant occasion, less
  - (b) the total amount by which the values charged on occasions on which tax was charged under section 64 or 65 in relation to the relevant settlement in the allowance period were treated as reduced as a result of section 104(1B) or 116(1B).
- (3) The allowance period means the period –
  - (a) beginning with –
    - (i) the first day of the second quarter in the period beginning with the date of the most recent ten-year anniversary (within the meaning of Chapter 3 of Part 3) of the relevant settlement, or
    - (ii) if there has not yet been a ten-year anniversary of the relevant settlement, the first day of the second quarter in the period beginning with the date on which the settlement commenced, and
  - (b) ending with the day before the relevant occasion occurred.
- (4) But where –
  - (a) more than one conditionally relievable occasion occurs on the same day, and
  - (b) the sum of the potentially relievable values in relation to those occasions exceeds the amount of the 100% trust relief allowance that would have been available in relation to a conditionally relievable occasion occurring on that same day, if no other such occasion had occurred on that day,the 100% trust relief allowance available in relation to those occasions is to be determined under subsection (5) (instead of under subsection (2)).
- (5) The 100% trust relief allowance available in relation to each of those occasions is the amount given by multiplying –

- (a) the amount given by dividing the potentially relievable value in relation to that occasion by the sum of the potentially relievable values in relation to each of those occasions, by
  - (b) the amount of the 100% trust relief allowance that would have been available in relation to a conditionally relievable occasion occurring on that same day, if no other such occasion had occurred on that day.
- (6) For the purposes of this section –
  - (a) a “conditionally relievable occasion” means an occasion on which –
    - (i) tax is charged under section 64 or 65 in relation to the relevant settlement, and
    - (ii) section 104(1B) or 116(1B) would apply to reduce the value charged if there were an amount of the 100% trust relief allowance available in relation to it, and
  - (b) the potentially relievable value, in relation to an occasion on which tax is charged under section 64 or 65, is so much of the value as otherwise would have been charged on that occasion as would be treated as reduced as a result of section 104(1B) or 116(1B) if the 100% trust relief allowance available in relation to it were unlimited.

#### **124F Trust maximum allowance**

- (1) The trust maximum allowance for an occasion on which tax is chargeable under section 64 or 65 in relation to a settlement (“the relevant settlement”), other than a qualifying pre-commencement settlement (within the meaning of section 124G), is the sum of transferred allowance amounts the relevant settlement has acquired.
- (2) The relevant settlement acquires a transferred allowance amount if –
  - (a) there is a chargeable transfer of qualifying relievable property that results in the property becoming comprised in the relevant settlement, or
  - (b) tax is charged as if there was a transfer of value of qualifying relievable property comprised in the relevant settlement as a result of section 4(1) (transfers on death) or section 52(1) (charge on termination of interest in possession).
- (3) The amount of the transferred allowance amount in relation to a transfer (or deemed transfer) is equal to so much of the value of the qualifying relievable property as does not exceed the maximum allowance cap in relation to it (and if the cap is nil or less, no transferred allowance amount is acquired).
- (4) The maximum allowance cap in relation to qualifying relievable property is equal to –
  - (a) £1 million, less

- (b) the sum of transferred allowance amounts previously acquired by—
    - (i) the relevant settlement, or
    - (ii) any other settlement made by the settlor of the relevant settlement.
- (5) But where more than one transfer referred to in subsection (2)(a) or (b), occurs (or is deemed to occur for the purpose of charging tax) on the same day, the maximum allowance cap is allocated between the qualifying relievable property that is the subject of each transfer in proportion to their value.
- (6) Property is qualifying relievable property to the extent that on its transfer (or deemed transfer)—
  - (a) it becomes relevant property, and
  - (b) the value of the transfer is treated as reduced as a result of section 104(1A) or 116(1A).
- (7) For the purposes of this section, the value of qualifying relievable property is equal to so much of the amount of the value transferred on its transfer (or deemed transfer) as is treated as reduced as a result of section 104(1A) or 116(1A).
- (8) The determination of whether property is qualifying relievable property, and its value, is to be made as it would be made at the time of the transfer (and accordingly ignoring the occurrence of any subsequent events).
- (9) In this section and in section 124G “relevant property” has the meaning it has in Chapter 3 of Part 3 (see section 58).

**124G Trust maximum allowance (qualifying pre-commencement settlements)**

- (1) The trust maximum allowance for an occasion on which tax is chargeable under section 64 or 65 in relation to a qualifying pre-commencement settlement is £1 million.
- (2) A settlement is a qualifying pre-commencement settlement if—
  - (a) the settlement commenced before 30 October 2024, and
  - (b) had there been a transfer of value, immediately before that date, of all of the property comprised in the settlement, at least some of the value transferred would be treated as reduced as a result of subsection (1B) of section 104 or 116 if—
    - (i) the amendments made to those sections by paragraphs 2, 3 and 11 of Schedule 1 to the Finance Act 2026 had been in force,
    - (ii) sections 106 and 117 (minimum periods of ownership or occupation) were ignored,



- (iii) all of the property had been relevant property,
- (iv) the transfer had been a chargeable transfer, and
- (v) there were an amount of the 100% trust relief allowance available in relation to it.

**124H 100% trust relief allowance (special trusts)**

- (1) This section applies for the purpose of determining the amount of the 100% trust relief allowance available in relation to an occasion on which tax is charged under a special trust charging provision for the purposes of—
  - (a) section 104(1B) (business property relief), and
  - (b) section 116(1B) (agricultural property relief).
- (2) The 100% trust relief allowance available in relation to an occasion on which tax is charged under a special trust charging provision (“the relevant occasion”) in relation to a settlement (“the relevant settlement”) is equal to—
  - (a) £1 million, less,
  - (b) the total amount by which the values charged on occasions on which tax was charged under that special trust charging provision in relation to the relevant settlement before the day on which the relevant occasion occurred were treated as reduced as a result of section 104(1B) or 116(1B).
- (3) But where—
  - (a) more than one conditionally relievable occasion in relation to the relevant settlement and that special trust charging provision occurs on the same day, and
  - (b) the sum of the potentially relievable values in relation to those occasions exceeds the amount of the 100% trust relief allowance that would have been available in relation to a conditionally relievable occasion occurring on that same day, if no other such occasion had occurred on that day,the 100% trust relief allowance available in relation to those occasions is to be determined under subsection (4) (instead of under subsection (2)).
- (4) The 100% trust relief allowance available in relation to each of those occasions is the amount given by multiplying—
  - (a) the amount given by dividing the potentially relievable value in relation to that occasion by the sum of the potentially relievable values in relation to each of those occasions, by
  - (b) the amount of the 100% trust relief allowance that would have been available in relation to a conditionally relievable occasion occurring on that same day, if no other such occasion had occurred on that day.
- (5) For the purposes of this section—

- (a) a “conditionally relievable occasion”, in relation to the relevant settlement and a special trust charging provision, means an occasion –
  - (i) on which tax is charged under that provision, and
  - (ii) on which section 104(1B) or 116(1B) would apply to reduce the value charged if there were an amount of the 100% trust relief allowance available in relation to it,
- (b) the potentially relievable value, in relation to an occasion on which tax is charged under a special trust charging provision, is so much of the value as otherwise would have been charged on that occasion as would be treated as reduced as a result of section 104(1B) or 116(1B) if the 100% trust relief allowance available in relation to it were unlimited, and
- (c) a special trust charging provision means –
  - (i) section 70 (property leaving temporary charitable trusts),
  - (ii) section 71 (accumulation and maintenance trusts),
  - (iii) section 71B (trusts for bereaved minors),
  - (iv) section 72 (property leaving employee trusts and newspaper trusts),
  - (v) section 73 (pre-1978 protective trusts),
  - (vi) section 74 (pre-1981 trusts for disabled persons), or
  - (vii) paragraph 8 of Schedule 4 (maintenance funds for historic buildings).

#### **124I 100% trust relief allowance (age 18-to-25 trusts)**

- (1) This section applies for the purpose of determining the amount of the 100% trust relief allowance available in relation to an occasion on which tax is charged under section 71E(1)(a) (charge on age 18-to-25 trusts) in relation to a settlement (“the relevant settlement”) and a beneficiary of that settlement (“B”) for the purposes of –
  - (a) section 104(1B) (business property relief), and
  - (b) section 116(1B) (agricultural property relief).
- (2) There is no 100% trust relief allowance available in relation to an occasion on which tax is charged under section 71E(1)(b).
- (3) The 100% trust relief allowance available in relation to an occasion on which tax is charged under section 71E(1)(a) (“the relevant occasion”) in relation to the relevant settlement and B is equal to –
  - (a) the 18-25 trust allowance in relation to the relevant settlement and B, less,
  - (b) the total amount by which the values charged on occasions on which tax was charged under that section in relation to the relevant settlement and B before the day on which the

relevant occasion occurred were treated as reduced as a result of section 104(1B) or 116(1B).

- (4) The 18-to-25 trust allowance in relation to the relevant settlement and B is—
  - (a) where there is only one qualifying settlement, £1 million, or
  - (b) where there is more than one qualifying settlement, £1 million divided by the number of qualifying settlements.
- (5) For the purposes of subsection (4), a settlement is a qualifying settlement—
  - (a) if it is the relevant settlement, or
  - (b) where the relevant settlement was made by a parent of B on their death on or after 30 October 2024, if it is another settlement—
    - (i) of which B is a beneficiary,
    - (ii) to which section 71D applies, and
    - (iii) that was made by the same parent of B on their death.
- (6) But where—
  - (a) more than one conditionally relievable occasion in relation to the relevant settlement and B occurs on the same day, and
  - (b) the sum of the potentially relievable values in relation to those occasions exceeds the amount of the 100% trust relief allowance that would have been available in relation to a conditionally relievable occasion occurring on that same day, if no other such occasion had occurred on that day,the 100% trust relief allowance available in relation to those occasions is to be determined under subsection (7) (instead of under subsection (3)).
- (7) The 100% trust relief allowance available in relation to each of those occasions is the amount given by multiplying—
  - (a) the amount given by dividing the potentially relievable value in relation to that occasion by the sum of the potentially relievable values in relation to each of those occasions, by
  - (b) the amount of the 100% trust relief allowance that would have been available in relation to a conditionally relievable occasion occurring on that same day, if no other such occasion had occurred on that day.
- (8) For the purposes of this section—
  - (a) a “conditionally relievable occasion”, in relation to the relevant settlement and B, means an occasion—
    - (i) on which tax is charged under section 71E(1)(a) (charge on age 18-to-25 trusts) in relation to the settlement and B, and

- (ii) on which section 104(1B) or 116(1B) would apply to reduce the value charged if there were an amount of the 100% trust relief allowance available in relation to the settlement and B,
- (b) the potentially relievable value, in relation to an occasion on which tax is charged under section 71E(1)(a) in relation to the relevant settlement and B, is so much of the value as otherwise would have been charged on that occasion as would be treated as reduced as a result of section 104(1B) or 116(1B) if the 100% trust relief allowance available in relation to it were unlimited, and
- (c) “parent” has the meaning given by section 71H.”

### *Indexation of relief allowances*

- 6 (1) After section 124I (as inserted by paragraph 5) insert—

**“124J Indexation of allowance amounts**

- (1) If the consumer prices index for the month of September in any year is higher than it was for the previous September, then each relief allowance amount applies to chargeable transfers made on or after 6th April in the following year as if—
  - (a) increased by the percentage that is the same as the percentage by which the consumer prices index is higher than it was for the previous September, and
  - (b) rounded up to the nearest amount which is a multiple of £1000 (where it would not otherwise be).
- (2) The Treasury must before 6th April 2030 and each subsequent 6th April make an order by statutory instrument amending each relief allowance amount to achieve the result in subsection (1).
- (3) In this section—
  - “consumer prices index” means the all items consumer prices index published by the Statistics Board;
  - “relief allowance amount” means an amount (for the time being) specified in any of the following provisions—
    - (a) section 124D(2)(a) (100% relief allowance);
    - (b) subsection (4)(a) of section 124F (100% trust relief allowance cap);
    - (c) section 124G(1) (100% trust relief allowance: qualifying pre-commencement settlements);
    - (d) section 124H(2)(a) (100% trust relief allowance: special trusts);
    - (e) section 124I(4) (100% trust relief allowance: age 18-to-25 trusts).”

- (2) The amendment made by sub-paragraph (1) comes into force on 6 April 2029 (and accordingly no relief allowance amount is to be increased by virtue of it before 6 April 2030).

*Application of section 131 relief*

- 7 (1) Section 131 is amended as follows.
- (2) In subsection (2), in the words after paragraph (b), for “were reduced by the amount of the excess” substitute “reflected the market value of the transferred property on the relevant date, rather than its market value at the time of the chargeable transfer”.
- (3) Omit subsection (2A).

*Rate between ten-year anniversaries*

- 8 In section 69(1) (rate between ten-year anniversaries), for “was” to the end substitute “would have been last charged under section 64 if the following were disregarded –
- (a) section 66(2) (reduction of rate where value attributable to property that is not comprised in the settlement or is not relevant property), and
  - (b) Chapters 1 to 2A of Part 5 (business property relief and agricultural property relief).”

*Property moving between settlements*

- 9 In section 81 (property moving between settlements), after subsection (1) insert –
- “(1A) Subsection (1) applies for the purposes of Chapters 1 to 2A of Part 5 as it applies for the purposes of this Chapter.”

*Scottish agricultural leases*

- 10 (1) Section 177 (Scottish agricultural leases) is amended as follows.
- (2) In subsection (1) –
- (a) the words “tacit relocation” become paragraph (a), and
  - (b) after that paragraph insert “, or
  - (b) continuation by virtue of section 4, 8 or 8E of the Agricultural Holdings (Scotland) Act 2003.”
- (3) In subsection (2), for paragraph (a) substitute –
- “(a) held by virtue of –
- (i) tacit relocation, or
  - (ii) continuation by virtue of section 4, 8 or 8E of the Agricultural Holdings (Scotland) Act 2003, and”.

(4) After subsection (4) insert –

“(5) In this section “agricultural property” has the same meaning as in Chapter 2 of Part 5.”.

*Certain shares no longer eligible for 100% relief*

11 (1) In section 105 (relevant business property), in subsection (1) –

(a) after paragraph (a) insert –

“(aa) any unquoted shares that are traded on a recognised stock exchange;

(ab) any unquoted securities that are traded on a recognised stock exchange;”,

(b) after paragraph (ab) (as inserted by this sub-paragraph) insert –

“(ac) any unquoted shares or securities that are traded on an exchange outside the United Kingdom that is not a recognised stock exchange;”,

(c) in paragraph (b), at the beginning insert “any other”, and

(d) in paragraph (bb), after “any” insert “other”.

(2) In section 113A, in subsection (3A)(b), for “paragraph (b) or” substitute “any of paragraphs (aa) to”.

(3) In Chapter 3 of Part 6 (valuation) –

(a) in section 178 (sale of shares from deceased’s estate), in subsection (2) –

(i) omit “or dealing on the Unlisted Securities Market”, and

(ii) omit “or dealt in”,

(b) in section 180 (effect of purchasing qualifying investments), in subsection (3) omit “or separately dealt in on the Unlisted Securities Market”, and

(c) in section 186B (suspended investments), in subsection (1) omit “or dealing on the Unlisted Securities Market”.

(4) In section 272(1) –

(a) in the definition of “quoted” –

(i) omit “or dealt in on the Unlisted Securities Market”, and

(ii) for “neither so listed nor so dealt in” substitute “not so listed”, and

(b) at the appropriate place insert –

““recognised stock exchange” has the meaning it has in the Income Tax Acts (see subsection (1) of section 1005 of the Income Tax Act 2007), and subsection (3) of that section (meaning of “listed” on a recognised stock exchange) applies for the purposes of this Act as it applies for the purposes of the Income Tax Acts;”.

- (5) In consequence of the amendments made by sub-paragraph (1), in Schedule 20 to FA 1986, in paragraph 8(1A)(a), for “paragraph (b), (bb) or” substitute “any of paragraphs (aa) to”.

*Instalments and interest*

- 12 (1) In section 227 (payment by instalments), in subsection (2) –
- (a) after paragraph (a) insert –
    - “(aa) property that is relevant business property for the purposes of Chapter 1 of Part 5;”, and
  - (b) in paragraph (b), after “applies” insert “and that are not relevant business property for the purposes of that Chapter”.
- (2) In section 234 (interest on instalments) –
- (a) in subsection (1)(a), for the words from “the value” to the end substitute “ –
    - (i) value treated as reduced under Chapter 1 or 2 of Part 5 of this Act, or
    - (ii) the value of any shares, securities, business or interest in a business, if that value is not treated as reduced under either Chapter of that Part, or”, and
  - (b) in subsection (2), for “(not being tax attributable to value treated as reduced under Chapter II of Part V of this Act)” substitute “that is not tax attributable to value treated as reduced under Chapter 1 or 2 of Part 5 of this Act”.

*Temporary relaxation of ownership and occupation conditions*

- 13 (1) This paragraph applies where –
- (a) property becomes comprised in a settlement as a result of a transfer of value made on or after 30 October 2024 but before 6 April 2026,
  - (b) some or all of the value transferred was reduced by 100% as a result of section 105 or section 116 of IHTA 1984,
  - (c) an occasion on which tax is chargeable under section 65 of that Act occurs as a result of the property ceasing to be comprised in that settlement before 6 April 2026, and
  - (d) some or all of the value transferred would have been reduced by 100% as a result of section 105 or section 116 of that Act, but was not only as a result of an ownership or occupation condition.
- (2) For the purposes of that occasion, Chapters 1 and 2 of Part 5 of IHTA 1984 have effect as if the ownership or occupation conditions were omitted.
- (3) Where this paragraph applies, the transfer of value mentioned in sub-paragraph (1)(a) is not to be regarded as a chargeable transfer of qualifying relievable property for the purposes of section 124F of IHTA 1984 (as inserted by paragraph 5).
- (4) In this paragraph, an “ownership or occupation condition” means –

- (a) section 106 of IHTA 1984 (minimum period of ownership for business property relief);
  - (b) section 117 of that Act (minimum period of occupation or ownership for agricultural property relief).
- (5) This paragraph is to be treated as having come into force on 30 October 2024 and has effect in relation to occasions on which tax is chargeable under Chapter 3 of Part 3 of IHTA 1984 on or after that date (but which occur before 6 April 2026).

### *Commencement*

- 14 (1) The amendments made by this Schedule, other than the amendment made by paragraph 6 and the modification made by paragraph 13, have effect in relation to transfers of value made, and occasions on which tax is chargeable under Chapter 3 of Part 3 of IHTA 1984, on or after 6 April 2026.
- (2) Sub-paragraph (3) applies where—
  - (a) by reason of a death occurring on or after that date, a potentially exempt transfer made before that date, but after 29 October 2024, proves to be a chargeable transfer, or
  - (b) additional tax falls to be calculated in respect of a chargeable transfer (other than a potentially exempt transfer) made before 6 April 2026, but after 29 October 2024, as a result of the transferor’s death within seven years of the transfer.
- (3) The amendments made by this Schedule, other than the amendment made by paragraph 11(1)(b) (shares traded on overseas exchanges), are to be treated as having had effect at the time the transfer was made.
- (4) But in relation to a chargeable transfer mentioned in sub-paragraph (2)(b), sub-paragraph (3) does not have effect—
  - (a) at any time before the death of the transferor, or
  - (b) if the transferor’s death is seven years or more after the transfer.
- (5) For the purpose of determining the trust maximum allowance under section 124F of IHTA 1984 (as inserted by paragraph 5)—
  - (a) the amendment made by that paragraph is to be treated as if it had come into force on 30 October 2024, and
  - (b) that section has effect for that purpose in the period beginning with that date and ending with 5 April 2026 as if in subsections (6)(b) and (7), for “as a result of section 104(1A) or 116(1A)” there were substituted “by 100% as a result of section 104(1)(a) or 116(2)”.
- (6) Where property is comprised in a qualifying pre-commencement settlement before 30 October 2024, the amendments made by paragraphs 2 to 5 of this Schedule do not have effect in relation to that property, at any time while that property is relevant property, until the first ten-year anniversary that falls on or after 6 April 2026.



- (7) For the purposes of section 66(2) of IHTA 1984 as it applies in connection with the first occurrence on or after 6 April 2026 of the charge under section 64(1) of that Act in relation to a settlement, previously relievable property is to be treated as if it were not comprised in the settlement until 6 April 2026.
- (8) For the purposes of sub-paragraph (7) “previously relievable property” means relevant property comprised in the settlement before 30 October 2024 to the extent the value of that property charged on the occasion of that charge would have been treated as reduced by 100% as a result of section 104(1)(a) or 116(2) of IHTA 1984 if the amendments made by this Schedule had not been made.
- (9) Sub-paragraph (10) applies for the purposes of—
  - (a) section 70(7) of IHTA 1984 as it applies in connection with a charge under a special trust charging provision occurring on or after 6 April 2026 in relation to a settlement that commenced before that date, and
  - (b) sections 71F(6) and 71G(3) of that Act as they apply in connection with a charge under section 71E(1)(a) of that Act occurring on or after 6 April 2026 in relation to a settlement that commenced before that date.
- (10) Previously relievable special property is to be treated as if were excluded property for the purposes of those sections until—
  - (a) in the case of previously relievable special property in relation to a charge under a special trust charging provision, the commencement of the first successive quarter in the relevant period (within the meaning given by section 70(8) of IHTA 1984) to commence on or after 6 April 2026, or
  - (b) in the case of previously relievable special property in relation to a charge under section 71E(1)(a) of that Act, the commencement of the first successive quarter in the period referred to in section 71F(5) of that Act to commence on or after 6 April 2026.
- (11) For the purposes of sub-paragraph (10) “previously relievable special property”, in relation to a charge under a special trust charging provision or under section 71E(1)(a) of IHTA 1984, means property comprised in the settlement before 6 April 2026 to the extent the value of that property charged on the occasion of that charge would have been treated as reduced by 100% as a result of section 104(1)(a) or 116(2) of that Act if the amendments made by this Schedule had not been made.
- (12) But property ceases to be previously relievable special property after the first occasion on or after 6 April 2026 of a charge under a special trust charging provision or under section 71E(1)(a) of that Act in relation to that property.