

Liability to tax in respect of certain sales and mortgages. CATA 1976 s64 111.—(1) In this section—

“death duties” has the meaning assigned to it by section 30 of the Finance Act 1971 ; and

“purchaser or mortgagee” includes a person deriving title from or under a purchaser or mortgagee in the case of such a sale or mortgage as is referred to in this section.

(2) Where an interest in expectancy has, prior to 1 April 1975, been bona fide sold or mortgaged for full consideration in money or money's worth, and that interest comes into possession on a death occurring on or after the date of the passing of this Act, the following provisions shall apply, that is—

(a) the purchaser or mortgagee shall not be liable in respect of inheritance tax on the inheritance referred to in paragraph (b) for an amount greater than that referred to in paragraph (c);

(b) the inheritance referred to in paragraph (a) is the inheritance of property in which the interest so sold or mortgaged subsists and which arises in respect of the interest of the remainderman referred to in section 32 so coming into possession;

(c) the amount referred to in paragraph (a) shall be the amount that would then have been payable by the purchaser or mortgagee in respect of death duties on the property in which the interest subsists as property passing under the same disposition as that under which the inheritance is taken, if the property, on so coming into possession, had been chargeable to death duties—

(i) under the law in force, and

(ii) at the rate or rates having effect,

at the date of the sale or mortgage;

(d) where such an interest is so mortgaged, any amount of inheritance tax payable in respect of the inheritance referred to in paragraph (b), and from the payment of which the mortgagee is relieved under this section, shall, notwithstanding the priority referred to in section 60 (1), rank, in relation to property charged with such tax under that section, as a charge subsequent to the mortgage;

(e) any person, other than the purchaser or mortgagee, who is accountable for the payment of so much of the inheritance tax as is not the liability of the purchaser or mortgagee by virtue of the relief given by this section, shall not be liable for the payment of any amount in respect of such inheritance tax in excess of the amount which is available to that person for such payment by reason of there being, at the time when the interest comes into possession, other property, or an equity of redemption, or both, subject to the same trusts, under the disposition referred to in paragraph (c), as the property in which the interest in expectancy subsists; and

(f) nothing in section 45 (7) or (8) or section 60 (1) shall be construed as derogating from the relief

given by this section to a purchaser or mortgagee.