HMRC - IHTM11260 - Exemptions: Conditional Exemption

Sections IHTA84/S30 to IHTA/S35 give effect to the general policy of allowing conservation of items of national heritage by enabling transfers of value (IHTM04024) to be conditionally exempted to the extent that

the property transferred is designated by HMRC as of national interest, and

an appropriate person, usually the new owner, gives undertakings to preserve the property, allow reasonable public access and keep any works of art (or other items) in the UK.

The exemption is described as conditional because there is normally a tax charge if the undertakings are broken or the property is sold or given away.

Under IHTA84/S30 (1) a transfer of value is an exempt transfer to the extent that the value transferred is attributable to property

which, on a claim being made within 2 years of the date of the charge, is designated by the Board, and

in respect of which certain undertakings are given.

Conditional exemption is not available to the extent to which a transfer of value is exempt under

IHTA84/S18 (transfers between spouses or civil partners (IHTM11031))

IHTA84/S23 (gifts to charities (IHTM11101))

Subject to those exclusions conditional exemption is available on the following transfers, including the termination of an interest in possession in settled property

transfers on death, including Gifts With Reservation (IHTM14301) within FA86/S102 (3)

certain lifetime transfers (IHTM14000).

Under IHTA84/S31 (1) the categories of property which may be designated are

Pictures, prints, books, manuscripts, works of art, scientific collections, and other things not yielding income which are of pre-eminent national, scientific, historic or artistic interest or groups of such objects

Land of outstanding scenic, historic or scientific interest

Buildings of outstanding historic or architectural interest together with their essential amenity land, and objects historically associated with them.

The exemption has to be claimed and the required undertakings given by the appropriate person. The Heritage Team is primarily responsible for administering the exemption.

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