



# Capital Transfer Tax Act 1984

## 1984 CHAPTER 51

### PART III

#### SETTLED PROPERTY

### CHAPTER IV

#### MISCELLANEOUS

#### **86**     **Trusts for benefit of employees**

- (1) Where settled property is held on trusts which, either indefinitely or until the end of a period (whether defined by a date or in some other way) do not permit any of the settled property to be applied otherwise than for the benefit of—
  - (a) persons of a class denned by reference to employment in a particular trade or profession, or employment by, or office with, a body carrying on a trade, profession or undertaking, or
  - (b) persons of a class defined by reference to marriage or relationship to, or dependence on, persons of a class defined as mentioned in paragraph (a) above,then, subject to subsection (3) below, this section applies to that settled property or, as the case may be, applies to it during that period.
- (2) Where settled property is held on trusts permitting the property to be applied for the benefit of persons within paragraph (a) or (b) of subsection (1) above, those trusts shall not be regarded as outside the description specified in that subsection by reason only that they also permit the settled property to be applied for charitable purposes.
- (3) Where any class mentioned in subsection (1) above is defined by reference to employment by or office with a particular body, this section applies to the settled property only if—
  - (a) the class comprises all or most of the persons employed by or holding office with the body concerned, or

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- (b) the trusts on which the settled property is held are those of a profit sharing scheme approved in accordance with Schedule 9 to the Finance Act 1978.
- (4) Where this section applies to any settled property—
- (a) the property shall be treated as comprised in one settlement, whether or not it would fall to be so treated apart from this section, and
  - (b) an interest in possession in any part of the settled property shall be disregarded for the purposes of this Act (except section 55) if that part is less than 5 per cent. of the whole.
- (5) Where any property to which this section applies ceases to be comprised in a settlement and, either immediately or not more than one month later, the whole of it becomes comprised in another settlement, then, if this section again applies to it when it becomes comprised in the second settlement, it shall be treated for all the purposes of this Act as if it had remained comprised in the first settlement.

## **87 Newspaper trusts**

- (1) In relation to property comprised in a settlement to which this section applies, section 86 above shall have effect as if newspaper publishing companies were included among the persons within paragraphs (a) and (b) of subsection (1) of that section.
- (2) This section applies to a settlement if shares in a newspaper publishing company or a newspaper holding company are the only or principal property comprised in the settlement.
- (3) In this section—
- " newspaper publishing company " means a company whose business consists wholly or mainly in the publication of newspapers in the United Kingdom ;
  - " newspaper holding company " means a company which—
    - (a) has as its only or principal asset shares in a newspaper publishing company, and
    - (b) has powers of voting on all or most questions affecting the publishing company as a whole which if exercised would yield a majority of the votes capable of being exercised on them ;

and for the purposes of this section shares shall be treated as the principal property comprised in a settlement or the principal asset of a company if the remaining property comprised in the settlement or the remaining assets of the company are such as may be reasonably required to enable the trustees or the company to secure the operation of the newspaper publishing company concerned.

## **88 Protective trusts**

- (1) This section applies to settled property (other than property to which section 73 above applies) which is held on trusts to the like effect as those specified in section 33(1) of the Trustee Act 1925 ; and in this section " the principal beneficiary " and " the trust period " have the same meanings as in that section.
- (2) For the purposes of this Act—
- (a) there shall be disregarded the failure or determination, before the end of the trust period, of trusts to the like effect as those specified in paragraph (i) of the said section 33(1), and

- (b) the principal beneficiary shall be treated as beneficially entitled to an interest in possession in any property which is for the time being held on trusts to the like effect as those specified in paragraph (ii) of the said section 33(1).

## **89 Trusts for disabled persons**

- (1) This section applies to settled property transferred into settlement after 9th March 1981 and held on trusts—
  - (a) under which, during the life of a disabled person, no interest in possession in the settled property subsists, and
  - (b) which secure that not less than half of the settled property which is applied during his life is applied for his benefit.
- (2) For the purposes of this Act the person mentioned in subsection (1) above shall be treated as beneficially entitled to an interest in possession in the settled property.
- (3) The trusts on which settled property is held shall not be treated as falling outside subsection (1) above by reason only of the powers conferred on the trustees by section 32 of the Trustee Act 1925 or section 33 of the Trustee Act (Northern Ireland) 1958 (powers of advancement).
- (4) The reference in subsection (1) above to a disabled person is, in relation to any settled property, a reference to a person who, when the property was transferred into settlement, was—
  - (a) incapable, by reason of mental disorder within the meaning of the Mental Health Act 1983, of administering his property or managing his affairs, or
  - (b) in receipt of an attendance allowance under section 35 of the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975.

## **90 Trustees' annuities, etc.**

Where under the terms of a settlement a person is entitled by way of remuneration for his services as trustee to an interest in possession in property comprised in the settlement, then, except to the extent that the interest represents more than a reasonable amount of remuneration,—

- (a) the interest shall be left out of account in determining for the purposes of this Act the value of his estate immediately before his death, and
- (b) tax shall not be charged under section 52 above when the interest comes to an end.

## **91 Administration period**

- (1) Where a person would have been entitled to an interest in possession in the whole or part of the residue of the estate of a deceased person had the administration of that estate been completed, the same consequences shall follow under this Act as if he had become entitled to an interest in possession in the unadministered estate and in the property (if any) representing ascertained residue, or in a corresponding part of it, on the date as from which the whole or part of the income of the residue would have been attributable to his interest had the residue been ascertained immediately after the death of the deceased person.
- (2) In this section—

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- (a) " unadministered estate" means all the property for the time being held by personal representatives as such, excluding property devolving on them otherwise than as assets for the payment of debts and excluding property that is the subject of a specific disposition, and making due allowance for outstanding charges on residue and for any adjustments between capital and income remaining to be made in due course of administration ;
- (b) " ascertained residue" means property which, having ceased to be held by the personal representatives as such, is held as part of the residue ;
- (c) " charges on residue ", and " specific disposition " have the same meanings as in Part XV of the Taxes Act and the reference to the completion of the administration of an estate shall be construed as if contained in that Part

## **92 Survivorship clauses**

- (1) Where under the terms of a will or otherwise property is held for any person on condition that he survives another for a specified period of not more than six months, this Act shall apply as if the dispositions taking effect at the end of the period or, if he does not survive until then, on his death (including any such disposition which has effect by operation of law or is a separate disposition of the income from the property) had had effect from the beginning of the period.
- (2) Subsection (1) above does not affect the application of this Act in relation to any distribution or application of property occurring before the dispositions there mentioned take effect.

## **93 Disclaimers**

Where a person becomes entitled to an interest in settled property but disclaims the interest, then, if the disclaimer is not made for a consideration in money or money's worth, this Act shall apply as if he had not become entitled to the interest.