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Amendments of ICTA: introductory

1 ICTA is amended as follows.

Section 741: application subject to sections 741B and 741C

2 (1) Section 741 (exemption from sections 739 and 740) is amended as follows.

 (2) At the beginning of the section insert “ (1) ”.

 (3) At the end of the section insert—

“(2) This section is subject to sections 741B and 741C (application of this section and section 741A etc).”.

 (4) In consequence of amendments made by this Schedule, the heading of the section becomes “Exemption from sections 739 and 740 (transactions before 5th December 2005)”.

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- (5) The amendments made by this paragraph shall be taken to have come into force on 5th December 2005.

Exemption from sections 739 and 740: new provision

- 3 (1) After section 741 insert—

“741A Exemption from sections 739 and 740 (transactions on or after 5th December 2005)

- (1) The individual is not liable to income tax by virtue of section 739 or 740 for the year of assessment by reference to the relevant transactions if he satisfies an officer of the Board—
- (a) that Condition A is met, or
 - (b) in a case where Condition A is not met, that Condition B is met.
- (2) Condition A is that it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected.
- (3) Condition B is that—
- (a) all the relevant transactions were genuine commercial transactions, and
 - (b) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of those transactions was more than incidentally designed for the purpose of avoiding liability to taxation.
- (4) The intentions and purposes of any person who, whether or not for consideration,—
- (a) designs or effects the relevant transactions or any of them, or
 - (b) provides advice in relation to the relevant transactions or any of them,
- are to be taken into account in determining the purposes for which those transactions or any of them were effected.
- (5) A relevant transaction is a commercial transaction only if it is effected—
- (a) in the course of a trade or business, or
 - (b) with a view to setting up and commencing a trade or business, and, in either case, for the purposes of that trade or business.
- (6) For that purpose, the making and managing of investments, or the making or managing of investments, is not a trade or business except to the extent that—
- (a) the person by whom it is done, and
 - (b) the person for whom it is done,
- are independent persons dealing at arm's length.
- (7) In this section—

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“commercial transaction” does not include—

- (a) a transaction on terms other than those that would have been made between independent persons dealing at arm's length, or
- (b) a transaction that would not have been entered into between independent persons dealing at arm's length;

“independent persons” means persons who are not connected with each other (within the meaning given by section 839);

“relevant transactions” means—

- (a) the transfer, and
- (b) any associated operations;

“revenue” includes taxes, duties and national insurance contributions;

“taxation” includes any revenue for whose collection and management the Commissioners for Her Majesty's Revenue and Customs are responsible.

(8) Any associated operation that would not (apart from this subsection) fall to be taken into account for the purposes of this section must be taken into account for those purposes if, were it to be so taken into account, the conditions in subsection (1) above would be failed by reference to—

- (a) that associated operation, or
- (b) that associated operation taken together with the transfer or any one or more other associated operations.

(9) The jurisdiction of the Special Commissioners on any appeal includes jurisdiction to review any decision taken by an officer of the Board in exercise of the officer's functions under this section.

(10) This section is subject to sections 741B and 741C (application of section 741 and this section etc).”.

(2) The amendment made by this paragraph shall be taken to have come into force on 5th December 2005.

Application of sections 741 and 741A

4 (1) After section 741A insert—

“741B Application of sections 741 and 741A

(1) This section makes provision with respect to the application for the year of assessment of—

- (a) section 741,
- (b) section 741A, or
- (c) section 741C,

in the case of the individual and the relevant transactions.

(2) In this section—

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“new transaction” means a relevant transaction effected on or after the relevant date;

“old transaction” means a relevant transaction effected before the relevant date;

“the relevant date” means 5th December 2005;

“relevant transactions” means—

- (a) the transfer, and
- (b) any associated operations.

- (3) If all the relevant transactions are old transactions, section 741 is the provision to be applied.
- (4) If all the relevant transactions are new transactions, section 741A is the provision to be applied.
- (5) If—
 - (a) any one or more of the relevant transactions are old transactions, and
 - (b) any one or more of the relevant transactions are new transactions,section 741C is the provision to be applied.

741C Cases where there are both old transactions and new transactions

- (1) This section applies by virtue of section 741B if the case falls within subsection (5) of that section.
- (2) Sections 739 and 740 do not apply, unless subsection (3) below applies.
- (3) This subsection applies if—
 - (a) the conditions in section 741(1) are failed by reference to the old transactions or any of them, or
 - (b) the conditions in section 741A(1) are failed by reference to the new transactions or any of them.
- (4) Where subsection (3) above applies, the general rule is that sections 739 and 740 apply as they would have applied apart from any exemption by virtue of sections 741 to 741C.
- (5) In any case where subsection (3) above applies by virtue only of paragraph (b) of that subsection, the general rule has effect subject to, and in accordance with, the Rules in subsections (6) to (8) below.
- (6) Rule 1 is that, for the purposes of section 739(2) or (3), any income arising before the relevant date must not be brought into account as income of the person resident or domiciled outside the United Kingdom.
- (7) Rule 2 is that for the purposes of section 740, where—
 - (a) a benefit is received by the individual in a year of assessment ending after the relevant date, and
 - (b) relevant income of years of assessment up to and including that year falls to be determined,the general rule requires years ending before the relevant date to be brought into account as well as years ending after that date.

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(8) Rule 3 is that, for the purposes of section 740, a benefit received by the individual in the year 2005-06 is to be left out of account to the extent that, on a time apportionment basis, it fell to be enjoyed in any part of the year that falls before the relevant date.

(9) This section is to be read as one with section 741B.”.

(2) The amendment made by this paragraph shall be taken to have come into force on 5th December 2005.

Just and reasonable apportionment in certain cases

5 (1) After section 741C insert—

“741D Section 739: just and reasonable apportionment in certain cases

(1) This section applies where—

- (a) an individual is liable to tax by virtue of section 739 for a year of assessment (the “taxable year”), but
- (b) the conditions in subsections (2) to (4) below are met.

(2) Condition 1 is that since the making of the transfer there have been one or more years of assessment when the circumstances were such that, so far as relating to such of the relevant transactions as were effected before the end of the year, the individual—

- (a) was not liable to tax by virtue of section 739, or
- (b) would not have been liable to tax by virtue of section 739 if there had been any deemed income of his under that section,

because an appropriate exemption applied or, in a case falling within paragraph (b) above, would have applied.

(3) Condition 2 is that the individual is liable to tax under section 739 in the taxable year in consequence of Condition B in section 741A(3) not being met.

(4) Condition 3 is that the income by reference to which the individual is liable to tax for the taxable year is attributable—

- (a) partly to relevant transactions by reference to which the appropriate exemption applied for the last exempt year of assessment, and
- (b) partly to associated operations not falling within paragraph (a) above (“chargeable operations”).

(5) For the purposes of this section, a year of assessment is “exempt” if it is one of the years of assessment mentioned in subsection (2) and there is no earlier year of assessment for which—

- (a) the individual was liable to tax by virtue of section 739, or
- (b) the individual would have been liable to tax by virtue of section 739, if there had been any deemed income of his under that section.

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- (6) Where this section applies, the liability of the individual is to be reduced as if it fell to be determined by reference to only so much of the income as appears to an officer of the Board to be justly and reasonably attributable to chargeable operations in all the circumstances of the case.
- (7) The facts and matters that may be taken into account in determining for the purposes of subsection (6) above whether income may be regarded as justly and reasonably attributable to chargeable operations include whether, and to what extent, the chargeable operations or any of them directly or indirectly affect any of the following—
- (a) the character, description or amount of any income of any person,
 - (b) any person's power to enjoy any income,
 - (c) the character, description or amount of any income which a person has power to enjoy.
- (8) The jurisdiction of the Special Commissioners on any appeal includes jurisdiction to review any decision taken by an officer of the Board in exercise of the officer's functions under this section.
- (9) In this section—
- “appropriate exemption” means exemption by virtue of—
 - (a) paragraph (b) of section 741(1), or
 - (b) Condition B in section 741A(3);
 - “relevant transactions” means—
 - (a) the transfer, and
 - (b) any associated operations.”.
- (2) The amendment made by this paragraph shall be taken to have come into force on 5th December 2005.

Section 742: interpretation of the Chapter

- 6 (1) Section 742 (interpretation of sections 739 to 741) is amended as follows.
- (2) In subsection (1) (meaning of “associated operations”) for “sections 739 to 741” substitute “this Chapter”.
- (3) At the end of subsection (1), insert— “It is immaterial whether the operation is effected before, after, or at the same time as the transfer.”.
- (4) After subsection (1) insert—
- “(1A) The income that becomes payable to, or has become income of, a person resident or domiciled outside the United Kingdom that is referred to in section 739(1) or (3) or section 740(1) includes any income which becomes payable to, or has become income of, the person by virtue or in consequence of—
 - (a) the transfer,
 - (b) one or more associated operations, or
 - (c) the transfer and one or more associated operations.

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- (1B) The income which an individual has power to enjoy, as mentioned in section 739(2), includes any income which he has power to enjoy by virtue or in consequence of—
 - (a) the transfer,
 - (b) one or more associated operations, or
 - (c) the transfer and one or more associated operations.”.

(5) The heading to the section accordingly becomes “ Interpretation of this Chapter ”.

(6) The amendments made by this paragraph shall be taken to have come into force on 5th December 2005.

ITTOIA 2005

Gains from contracts for life insurance etc

- 7 (1) In ITTOIA 2005, section 468 (gains from contracts of life insurance etc: non-UK resident trustees and foreign institutions) is amended as follows.
- (2) In subsection (2) (section 740 of ICTA to apply with the modifications in subsection (3) or (4))—
 - (a) for “Section 740” substitute “ Sections 739 and 740 ”,
 - (b) for “prevents” substitute “ prevent ”,
 - (c) for “applies” substitute “ apply ”.
- (3) In subsection (3) (cases within subsection (1)(a)) for “section 740 applies” substitute “ sections 739 and 740 apply ”.
- (4) In subsection (4) (cases within subsection (1)(b)) for “section 740 applies” substitute “ sections 739 and 740 apply ”.
- (5) The amendments made by this paragraph apply in relation to gains treated as arising on or after 5th December 2005.

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SCHEDULE 8

Section 81

LONG FUNDING LEASES OF PLANT OR MACHINERY

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SCHEDULE 9

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SCHEDULE 14

Section 91

INVESTMENT RELIEFS: VENTURE CAPITAL SCHEMES

PART 1

LIMITS ON GROSS ASSETS OF ISSUERS OF SHARES OR SECURITIES

Enterprise investment scheme

- 1 (1) In section 293(6A) of ICTA (enterprise investment scheme: limits on value of gross assets of share-issuing company or its group)—
- (a) in paragraph (a) (value must not exceed £15 million immediately before issue of eligible shares), for “£15 million” substitute “ £7 million ”, and
 - (b) in paragraph (b) (value must not exceed £16 million immediately after issue of eligible shares), for “£16 million” substitute “ £8 million ”.
- (2) Sub-paragraph (1) has effect in relation to shares issued on or after 6th April 2006, subject to sub-paragraphs (3) and (4).
- (3) Sub-paragraph (1) does not have effect in relation to shares issued on or after 6th April 2006 to a person who subscribed for them before 22nd March 2006.
- (4) Sub-paragraph (1) does not have effect in relation to shares issued on or after 6th April 2006 to the managers of an investment fund approved for the purposes of section 311 of ICTA by the Commissioners for Her Majesty's Revenue and Customs if—
- (a) the fund was approved before 22nd March 2006,
 - (b) investments in the fund have been accepted before 6th April 2006, and
 - (c) the shares are issued to the managers as nominee for an individual who has (whether or not before 6th April 2006) invested in the fund.

Venture capital trusts

- 2 (1) In paragraph 8(1) of Schedule 28B to ICTA (venture capital trusts: limits on value of gross assets of company issuing relevant holding or its group)—
- (a) in paragraph (a) (value must not exceed £15 million immediately before issue of relevant holding), for “£15 million” substitute “ £7 million ”, and
 - (b) in paragraph (b) (value must not exceed £16 million immediately after issue of relevant holding), for “£16 million” substitute “ £8 million ”.
- (2) Sub-paragraph (1) has effect in relation to relevant holdings issued on or after 6th April 2006, subject to sub-paragraph (3).

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- (3) Sub-paragraph (1) does not have effect for the purpose of determining whether any shares or securities acquired by a company (“the trust company”) by means of the investment of protected money are, for the purposes of section 842AA of ICTA, to be regarded as comprised in qualifying holdings of the company at any time.
- (4) In sub-paragraph (3) “protected money” means—
- (a) money raised by the issue before 6th April 2006 of shares in or securities of the trust company, or
 - (b) money derived from the investment by the trust company of any such money.

Corporate venturing scheme

- 3 (1) In paragraph 22(1) and (2) of Schedule 15 to FA 2000 (corporate venturing scheme: limits on value of gross assets of share-issuing company or its group)—
- (a) in paragraph (a) (value must not exceed £15 million immediately before issue of relevant shares), for “£15 million” substitute “ £7 million ”, and
 - (b) in paragraph (b) (value must not exceed £16 million immediately after issue of relevant shares), for “£16 million” substitute “ £8 million ”.
- (2) Sub-paragraph (1) has effect in relation to shares issued on or after 6th April 2006, subject to sub-paragraph (3).
- (3) Sub-paragraph (1) does not have effect in relation to shares issued on or after 6th April 2006 to a person who subscribed for them before 22nd March 2006.

PART 2

RATE OF RELIEF FOR INVESTMENTS IN VENTURE CAPITAL TRUSTS

- 4 (1) In paragraph 1(5)(a) of Schedule 15B to ICTA (where relief available on shares issued by venture capital trust on or after 6th April 2006, income tax liability reduced by amount not exceeding the sum subscribed multiplied by the lower rate of 20%), for “tax at the lower rate for that year on” substitute “ 30 per cent of ”.
- (2) In paragraph 3(4) of that Schedule (where shares in venture capital trust disposed of by bargain at arm's length within 3 years of their issue, relief given is reduced by reference to consideration for disposal if less than amount subscribed), for “tax at the lower rate for the year of assessment for which the relief was given on” substitute “ 30 per cent of ”.
- (3) Sub-paragraphs (1) and (2) have effect in relation to shares issued on or after 6th April 2006.

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PART 3

ENTERPRISE INVESTMENT SCHEME: MAXIMUM SUBSCRIPTIONS AND CARRY-BACK OF RELIEF

- 5 (1) In section 289A(4) of ICTA (which limits the amount eligible to be relieved in the previous year), for “£25,000” substitute “ £50,000 ”.
- (2) Sub-paragraph (1) has effect in relation to shares issued on or after 6th April 2006.
- 6 (1) In section 290(2) of ICTA (maximum amount eligible for relief in any year), for “£200,000” substitute “ £400,000 ”.
- (2) Sub-paragraph (1) has effect for the year 2006-07 and for subsequent years of assessment.

PART 4

LENGTHENING OF PERIODS APPLICABLE TO VENTURE CAPITAL TRUSTS

- 7 (1) Schedule 15B to ICTA (venture capital trusts: relief from income tax) is amended as follows.
- (2) In paragraph 2(3) (no relief for investments linked to loans made within period ending immediately before third anniversary of date on which shares issued), in the definition of “the relevant period”, for “third” substitute “ fifth ”.
- (3) In paragraph 3(1)(b) (loss of investment relief for disposal of shares within three years of issue), for “three” substitute “ five ”.
- (4) In paragraph 6(1) (meaning of “eligible shares”), for “three” substitute “ five ”.
- (5) Sub-paragraphs (1) to (4) have effect in relation to shares issued on or after 6th April 2006.

PART 5

VENTURE CAPITAL TRUSTS: MEANING OF “INVESTMENTS”

- 8 (1) In section 842AA of ICTA (venture capital trusts: conditions for approval), after subsection (11) insert—
- “(11A) A reference in this section, or in section 842(2)(b) as applied by subsection (11)(a) above, to a company's investments shall be taken to include, so far as it would not otherwise do so,—
- (a) money in the company's possession, and
 - (b) any sum owed to the company by another person if the company has account-holder's rights over that sum.

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(11B) For the purposes of subsection (11A)(b) above, a company has “account-holder's rights” over a sum owed to the company if—

- (a) the company has a right (whether or not the exercise of the right is subject to conditions) to require the other person to pay out the sum, or amounts out of the sum, to the company or at the company's direction, and
- (b) the sum is owed to the company—
 - (i) as a result of amounts having been paid to the other person by or for the company, or
 - (ii) as a result of the other person having identified a sum in respect of which the company may exercise such a right.

(11C) Subsection (11A) above does not have effect to cause a company's investments to be taken to include anything to which the company is not beneficially entitled, but for this purpose a company shall be taken to be beneficially entitled to—

- (a) sums subscribed for shares issued by it, and
- (b) anything to which it is entitled that (directly or indirectly) represents any such sums.”

(2) Sub-paragraph (1) has effect for the purposes of determining whether, at a time on or after 6th April 2007, the conditions specified in section 842AA(2) of ICTA are, will be or were fulfilled with respect to a company.

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SCHEDULE 15

Section 102

ACCOUNTANCY CHANGE: SPREADING OF ADJUSTMENT
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SCHEDULE 16

Section 104

REAL ESTATE INVESTMENT TRUSTS: EXCLUDED BUSINESS AND INCOME
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<p style="margin: 0;">SCHEDULE 17 Section 134</p> <p style="margin: 0;">GROUP REAL ESTATE INVESTMENT TRUSTS: MODIFICATIONS</p> <p style="margin: 0;">.....</p>

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SCHEDULE 20 Section 156

INHERITANCE TAX: RULES FOR TRUSTS ETC

PART 1

“TRUSTS FOR BEREAVED MINORS”, “AGE 18-TO-25 TRUSTS”
 AND “ACCUMULATION AND MAINTENANCE” TRUSTS

Trusts for bereaved minors and Age 18-to-25 trusts

1 (1) In IHTA 1984, after section 71 insert—

“71A Trusts for bereaved minors

(1) This section applies to settled property (including property settled before 22nd March 2006) if—

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- (a) it is held on statutory trusts for the benefit of a bereaved minor under sections 46 and 47(1) of the Administration of Estates Act 1925 (succession on intestacy and statutory trusts in favour of issue of intestate), or
 - (b) it is held on trusts for the benefit of a bereaved minor and subsection (2) below applies to the trusts,
- but this section does not apply to property in which a disabled person's interest subsists.
- (2) This subsection applies to trusts—
- (a) established under the will of a deceased parent of the bereaved minor, or
 - (b) established under the Criminal Injuries Compensation Scheme, which secure that the conditions in subsection (3) below are met.
- (3) Those conditions are—
- (a) that the bereaved minor, if he has not done so before attaining the age of 18, will on attaining that age become absolutely entitled to—
 - (i) the settled property,
 - (ii) any income arising from it, and
 - (iii) any income that has arisen from the property held on the trusts for his benefit and been accumulated before that time,
 - (b) that, for so long as the bereaved minor is living and under the age of 18, if any of the settled property is applied for the benefit of a beneficiary, it is applied for the benefit of the bereaved minor, and
 - (c) that, for so long as the bereaved minor is living and under the age of 18, either—
 - (i) the bereaved minor is entitled to all of the income (if there is any) arising from any of the settled property, or
 - (ii) no such income may be applied for the benefit of any other person.
- (4) Trusts such as are mentioned in paragraph (a) or (b) of subsection (2) above are not to be treated as failing to secure that the conditions in subsection (3) above are met by reason only of—
- (a) the trustees' having the powers conferred by section 32 of the Trustee Act 1925 (powers of advancement),
 - (b) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by proviso (a) of subsection (1) of that section,
 - (c) the trustees' having the powers conferred by section 33 of the Trustee Act (Northern Ireland) 1958 (corresponding provision for Northern Ireland),
 - (d) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by subsection (1) (a) of that section, or
 - (e) the trustees' having powers to the like effect as the powers mentioned in any of paragraphs (a) to (d) above.
- (5) In this section “the Criminal Injuries Compensation Scheme” means—

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- (a) the schemes established by arrangements made under the Criminal Injuries Compensation Act 1995,
 - (b) arrangements made by the Secretary of State for compensation for criminal injuries in operation before the commencement of those schemes, and
 - (c) the scheme established under the Criminal Injuries Compensation (Northern Ireland) Order 2002.
- (6) The preceding provisions of this section apply in relation to Scotland as if, in subsection (2) above, before “which” there were inserted “the purposes of”.

71B Charge to tax on property to which section 71A applies

- (1) Subject to subsections (2) and (3) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which section 71A above applies, and
 - (b) in a case where paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of settled property to which section 71A above applies is less than it would be but for the disposition.
- (2) Tax is not charged under this section where settled property ceases to be property to which section 71A applies as a result of—
- (a) the bereaved minor attaining the age of 18 or becoming, under that age, absolutely entitled as mentioned in section 71A(3)(a) above, or
 - (b) the death under that age of the bereaved minor, or
 - (c) being paid or applied for the advancement or benefit of the bereaved minor.
- (3) Subsections (3) to (8) and (10) of section 70 above apply for the purposes of this section as they apply for the purposes of that section, but—
- (a) with the substitution of a reference to subsection (1)(b) above for the reference in subsection (4) of section 70 above to subsection (2) (b) of that section,
 - (b) with the substitution of a reference to property to which section 71A above applies for each of the references in subsections (3), (5) and (8) of section 70 above to property to which that section applies,
 - (c) as if, for the purposes of section 70(8) above as applied by this subsection, property—
 - (i) which is property to which section 71A above applies,
 - (ii) which, immediately before it became property to which section 71A above applies, was property to which section 71 above applied, and
 - (iii) which, by the operation of section 71(1B) above, ceased on that occasion to be property to which section 71 above applied,
 had become property to which section 71A above applies not on that occasion but on the occasion (or last occasion) before then when it became property to which section 71 above applied, and

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- (d) as if, for the purposes of section 70(8) above as applied by this subsection, property—
 - (i) which is property to which section 71A above applies,
 - (ii) which, immediately before it became property to which section 71A above applies, was property to which section 71D below applied, and
 - (iii) which, by the operation of section 71D(5)(a) below, ceased on that occasion (“the 71D-to-71A occasion”) to be property to which section 71D below applied,had become property to which section 71A above applies not on the 71D-to-71A occasion but on the relevant earlier occasion.
- (4) In subsection (3)(d) above—
 - (a) “the relevant earlier occasion” means the occasion (or last occasion) before the 71D-to-71A occasion when the property became property to which section 71D below applied, but
 - (b) if the property, when it became property to which section 71D below applied, ceased at the same time to be property to which section 71 above applied without ceasing to be settled property, “the relevant earlier occasion” means the occasion (or last occasion) when the property became property to which section 71 above applied.

71C Sections 71A and 71B: meaning of “bereaved minor”

In sections 71A and 71B above “bereaved minor” means a person—

- (a) who has not yet attained the age of 18, and
- (b) at least one of whose parents has died.

71D Age 18-to-25 trusts

- (1) This section applies to settled property (including property settled before 22nd March 2006), but subject to subsection (5) below, if—
 - (a) the property is held on trusts for the benefit of a person who has not yet attained the age of 25,
 - (b) at least one of the person's parents has died, and
 - (c) subsection (2) below applies to the trusts.
- (2) This subsection applies to trusts—
 - (a) established under the will of a deceased parent of the person mentioned in subsection (1)(a) above, or
 - (b) established under the Criminal Injuries Compensation Scheme,which secure that the conditions in subsection (6) below are met.
- (3) Subsection (4) has effect where—
 - (a) at any time on or after 22nd March 2006 but before 6th April 2008, or on the coming into force of paragraph 3(1) of Schedule 20 to the Finance Act 2006, any property ceases to be property to which section 71 above applies without ceasing to be settled property, and
 - (b) immediately after the property ceases to be property to which section 71 above applies—

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- (i) it is held on trusts for the benefit of a person who has not yet attained the age of 25, and
 - (ii) the trusts secure that the conditions in subsection (6) below are met.
- (4) From the time when the property ceases to be property to which section 71 above applies, but subject to subsection (5) below, this section applies to the property (if it would not apply to the property by virtue of subsection (1) above) for so long as—
- (a) the property continues to be settled property held on trusts such as are mentioned in subsection (3)(b)(i) above, and
 - (b) the trusts continue to secure that the conditions in subsection (6) below are met.
- (5) This section does not apply—
- (a) to property to which section 71A above applies,
 - (b) to property to which section 71 above, or section 89 below, applies, or
 - (c) to settled property if a person is beneficially entitled to an interest in possession in the settled property and—
 - (i) the person became beneficially entitled to the interest in possession before 22nd March 2006, or
 - (ii) the interest in possession is an immediate post-death interest, or a transitional serial interest, and the person became beneficially entitled to it on or after 22nd March 2006.
- (6) Those conditions are—
- (a) that the person mentioned in subsection (1)(a) or (3)(b)(i) above (“B”), if he has not done so before attaining the age of 25, will on attaining that age become absolutely entitled to—
 - (i) the settled property,
 - (ii) any income arising from it, and
 - (iii) any income that has arisen from the property held on the trusts for his benefit and been accumulated before that time,
 - (b) that, for so long as B is living and under the age of 25, if any of the settled property is applied for the benefit of a beneficiary, it is applied for the benefit of B, and
 - (c) that, for so long as B is living and under the age of 25, either—
 - (i) B is entitled to all of the income (if there is any) arising from any of the settled property, or
 - (ii) no such income may be applied for the benefit of any other person.
- (7) For the purposes of this section, trusts are not to be treated as failing to secure that the conditions in subsection (6) above are met by reason only of—
- (a) the trustees' having the powers conferred by section 32 of the Trustee Act 1925 (powers of advancement),
 - (b) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by proviso (a) of subsection (1) of that section,

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- (c) the trustees' having the powers conferred by section 33 of the Trustee Act (Northern Ireland) 1958 (corresponding provision for Northern Ireland),
 - (d) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by subsection (1) (a) of that section, or
 - (e) the trustees' having powers to the like effect as the powers mentioned in any of paragraphs (a) to (d) above.
- (8) In this section “the Criminal Injuries Compensation Scheme” means—
- (a) the schemes established by arrangements made under the Criminal Injuries Compensation Act 1995,
 - (b) arrangements made by the Secretary of State for compensation for criminal injuries in operation before the commencement of those schemes, and
 - (c) the scheme established under the Criminal Injuries Compensation (Northern Ireland) Order 2002.
- (9) The preceding provisions of this section apply in relation to Scotland—
- (a) as if, in subsection (2) above, before “which” there were inserted “the purposes of”, and
 - (b) as if, in subsections (3)(b)(ii) and (4)(b) above, before “trusts” there were inserted “ purposes of the ”.

71E Charge to tax on property to which section 71D applies

- (1) Subject to subsections (2) to (4) below, there shall be a charge to tax under this section—
- (a) where settled property ceases to be property to which section 71D above applies, or
 - (b) in a case where paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of the settled property to which section 71D above applies is less than it would be but for the disposition.
- (2) Tax is not charged under this section where settled property ceases to be property to which section 71D above applies as a result of—
- (a) B becoming, at or under the age of 18, absolutely entitled as mentioned in section 71D(6)(a) above,
 - (b) the death, under the age of 18, of B,
 - (c) becoming, at a time when B is living and under the age of 18, property to which section 71A above applies, or
 - (d) being paid or applied for the advancement or benefit of B—
 - (i) at a time when B is living and under the age of 18, or
 - (ii) on B's attaining the age of 18.
- (3) Tax is not charged under this section in respect of—
- (a) a payment of costs or expenses (so far as they are fairly attributable to property to which section 71D above applies), or
 - (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be

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income of a person not resident in the United Kingdom if he were so resident,
or in respect of a liability to make such a payment.

- (4) Tax is not charged under this section by virtue of subsection (1)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 10 or section 16 above would prevent the disposition from being a transfer of value.
- (5) For the purposes of this section the trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

71F Calculation of tax charged under section 71E in certain cases

- (1) Where—
- (a) tax is charged under section 71E above by reason of the happening of an event within subsection (2) below, and
 - (b) that event happens after B has attained the age of 18,
- the tax is calculated in accordance with this section.
- (2) Those events are—
- (a) B becoming absolutely entitled as mentioned in section 71D(6)(a) above,
 - (b) the death of B, and
 - (c) property being paid or applied for the advancement or benefit of B.
- (3) The amount of the tax is given by—

Chargeable amount × Relevant fraction × Settled

- (4) For the purposes of subsection (3) above, the “Chargeable amount” is—
- (a) the amount by which the value of property which is comprised in the settlement and to which section 71D above applies is less immediately after the event giving rise to the charge than it would be but for the event, or
 - (b) where the tax is payable out of settled property to which section 71D above applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (5) For the purposes of subsection (3) above, the “Relevant fraction” is three tenths multiplied by so many fortieths as there are complete successive quarters in the period—
- (a) beginning with the day on which B attained the age of 18 or, if later, the day on which the property became property to which section 71D above applies, and
 - (b) ending with the day before the occasion of the charge.
- (6) Where the whole or part of the Chargeable amount is attributable to property that was excluded property at any time during the period mentioned in

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subsection (5) above then, in determining the “Relevant fraction” in relation to that amount or part, no quarter throughout which that property was excluded property shall be counted.

- (7) For the purposes of subsection (3) above, the “Settlement rate” is the effective rate (that is to say, the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged) at which tax would be charged on the value transferred by a chargeable transfer of the description specified in subsection (8) below.
- (8) The chargeable transfer postulated in subsection (7) above is one—
- (a) the value transferred by which is equal to an amount determined in accordance with subsection (9) below,
 - (b) which is made at the time of the charge to tax under section 71E above by a transferor who has in the period of seven years ending with the day of the occasion of the charge made chargeable transfers having an aggregate value equal to that of any chargeable transfers made by the settlor in the period of seven years ending with the day on which the settlement commenced, disregarding transfers made on that day, and
 - (c) on which tax is charged in accordance with section 7(2) above.
- (9) The amount referred to in subsection (8)(a) above is equal to the aggregate of—
- (a) the value, immediately after the settlement commenced, of the property then comprised in it,
 - (b) the value, immediately after a related settlement commenced, of the property then comprised in it, and
 - (c) the value, immediately after it became comprised in the settlement, of any property which became so comprised after the settlement commenced and before the occasion of the charge under section 71E above (whether or not it has remained so comprised).

71G Calculation of tax charged under section 71E in all other cases

- (1) Where—
- (a) tax is charged under section 71E above, and
 - (b) the tax does not fall to be calculated in accordance with section 71F above,
- the tax is calculated in accordance with this section.
- (2) The amount on which the tax is charged is—
- (a) the amount by which the value of property which is comprised in the settlement and to which section 71D above applies is less immediately after the event giving rise to the charge than it would be but for the event, or
 - (b) where the tax is payable out of settled property to which section 71D above applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (3) The rate at which the tax is charged is the rate that would be given by subsections (6) to (8) of section 70 above—

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- (a) if the reference to section 70 above in subsection (8)(a) of that section were a reference to section 71D above,
- (b) if the other references in those subsections to section 70 above were references to section 71E above, and
- (c) if, for the purposes of section 70(8) above, property—
 - (i) which is property to which section 71D above applies,
 - (ii) which, immediately before it became property to which section 71D above applies, was property to which section 71 applied, and
 - (iii) which ceased on that occasion to be property to which section 71 above applied without ceasing to be settled property,
 had become property to which section 71D above applies not on that occasion but on the occasion (or last occasion) before then when it became property to which section 71 above applied.

71H Sections 71A to 71G: meaning of “parent”

- (1) In sections 71A to 71G above “parent” includes step-parent.
 - (2) For the purposes of sections 71A to 71G above, a deceased individual (“D”) shall be taken to have been a parent of another individual (“Y”) if, immediately before D died, D had—
 - (a) parental responsibility for Y under the law of England and Wales,
 - (b) parental responsibilities in relation to Y under the law of Scotland, or
 - (c) parental responsibility for Y under the law of Northern Ireland.
 - (3) In subsection (2)(a) above “parental responsibility” has the same meaning as in the Children Act 1989.
 - (4) In subsection (2)(b) above “parental responsibilities” has the meaning given by section 1(3) of the Children (Scotland) Act 1995.
 - (5) In subsection (2)(c) above “parental responsibility” has the same meaning as in the Children (Northern Ireland) Order 1995.”
- (2) Sub-paragraph (1) shall be deemed to have come into force on 22nd March 2006.

Section 71 of IHTA 1984 not to apply to property settled on or after 22nd March 2006

- 2 (1) Section 71 of IHTA 1984 (accumulation and maintenance trusts) is amended as follows.
- (2) In subsection (1) (settled property to which section applies, subject to subsection (2)), for “subsection” substitute “subsections (1A) to ”.
 - (3) After subsection (1) insert—
 - “(1A) This section does not apply to settled property at any particular time on or after 22nd March 2006 unless this section—
 - (a) applied to the settled property immediately before 22nd March 2006, and

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(b) has applied to the settled property at all subsequent times up to the particular time.

(1B) This section does not apply to settled property at any particular time on or after 22nd March 2006 if, at that time, section 71A below applies to the settled property.”

- (4) Where a chargeable transfer to which section 54A of IHTA 1984 applies was made before 22nd March 2006, that section has effect in relation to that transfer as if references in that section to section 71 of IHTA 1984 were to section 71 of IHTA 1984 without the amendments made by sub-paragraphs (2) and (3).
- (5) There is no charge to tax under section 71 of IHTA 1984 in a case where settled property ceases, by the operation of the subsection (1B) inserted into that section by this paragraph, to be property to which that section applies.
- (6) Sub-paragraphs (1) to (5) shall be deemed to have come into force on 22nd March 2006.

VALID FROM 19/07/2006

Section 71 of IHTA 1984 to cease to apply to certain settled property from 6th April 2008

- 3
- (1) In section 71(1)(a) of IHTA 1984 (section applies to settled property only if one or more persons will become beneficially entitled on or before reaching a specified age not exceeding 25)—
 - (a) for “twenty-five” substitute “eighteen”, and
 - (b) omit “or to an interest in possession in it”.
 - (2) Sub-paragraph (1) comes into force on 6th April 2008 but only for the purpose of determining whether, at a time on or after that day, section 71 of IHTA 1984 applies to settled property.
 - (3) There is no charge to tax under section 71 of IHTA 1984 in a case where—
 - (a) settled property ceases, on the coming into force of sub-paragraph (1), to be property to which that section applies, but
 - (b) that section would immediately after the coming into force of sub-paragraph (1) apply to the settled property but for the amendments made by sub-paragraph (1).

PART 2

INTERESTS IN POSSESSION: WHEN SETTLED PROPERTY IS PART OF BENEFICIARY'S ESTATE

Aggregation with person's estate of property in which interest in possession subsists

- 4
- (1) In section 49 of IHTA 1984, after subsection (1) insert—
 - “(1A) Where the interest in possession mentioned in subsection (1) above is one to which the person becomes beneficially entitled on or after 22nd March 2006, subsection (1) above applies in relation to that interest only if, and for so long as, it is—

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- (a) an immediate post-death interest,
- (b) a disabled person's interest, or
- (c) a transitional serial interest.

(1B) Where the interest in possession mentioned in subsection (1) above is one to which the person became beneficially entitled before 22nd March, subsection (1) above does not apply in relation to that interest at any time when section 71A below applies to the property in which the interest subsists.”

(2) Sub-paragraph (1) shall be deemed to have come into force on 22nd March 2006.

“Immediate post-death interests” and “transitional serial interests”

5 (1) In IHTA 1984, after section 49 insert—

“49A Immediate post-death interest

- (1) Where a person (“L”) is beneficially entitled to an interest in possession in settled property, for the purposes of this Chapter that interest is an “immediate post-death interest” only if the following conditions are satisfied.
- (2) Condition 1 is that the settlement was effected by will or under the law relating to intestacy.
- (3) Condition 2 is that L became beneficially entitled to the interest in possession on the death of the testator or intestate.
- (4) Condition 3 is that—
 - (a) section 71A below does not apply to the property in which the interest subsists, and
 - (b) the interest is not a disabled person's interest.
- (5) Condition 4 is that Condition 3 has been satisfied at all times since L became beneficially entitled to the interest in possession.

49B Transitional serial interests

Where a person is beneficially entitled to an interest in possession in settled property, for the purposes of this Chapter that interest is a “transitional serial interest” only—

- (a) if section 49C or 49D below so provides, or
- (b) if, and to the extent that, section 49E below so provides.

49C Transitional serial interest: interest to which person becomes entitled during period 22nd March 2006 to 5th April 2008

- (1) Where a person (“B”) is beneficially entitled to an interest in possession in settled property (“the current interest”), that interest is a transitional serial interest for the purposes of this Chapter if the following conditions are met.
- (2) Condition 1 is that—
 - (a) the settlement commenced before 22nd March 2006, and

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- (b) immediately before 22nd March 2006, the property then comprised in the settlement was property in which B, or some other person, was beneficially entitled to an interest in possession (“the prior interest”).
- (3) Condition 2 is that the prior interest came to an end at a time on or after 22nd March 2006 but before 6th April 2008.
- (4) Condition 3 is that B became beneficially entitled to the current interest at that time.
- (5) Condition 4 is that—
 - (a) section 71A below does not apply to the property in which the interest subsists, and
 - (b) the interest is not a disabled person's interest.

49D Transitional serial interest: interest to which person becomes entitled on death of spouse or civil partner on or after 6th April 2008

- (1) Where a person (“E”) is beneficially entitled to an interest in possession in settled property (“the successor interest”), that interest is a transitional serial interest for the purposes of this Chapter if the following conditions are met.
- (2) Condition 1 is that—
 - (a) the settlement commenced before 22nd March 2006, and
 - (b) immediately before 22nd March 2006, the property then comprised in the settlement was property in which a person other than E was beneficially entitled to an interest in possession (“the previous interest”).
- (3) Condition 2 is that the previous interest came to an end on or after 6th April 2008 on the death of that other person (“F”).
- (4) Condition 3 is that, immediately before F died, F was the spouse or civil partner of E.
- (5) Condition 4 is that E became beneficially entitled to the successor interest on F's death.
- (6) Condition 5 is that—
 - (a) section 71A below does not apply to the property in which the successor interest subsists, and
 - (b) the successor interest is not a disabled person's interest.

49E Transitional serial interest: contracts of life insurance

- (1) Where—
 - (a) a person (“C”) is beneficially entitled to an interest in possession in settled property (“the present interest”), and
 - (b) on C's becoming beneficially entitled to the present interest, the settled property consisted of, or included, rights under a contract of life insurance entered into before 22nd March 2006,the present interest so far as subsisting in rights under the contract, or in property comprised in the settlement that directly or indirectly represents

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rights under the contract, is a “transitional serial interest” for the purposes of this Chapter if the following conditions are met.

- (2) Condition 1 is that—
- (a) the settlement commenced before 22nd March 2006, and
 - (b) immediately before 22nd March 2006—
 - (i) the property then comprised in the settlement consisted of, or included, rights under the contract, and
 - (ii) those rights were property in which C, or some other person, was beneficially entitled to an interest in possession (“the earlier interest”).
- (3) Condition 2 is that—
- (a) the earlier interest came to an end at a time on or after 6th April 2008 (“the earlier-interest end-time”) on the death of the person beneficially entitled to it and C became beneficially entitled to the present interest—
 - (i) at the earlier-interest end-time, or
 - (ii) on the coming to an end, on the death of the person beneficially entitled to it, of an interest in possession to which that person became beneficially entitled at the earlier-interest end-time, or
 - (iii) on the coming to an end of the second or last in an unbroken sequence of two or more consecutive interests in possession to the first of which a person became beneficially entitled at the earlier-interest end-time and each of which ended on the death of the person beneficially entitled to it, or
 - (b) C became beneficially entitled to the present interest—
 - (i) on the coming to an end, on the death of the person entitled to it, of an interest in possession that is a transitional serial interest under section 49C above, or
 - (ii) on the coming to an end of the second or last in an unbroken sequence of two or more consecutive interests in possession the first of which was a transitional serial interest under section 49C above and each of which ended on the death of the person beneficially entitled to it.
- (4) Condition 3 is that rights under the contract were comprised in the settlement throughout the period beginning with 22nd March 2006 and ending with C’s becoming beneficially entitled to the present interest.
- (5) Condition 4 is that—
- (a) section 71A below does not apply to the property in which the present interest subsists, and
 - (b) the present interest is not a disabled person’s interest.”

(2) Sub-paragraph (1) shall be deemed to have come into force on 22nd March 2006.

Disabled persons’ trusts: meaning of “disabled person’s interest” and “disabled person”

6 (1) After section 89 (trusts for disabled persons) insert—

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“89A Self-settlement by person with condition expected to lead to disability

- (1) This section applies to property transferred by a person (“A”) into settlement on or after 22nd March 2006 if—
 - (a) A was beneficially entitled to the property immediately before transferring it into settlement,
 - (b) A satisfies the Commissioners for Her Majesty's Revenue and Customs that, when the property was transferred into settlement, A had a condition that it was at that time reasonable to expect would have such effects on A as to lead to A becoming—
 - (i) a person falling within section 89(4)(a) above,
 - (ii) in receipt of an attendance allowance mentioned in section 89(4)(b) above, or
 - (iii) in receipt of a disability living allowance mentioned in section 89(4)(c) above by virtue of entitlement to the care component at the highest or middle rate, and
 - (c) the property is held on trusts—
 - (i) under which, during the life of A, no interest in possession in the settled property subsists, and
 - (ii) which secure that Conditions 1 and 2 are met.
- (2) Condition 1 is that if any of the settled property is applied during A's life for the benefit of a beneficiary, it is applied for the benefit of A.
- (3) Condition 2 is that any power to bring the trusts mentioned in subsection (1)(c) above to an end during A's life is such that, in the event of the power being exercised during A's life, either—
 - (a) A or another person will, on the trusts being brought to an end, be absolutely entitled to the settled property, or
 - (b) on the trusts being brought to an end, a disabled person's interest within section 89B(1)(a) or (c) below will subsist in the settled property.
- (4) If this section applies to settled property transferred into settlement by a person, the person shall be treated as beneficially entitled to an interest in possession in the settled property.
- (5) For the purposes of subsection (1)(b)(ii) above, assume—
 - (a) that A will meet the conditions as to residence under section 64(1) of whichever of the 1992 Acts is applicable, and
 - (b) that there will be no provision made by regulations under section 67(1) and (2) of that Act.
- (6) For the purposes of subsection (1)(b)(iii) above, assume—
 - (a) that A will meet the prescribed conditions as to residence under section 71(6) of whichever of the 1992 Acts is applicable, and
 - (b) that there will be no provision made by regulations under section 72(8) of that Act.
- (7) For the purposes of subsection (3) above, ignore—

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- (a) power to give directions as to the settled property that is exercisable jointly by the persons who between them are entitled to the entire beneficial interest in the property, and
 - (b) anything that could occur as a result of exercise of any such power.
- (8) In this section “the 1992 Acts” means—
the Social Security Contributions and Benefits Act 1992, and
the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

89B Meaning of “disabled person's interest”

- (1) In this Act “disabled person's interest” means—
- (a) an interest in possession to which a person is under section 89(2) above treated as beneficially entitled,
 - (b) an interest in possession to which a person is under section 89A(4) above treated as beneficially entitled,
 - (c) an interest in possession in settled property (other than an interest within paragraph (a) or (b) above) to which a disabled person becomes beneficially entitled on or after 22nd March 2006, or
 - (d) an interest in possession in settled property (other than an interest within paragraph (a) or (b) above) to which a person (“A”) is beneficially entitled if—
 - (i) A is the settlor,
 - (ii) A was beneficially entitled to the property immediately before transferring it into settlement,
 - (iii) A satisfies Her Majesty's Commissioners for Revenue and Customs as mentioned in section 89A(1)(b) above,
 - (iv) the settled property was transferred into settlement on or after 22nd March 2006, and
 - (v) the trusts on which the settled property is held secure that, if any of the settled property is applied during A's life for the benefit of a beneficiary, it is applied for the benefit of A.
- (2) Subsections (4) to (6) of section 89 above (meaning of “disabled person” in subsection (1) of that section) have effect for the purposes of subsection (1) (c) above as they have effect for the purposes of subsection (1) of that section.
- (3) Section 71D above does not apply to property in which there subsists a disabled person's interest within subsection (1)(c) above (but see also section 71D(5) above).”
- (2) In section 89, after subsection (4) insert—
- “(5) The reference in subsection (1) above to a disabled person includes, in relation to any settled property, a reference to a person who, when the property was transferred into settlement,—
- (a) would have been in receipt of attendance allowance under section 64 of either of the Acts mentioned in subsection (4)(b) above had provision made by regulations under section 67(1) or (2) of that Act (non-satisfaction of conditions for attendance allowance where

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- person is undergoing treatment for renal failure in a hospital or is provided with certain accommodation) been ignored, or
- (b) would have been in receipt of disability living allowance by virtue of entitlement to the care component at the highest or middle rate had provision made by regulations under section 72(8) of either of the Acts mentioned in subsection (4)(c) above (no payment of disability living allowance for persons for whom certain accommodation is provided) been ignored.
- (6) The reference in subsection (1) above to a disabled person also includes, in relation to any settled property, a reference to a person who satisfies the Commissioners for Her Majesty's Revenue and Customs—
- (a) that he would, when the property was transferred into settlement, have been in receipt of attendance allowance under section 64 of either of the Acts mentioned in subsection (4)(b) above—
- (i) had he met the conditions as to residence under section 64(1) of that Act, and
- (ii) had provision made by regulations under section 67(1) or (2) of that Act been ignored, or
- (b) that he would, when the property was transferred into settlement, have been in receipt of a disability living allowance by virtue of entitlement to the care component at the highest or middle rate—
- (i) had he met the prescribed conditions as to residence under section 71(6) of either of the Acts mentioned in subsection (4)(c) above, and
- (ii) had provision made by regulations under section 72(8) of that Act been ignored.”
- (3) Sub-paragraph (1) shall be deemed to have come into force on 22nd March 2006.
- (4) Sub-paragraph (2) shall be deemed to have come into force on 22nd March 2006, but only in respect of property transferred into settlement on or after that day.

PART 3

RELATED AMENDMENTS IN IHTA 1984

VALID FROM 19/07/2006

Commencement

- 7 The following paragraphs of this Part of this Schedule shall be deemed to have come into force on 22nd March 2006.

Deemed disposition where omission to exercise a right increases value of another person's estate or of settled property not aggregated with a person's estate

- 8 In section 3(3) of IHTA 1984 (failure to exercise a right treated as disposition if the omission increases the value of another person's estate or the value of

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settled property in which no interest in possession subsists), for the words from the beginning to “increased” substitute—

“Where the value of a person's estate is diminished, and the value—

- (a) of another person's estate, or
- (b) of any settled property, other than settled property treated by section 49(1) below as property to which a person is beneficially entitled,

is increased”.

Potentially exempt transfers: provision in consequence of section 71 of IHTA 1984 not applying to property settled on or after 22nd March 2006

- 9 (1) Section 3A of IHTA 1984 (potentially exempt transfers) is amended as follows.
- (2) In subsection (1)(a) (transfer must be one made on or after 18th March 1986), after “1986” insert “ but before 22nd March 2006 ”.
- (3) After subsection (1) insert—
- “(1A) Any reference in this Act to a potentially exempt transfer is also a reference to a transfer of value—
- (a) which is made by an individual on or after 22nd March 2006,
 - (b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer), and
 - (c) to the extent that it constitutes—
 - (i) a gift to another individual,
 - (ii) a gift into a disabled trust, or
 - (iii) a gift into a bereaved minor's trust on the coming to an end of an immediate post-death interest.
- (1B) Subsections (1) and (1A) above have effect subject to any provision of this Act which provides that a disposition (or transfer of value) of a particular description is not a potentially exempt transfer.”
- (4) In subsection (2) (extent to which transfer is a gift to another individual), after “subsection (1)(c)” insert “ or (1A)(c)(i) ”.
- (5) After subsection (3) insert—
- “(3A) Subject to subsection (6) below, a transfer of value falls within subsection (1A)(c)(ii) above to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes settled property to which section 89 below applies.
- (3B) A transfer of value falls within subsection (1A)(c)(iii) above to the extent that the value transferred is attributable to settled property (whenever settled) that becomes property to which section 71A below applies in the following circumstances—
- (a) under the settlement, a person (“L”) is beneficially entitled to an interest in possession in the settled property,
 - (b) the interest in possession is an immediate post-death interest,

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- (c) on or after 22nd March 2006, but during L's life, the interest in possession comes to an end,
 - (d) L is beneficially entitled to the interest in possession immediately before it comes to an end, and
 - (e) on the interest in possession coming to an end, the property—
 - (i) continues to be held on the trusts of the settlement, and
 - (ii) becomes property to which section 71A below applies.”
- (6) In subsection (7) (application of section in relation to charge to tax under section 52), after “subsection (1)(a)” insert “ or (1A)(a) ”.

Person's “estate” not to include certain interests in possession

- 10 (1) Section 5 of IHTA 1984 (meaning of “estate”) is amended as follows.
- (2) In subsection (1) (person's estate is aggregate of all property to which person beneficially entitled, except that person's estate immediately before death does not include excluded property), for “except that the” substitute “except that—
- (a) the estate of a person—
 - (i) does not include an interest in possession in settled property to which section 71A or 71D below applies, and
 - (ii) does not include an interest in possession that falls within subsection (1A) below, and
 - (b) the”.
- (3) After subsection (1) insert—
- “(1A) An interest in possession falls within this subsection if—
- (a) it is an interest in possession in settled property,
 - (b) the settled property is not property to which section 71A or 71D below applies,
 - (c) the person is beneficially entitled to the interest in possession,
 - (d) the person became beneficially entitled to the interest in possession on or after 22nd March 2006, and
 - (e) the interest in possession is—
 - (i) not an immediate post-death interest,
 - (ii) not a disabled person's interest, and
 - (iii) not a transitional serial interest.”

Life assurance policies entered into before 22nd March 2006

- 11 (1) After section 46 of IHTA 1984 insert—
- “46A Contract of life insurance entered into before 22nd March 2006 which on that day is settled property in which interest in possession subsists**
- (1) Subsections (2) and (4) below apply where—
- (a) a settlement commenced before 22nd March 2006,
 - (b) a contract of life insurance was entered into before that day,
 - (c) a premium payable under the contract is paid, or an allowed variation is made to the contract, at a particular time on or after that day,

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- (d) immediately before that day, and at all subsequent times up to the particular time, there were rights under the contract that—
 - (i) were comprised in the settlement, and
 - (ii) were settled property in which a transitionally-protected interest (whether or not the same such interest throughout that period) subsisted,
 - (e) rights under the contract become, by reference to payment of the premium or as a result of the variation,—
 - (i) comprised in the settlement, and
 - (ii) part of the settled property in which the then-current transitionally-protected interest subsists, and
 - (f) any variation of the contract on or after 22nd March 2006 but before the particular time, so far as it is a variation that—
 - (i) increased the benefits secured by the contract, or
 - (ii) extended the term of the insurance provided by the contract, was an allowed variation.
- (2) For the purposes of the provisions mentioned in subsection (3) below—
- (a) the rights mentioned in subsection (1)(e) above shall be taken to have become comprised in the settlement, and
 - (b) the person beneficially entitled to the then-current transitionally-protected interest shall be taken to have become beneficially entitled to his interest in possession so far as it subsists in those rights, before 22nd March 2006.
- (3) Those provisions are—
- section 3A(2) above;
 - section 5(1A) above;
 - section 49(1A) and (1B) below;
 - section 51(1A) and (1B) below;
 - section 52(2A) and (3A) below;
 - section 53(1A) and (2A) below;
 - section 54(2A) and (2B) below;
 - section 54A(1A) below;
 - section 57A(1A) below;
 - section 58(1B) and (1C) below;
 - section 59(1) and (2) below;
 - section 80(4) below;
 - section 100(1A) below;
 - section 101(1A) below;
 - section 102ZA(1) of the Finance Act 1986 (gifts with reservation); and
 - sections 72(1A) and (2A) and 73(2A) of the 1992 Act.
- (4) If payment of the premium is a transfer of value made by an individual, that transfer of value is a potentially exempt transfer.
- (5) In this section—
- “allowed variation”, in relation to a contract, means a variation that takes place by operation of, or as a result of exercise of rights

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conferred by, provisions forming part of the contract immediately before 22nd March 2006;

“transitionally-protected interest” means—

- (a) an interest in possession to which a person was beneficially entitled immediately before, and on, 22nd March 2006, or
- (b) a transitional serial interest.

46B Contract of life insurance entered into before 22nd March 2006 which immediately before that day is property to which section 71 applies

- (1) Subsections (2) and (5) below apply where—
 - (a) a settlement commenced before 22nd March 2006,
 - (b) a contract of life insurance was entered into before that day,
 - (c) a premium payable under the contract is paid, or an allowed variation is made to the contract, at a particular time on or after that day,
 - (d) immediately before that day, and at all subsequent times up to the particular time, there were rights under the contract that—
 - (i) were comprised in the settlement, and
 - (ii) were settled property to which section 71 below applied,
 - (e) rights under the contract become, by reference to payment of the premium or as a result of the variation, comprised in the settlement, and
 - (f) any variation of the contract on or after 22nd March 2006 but before the particular time, so far as it was a variation that—
 - (i) increased the benefits secured by the contract, or
 - (ii) extended the term of the insurance provided by the contract, was an allowed variation.
- (2) If the rights mentioned in subsection (1)(e) above would, but for subsection (1A) of section 71 below, become property to which that section applies, those rights shall become settled property to which that section applies when they become comprised in the settlement.
- (3) Subsection (5) below also applies where—
 - (a) a settlement commenced before 22nd March 2006,
 - (b) a contract of life insurance was entered into before that day,
 - (c) a premium payable under the contract is paid, or an allowed variation is made to the contract, at a particular time on or after that day when there are rights under the contract—
 - (i) that are comprised in the settlement and are settled property to which section 71A or 71D below applies,
 - (ii) that immediately before that day were settled property to which section 71 below applied, and
 - (iii) that on or after that day, but before the particular time, became property to which section 71A or 71D below applies in circumstances falling within subsection (4) below,
 - (d) rights under the contract become, by reference to payment of the premium or as a result of the variation, comprised in the settlement, and

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- (e) any variation of the contract on or after 22nd March 2006 but before the particular time, so far as it was a variation that—
 - (i) increased the benefits secured by the contract, or
 - (ii) extended the term of the insurance provided by the contract, was an allowed variation.
 - (4) The circumstances referred to in subsection (3)(c)(iii) above are—
 - (a) in the case of property to which section 71D below applies, that the property on becoming property to which section 71D below applies ceased to be property to which section 71 below applied without ceasing to be settled property;
 - (b) in the case of property to which section 71A below applies—
 - (i) that the property on becoming property to which section 71A below applies ceased, by the operation of section 71(1B) below, to be property to which section 71 below applied, or
 - (ii) that the property, having become property to which section 71D below applied in circumstances falling within paragraph (a) above, on becoming property to which 71A below applies ceased, by the operation of section 71D(5)(a) below, to be property to which section 71D below applied.
 - (5) If payment of the premium is a transfer of value made by an individual, that transfer of value is a potentially exempt transfer.
 - (6) In this section “allowed variation”, in relation to a contract, means a variation that takes place by operation of, or as a result of exercise of rights conferred by, provisions forming part of the contract immediately before 22nd March 2006.”
- (2) Sub-paragraph (1) shall be deemed to have come into force on 22nd March 2006.

Tax where interest in possession ends, or is treated as ending, during beneficiary's life

- 12 In section 51 of IHTA 1984 (disposal of interest in possession not a transfer of value, but treated as coming to end of interest), after subsection (1) insert—
- “(1A) Where the interest disposed of is one to which the person became beneficially entitled on or after 22nd March 2006, subsection (1) above applies in relation to the disposal only if the interest is—
- (a) an immediate post-death interest,
 - (b) a disabled person's interest within section 89B(1)(c) or (d) below, or
 - (c) a transitional serial interest.
- (1B) Where the interest disposed of is one to which the person became beneficially entitled before 22nd March 2006, subsection (1) above does not apply in relation to the disposal if, immediately before the disposal, section 71A or 71D below applies to the property in which the interest subsists.”
- 13 (1) Section 52 of IHTA 1984 (tax on termination of interest in possession) is amended as follows.
- (2) After subsection (2) insert—

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“(2A) Where the interest mentioned in subsection (1) or (2) above is one to which the person became beneficially entitled on or after 22nd March 2006, that subsection applies in relation to the coming to an end of the interest only if the interest is—

- (a) an immediate post-death interest,
- (b) a disabled person's interest, or
- (c) a transitional serial interest.”

(3) After subsection (3) insert—

“(3A) Where the interest mentioned in paragraph (a) of subsection (3) above is one to which the person mentioned in that paragraph became beneficially entitled on or after 22nd March 2006, that subsection applies in relation to the transaction only if the interest is—

- (a) an immediate post-death interest,
- (b) a disabled person's interest, or
- (c) a transitional serial interest.”

14 (1) Section 53 of IHTA 1984 (exceptions from tax charge under section 52) is amended as follows.

(2) After subsection (1) insert—

“(1A) Tax shall not be chargeable under section 52 above if—

- (a) the person whose interest comes to an end became beneficially entitled to the interest before 22nd March 2006,
- (b) the interest comes to an end on or after that day, and
- (c) immediately before the interest comes to an end, section 71A or 71D below applies to the property in which the interest subsists.”

(3) After subsection (2) insert—

“(2A) Where—

- (a) a person becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property, and
- (b) the interest is not a disabled person's interest,

subsection (2) above applies in relation to the coming to an end of the interest with the omission of the words “or to another interest in possession in the property”.”

Non-aggregation with deceased person's estate of property in which he had interest in possession if property reverts to settlor or passes to settlor's spouse or civil partner etc

15 (1) Section 54 of IHTA 1984 (exceptions from charge on death) is amended as follows.

(2) After subsection (2) insert—

“(2A) Where a person becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property, subsections (1) and (2) above apply in relation to the interest only if it is—

- (a) a disabled person's interest, or
- (b) a transitional serial interest.

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(2B) Where—

- (a) a person (“B”) becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property,
- (b) B dies,
- (c) the interest in possession, throughout the period beginning with when B becomes beneficially entitled to it and ending with B's death, is an immediate post-death interest,
- (d) the settlor died before B's death but less than two years earlier, and
- (e) on B's death, the settlor's widow or widower, or surviving civil partner, becomes beneficially entitled to the settled property and is domiciled in the United Kingdom,

the value of the settled property shall be left out of account in determining for the purposes of this Act the value of B's estate immediately before his death.”

- (3) In subsection (3) (section 53(5) and (6) apply in relation to subsections (1) and (2))—
 - (a) for “(1) and (2)” substitute “ (1), (2) and (2B) ”, and
 - (b) at the end add “ , but as if the reference in section 53(5)(a) above to section 53(4)(b) above were to subsection (2)(b) or (2B) above. ”

Rate of tax on ending of interest in possession in property settled during settlor's life

- 16 (1) Section 54A of IHTA 1984 (special rate of charge on coming to end of interest in possession in settled property affected by potentially exempt transfer) is amended as follows.
 - (2) After subsection (1) insert—
 - “(1A) Where a person becomes beneficially entitled on or after 22nd March 2006 to an interest in possession in settled property, subsection (1)(b) above applies in relation to the person's death only if the interest is—
 - (a) a disabled person's interest, or
 - (b) a transitional serial interest.”
 - (3) In subsection (2) (circumstances in which section applies to a chargeable transfer)—
 - (a) in paragraph (c), omit “, other than property to which section 71 below applies”, and
 - (b) in paragraph (d)(i), omit “or to which section 71 below applies”.
 - (4) Where a chargeable transfer to which section 54A of IHTA 1984 applies was made before 22nd March 2006, that section has effect in relation to that transfer without the amendments made by sub-paragraph (3).

Property entering maintenance fund after death of person entitled to interest in possession

- 17 In section 57A of IHTA 1984 (relief where property enters fund for maintenance of historic buildings etc), after subsection (1) insert—
 - “(1A) Where the interest mentioned in subsection (1)(a) above is one to which the person became beneficially entitled on or after 22nd March 2006, subsection (2) below does not apply unless, immediately before the person's death, the interest was—

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- (a) an immediate post-death interest,
- (b) a disabled person's interest, or
- (c) a transitional serial interest.”

“Relevant property” not to include property held on trust for a bereaved child

- 18 In section 58(1)(b) of IHTA 1984 (property to which certain sections apply is not relevant property for purposes of Chapter 3 of Part 3), after “71,” insert “ 71A, 71D, ”.

“Relevant property” to include property held on employee trusts or newspaper trusts if certain interests in possession subsist in the property

- 19 (1) Section 58 of IHTA 1984 (meaning of “relevant property” in Chapter 3 of Part 3) is amended as follows.

- (2) In subsection (1)(b) (which provides that property to which section 86 applies is not relevant property), after “86 below applies” insert “ (but see subsection (1A) below) ”.

- (3) After subsection (1) insert—

“(1A) Settled property to which section 86 below applies is “relevant property” for the purposes of this Chapter if—

- (a) an interest in possession subsists in that property, and
- (b) that interest falls within subsection (1B) or (1C) below.

(1B) An interest in possession falls within this subsection if—

- (a) an individual is beneficially entitled to the interest in possession,
- (b) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, and
- (c) the interest in possession is—
 - (i) not an immediate post-death interest,
 - (ii) not a disabled person's interest, and
 - (iii) not a transitional serial interest.

(1C) An interest in possession falls within this subsection if—

- (a) a company is beneficially entitled to the interest in possession,
- (b) the business of the company consists wholly or mainly in the acquisition of interests in settled property,
- (c) the company has acquired the interest in possession for full consideration in money or money's worth from an individual who was beneficially entitled to it,
- (d) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, and
- (e) immediately before the company acquired the interest in possession, the interest in possession was neither an immediate post-death interest nor a transitional serial interest.”

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Certain interests in possession to which a person becomes entitled on or after 22nd March 2006 not to be “qualifying interests in possession” for purposes of Chapter 3 of Part 3 of IHTA 1984

- 20 (1) Section 59 of IHTA 1984 (settlements without interests in possession: meaning of “qualifying interest in possession”) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) In this Chapter “qualifying interest in possession” means—
- (a) an interest in possession—
- (i) to which an individual is beneficially entitled, and
- (ii) which, if the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, is an immediate post-death interest, a disabled person's interest or a transitional serial interest, or
- (b) an interest in possession to which, where subsection (2) below applies, a company is beneficially entitled.”
- (3) In subsection (2) (cases where interest in possession to which a company is entitled is a “qualifying” interest), after paragraph (b) insert “, and
- (c) if the individual became beneficially entitled to the interest in possession on or after 22nd March 2006, the interest is an immediate post-death interest, or a disabled person's interest within section 89B(1)(c) or (d) below or a transitional serial interest, immediately before the company acquires it.”
- (4) Where a chargeable transfer to which section 54A of IHTA 1984 applies was made before 22nd March 2006, that section has effect in relation to that transfer as if in that section “qualifying interest in possession” has the meaning it would have apart from sub-paragraphs (1) to (3).
- (5) In the heading to Chapter 3 of Part 3 of IHTA 1984, at the end add “, AND CERTAIN SETTLEMENTS IN WHICH INTERESTS IN POSSESSION SUBSIST ”.

New meaning of “qualifying interest in possession” not to apply in section 72 of IHTA 1984

- 21 (1) Section 72 of IHTA 1984 (property leaving employee trusts and newspaper trusts) is amended as follows.
- (2) In subsection (1) (section 72 applies to property to which section 86 applies if no qualifying interest in possession subsists in it), for “if no qualifying interest in possession subsists in it” substitute “if—
- (a) no interest in possession subsists in it to which an individual is beneficially entitled, and
- (b) no company-purchased interest in possession subsists in it.”
- (3) After subsection (1) insert—
- “(1A) For the purposes of subsection (1)(b) above, an interest in possession is “company-purchased” if—
- (a) a company is beneficially entitled to the interest in possession,
- (b) the business of the company consists wholly or mainly in the acquisition of interests in settled property, and

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- (c) the company has acquired the interest in possession for full consideration in money or money's worth from an individual who was beneficially entitled to it.

(1B) Section 59(3) and (4) above apply for the purposes of subsection (1A)(c) above as for those of section 59(2)(b) above, but as if the references to the condition set out in section 59(2)(a) above were to the condition set out in subsection (1A)(b) above.”

No charge under sections 71B, 71E etc where property held on trusts for bereaved child becomes held on trusts for charitable purposes etc

- 22 In section 76(1) of IHTA 1984 (which provides for tax not to be charged under certain provisions of Chapter 3 of Part 3 where property becomes held for charitable purposes etc), after “71,” insert “ 71A, 71D, ”.

No postponement of commencement date of settlement where property settled on or after 22nd March 2006 unless settlor, or spouse or civil partner, has immediate post-death interest

- 23 In section 80 of IHTA 1984 (postponement of commencement date of settlement where settlor, or spouse or civil partner or surviving spouse or surviving civil partner, has interest in possession at outset), after subsection (3) insert—

- “(4) Where the occasion first referred to in subsection (1) above occurs on or after 22nd March 2006, this section applies—
- (a) as though for “an interest in possession” in each place where that appears in subsection (1) above there were substituted “ a postponing interest ”, and
 - (b) as though, for the purposes of that subsection, each of the following were a “postponing interest”—
 - (i) an immediate post-death interest;
 - (ii) a disabled person's interest.”

Protective trusts

- 24 In section 88 of IHTA 1984 (protective trusts), after subsection (2) insert—

- “(3) Where—
- (a) settled property became held before 22nd March 2006 on trusts to the like effect as those specified in section 33(1)(i) of the Trustee Act 1925, and
 - (b) as a result of the failure or determination of those trusts on or after 22nd March 2006, the principal beneficiary is treated by subsection (2)(b) above as beneficially entitled to an interest in possession,

this Act shall apply in relation to that interest in possession as if the principal beneficiary became beneficially entitled to that interest in possession before 22nd March 2006.

- (4) Subsection (5) below applies where—
- (a) settled property becomes held on or after 22nd March 2006 on trusts to the like effect as those specified in section 33(1)(i) of the Trustee Act 1925,

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- (b) the interest of the principal beneficiary under those trusts is—
 - (i) an immediate post-death interest,
 - (ii) a disabled person's interest within section 89B(1)(c) or (d) below, or
 - (iii) a transitional serial interest, and
 - (c) as a result of the failure or determination of those trusts, the principal beneficiary is treated by subsection (2)(b) above as beneficially entitled to an interest in possession.
- (5) This Act shall apply—
- (a) as if that interest in possession were a continuation of the immediate post-death interest, disabled person's interest or transitional serial interest, and
 - (b) as if the immediate post-death interest, or disabled person's interest or transitional serial interest, had not come to an end on the failure or determination of the trusts.
- (6) Subsection (2) above does not apply in a case where—
- (a) settled property becomes held on or after 22nd March 2006 on trusts to the like effect as those specified in section 33(1)(i) of the Trustee Act 1925, and
 - (b) the interest of the principal beneficiary under those trusts is—
 - (i) not an immediate post-death interest,
 - (ii) not a disabled person's interest within section 89B(1)(c) or (d) below, and
 - (iii) not a transitional serial interest.”

Alterations of capital etc of close company where participator holds shares etc in company as trustee of settled property in which an interest in possession subsists

- 25 In section 100 of IHTA 1984 (alteration of close company's capital etc where participator is trustee of settlement under which an individual is beneficially entitled to an interest in possession), after subsection (1) insert—

- “(1A) Where the interest in possession is one to which the individual became beneficially entitled on or after 22nd March 2006, this section applies only if the interest in possession is—
- (a) an immediate post-death interest,
 - (b) a disabled person's interest, or
 - (c) a transitional serial interest.”

Close company's interest in possession treated as interest of its participators

- 26 In section 101 of IHTA 1984 (where close company has interest in possession in settled property, its participators are treated for purposes of IHTA 1984 as the persons entitled to the interest), after subsection (1) insert—

- “(1A) Where the interest in possession mentioned in subsection (1) above is one to which the company became entitled on or after 22nd March 2006 (whether or not the company was a close company when it became entitled to the interest), subsection (1) above applies in relation to the interest only if it is—

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- (a) an immediate post-death interest, or
- (b) a transitional serial interest.

(1B) Subsection (1C) below applies where any of the participators mentioned in subsection (1) above (“the prior participator”) disposes of rights and interests of his in the company to another person (“the later participator”).

(1C) If and so far as the later participator is a participator in the company by virtue of having any of the rights and interests disposed of, subsection (1) above is to be applied to him only as a participator in his own right (in particular, he is not to be treated by virtue of that subsection as having entitlement to the interest in possession as a result of disposal to him of entitlement that the prior participator was treated as having by virtue of that subsection, but this is without prejudice to the application of this Act in relation to the prior participator as the person making the disposal).”

Distributions within two years of person's death out of property settled by his will

27 (1) Section 144 of IHTA 1984 (distribution etc from property settled by will) is amended as follows.

(2) In subsection (1)—

- (a) for “This section applies” substitute “ Subsection (2) below applies ”, and
- (b) in paragraph (a), for “(apart from this section)” substitute “ (apart from subsection (2) below) ”.

(3) After subsection (1) insert—

“(1A) Where the testator dies on or after 22nd March 2006, subsection (1) above shall have effect as if the reference to any interest in possession were a reference to any interest in possession that is—

- (a) an immediate post-death interest, or
- (b) a disabled person's interest.”

(4) In subsection (2), for “this section” (in both places) substitute “ this subsection ”.

(5) After subsection (2) insert—

“(3) Subsection (4) below applies where—

- (a) a person dies on or after 22nd March 2006,
- (b) property comprised in the person's estate immediately before his death is settled by his will, and
- (c) within the period of two years after his death, but before an immediate post-death interest or a disabled person's interest has subsisted in the property, there occurs an event that involves causing the property to be held on trusts that would, if they had in fact been established by the testator's will, have resulted in—
 - (i) an immediate post-death interest subsisting in the property, or
 - (ii) section 71A or 71D above applying to the property.

(4) Where this subsection applies by virtue of an event—

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- (a) this Act shall have effect as if the will had provided that on the testator's death the property should be held as it is held after the event, but
 - (b) tax shall not be charged on that event under any provision of Chapter 3 of Part 3 of this Act.
- (5) Subsection (4) above also applies where—
- (a) a person dies before 22nd March 2006,
 - (b) property comprised in the person's estate immediately before his death is settled by his will,
 - (c) an event occurs—
 - (i) on or after 22nd March 2006, and
 - (ii) within the period of two years after the testator's death,
 that involves causing the property to be held on trusts within subsection (6) below,
 - (d) no immediate post-death interest, and no disabled person's interest, subsisted in the property at any time in the period beginning with the testator's death and ending immediately before the event, and
 - (e) no other interest in possession subsisted in the property at any time in the period beginning with the testator's death and ending immediately before 22nd March 2006.
- (6) Trusts are within this subsection if they would, had they in fact been established by the testator's will and had the testator died at the time of the event mentioned in subsection (5)(c) above, have resulted in—
- (a) an immediate post-death interest subsisting in the property, or
 - (b) section 71A or 71D above applying to the property.”

Interpretation of IHTA 1984

28 In section 272 of IHTA 1984 (general interpretation), in the appropriate place insert—

““disabled person's interest” has the meaning given by section 89B above;”

““immediate post-death interest” means an immediate post-death interest for the purposes of Chapter 2 of Part 3 (see section 49A above);”

““transitional serial interest” means a transitional serial interest for the purposes of Chapter 2 of Part 3 (see section 49B above);”.

PART 4

RELATED AMENDMENTS IN TCGA 1992

VALID FROM 19/07/2006

29 (1) TCGA 1992 is amended in accordance with the following paragraphs of this Part of this Schedule.

Status: Point in time view as at 22/03/2006.

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(2) The following paragraphs of this Part of this Schedule shall be deemed to have come into force on 22nd March 2006.

30 (1) Section 72 (death of person entitled to an interest in possession) is amended as follows.

(2) After subsection (1) insert—

“(1A) Where the interest in possession mentioned in subsection (1) above is one to which the person becomes entitled on or after 22nd March 2006, the first sentence of that subsection applies in relation to that interest only if—

- (a) immediately before the person's death, the interest falls within subsection (1B) below, or
- (b) the person dies under the age of 18 years and, immediately before the person's death, section 71D of the Inheritance Tax Act 1984 (age 18-to-25 trusts) applies to the property in which the interest subsists.

(1B) An interest falls within this subsection if—

- (a) the interest is—
 - (i) an immediate post-death interest, within the meaning given by section 49A of the Inheritance Tax Act 1984,
 - (ii) a transitional serial interest, within the meaning given by section 49B of that Act, or
 - (iii) a disabled person's interest within section 89B(1)(c) or (d) of that Act, or
- (b) section 71A of that Act (trusts for bereaved minors) applies to the property in which the interest subsists.

(1C) Subsection (1A) above does not have effect in relation to the operation of subsection (1) above as applied by subsection (2) below (but see subsection (2A) below).”

(3) After subsection (2) insert—

“(2A) Where the interest in possession mentioned in subsection (2) above is one to which the person becomes entitled on or after 22nd March 2006—

- (a) subsection (2) above, and
- (b) the first sentence of subsection (1) above as applied by subsection (2) above,

apply in relation to that interest only if, immediately before the person's death, the interest falls within subsection (1B)(a) above.”

31 In section 73 (no chargeable gain on deemed disposal under section 71(1) where person becomes absolutely entitled on death of person entitled to interest in possession), after subsection (2) insert—

“(2A) Where the interest in possession referred to in subsection (1) above is one to which the person becomes entitled on or after 22nd March 2006, subsections (1) and (2) above apply in relation to that interest only if—

- (a) immediately before the person's death, the interest falls within section 72(1B), or

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- (b) the person dies under the age of 18 years and, immediately before the person's death, section 71D of the Inheritance Tax Act 1984 (age 18-to-25 trusts) applies to the property in which the interest subsists.”
- 32 In section 260(2) (disposals where gain may be held over), after paragraph (d) insert—
- “(da) by virtue of subsection (2) of section 71B of that Act (trusts for bereaved minors) does not constitute an occasion on which inheritance tax is chargeable under that section,
- (db) by virtue of subsection (2) of section 71E of that Act (age 18-to-25 trusts) does not constitute an occasion on which inheritance tax is charged under that section.”.

PART 5

PROPERTY SUBJECT TO A RESERVATION

- 33 (1) FA 1986 is amended as follows.
- (2) After section 102 (gifts with reservation) insert—
- “102ZA Gifts with reservation: termination of interests in possession**
- (1) Subsection (2) below applies where—
- (a) an individual is beneficially entitled to an interest in possession in settled property,
- (b) either—
- (i) the individual became beneficially entitled to the interest in possession before 22nd March 2006, or
- (ii) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006 and the interest is an immediate post-death interest, a disabled person's interest or a transitional serial interest, and
- (c) the interest in possession comes to an end during the individual's life.
- (2) For the purposes of—
- (a) section 102 above, and
- (b) Schedule 20 to this Act,
- the individual shall be taken (if, or so far as, he would not otherwise be) to dispose, on the coming to an end of the interest in possession, of the no-longer-possessed property by way of gift.
- (3) In subsection (2) above “the no-longer-possessed property” means the property in which the interest in possession subsisted immediately before it came to an end, other than any of it to which the individual becomes absolutely and beneficially entitled in possession on the coming to an end of the interest in possession.”
- (3) In Schedule 20 (supplementary rules about gifts with reservation), after paragraph 4 insert—

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“Termination of interests in possession

- 4A (1) This paragraph applies where—
- (a) under section 102ZA of this Act, an individual (“D”) is taken to dispose of property by way of gift, and
 - (b) the property continues to be settled property immediately after the disposal.
- (2) Paragraphs 2 to 4 above shall not apply but, subject to the following provisions of this paragraph, the principal section and the following provisions of this Schedule shall apply as if the property comprised in the gift consisted of the property comprised in the settlement on the material date, except in so far as that property neither is, nor represents, nor is derived from, property originally comprised in the gift.
- (3) Any property which—
- (a) on the material date is comprised in the settlement, and
 - (b) is derived, directly or indirectly, from a loan made by D to the trustees of the settlement,
- shall be treated for the purposes of sub-paragraph (2) above as derived from property originally comprised in the gift.
- (4) If the settlement comes to an end at some time before the material date as respects all or any of the property which, if D had died immediately before that time, would be treated as comprised in the gift,—
- (a) the property in question, other than property to which D then becomes absolutely and beneficially entitled in possession, and
 - (b) any consideration (not consisting of rights under the settlement) given by D for any of the property to which D so becomes entitled,
- shall be treated as comprised in the gift (in addition to any other property so comprised).
- (5) Where, under any trust or power relating to settled property, income arising from that property after the material date is accumulated, the accumulations shall not be treated for the purposes of sub-paragraph (2) above as derived from that property.”
- (4) Sub-paragraphs (1) to (3) shall be deemed to have come into force on 22nd March 2006, but only as respects cases where an interest in possession comes to an end on or after that day.

VALID FROM 19/07/2006

PART 6

CONDITIONAL EXEMPTION: RELIEF FROM CHARGES

- 34 (1) Section 79 of IHTA 1984 (subsection (3) of which provides for charges to tax where, in the case of settled property designated under section 31 on a claim under

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section 79, an event occurs that would be chargeable under section 32 or 32A if the claim had been under section 30) is amended as follows.

- (2) After subsection (5) (amount on which tax charged under subsection (3)) insert—
- “(5A) Where the event giving rise to a charge to tax under subsection (3) above is a disposal on sale, and the sale—
- (a) was not intended to confer any gratuitous benefit on any person, and
 - (b) was either a transaction at arm's length between persons not connected with each other or a transaction such as might be expected to be made at arm's length between persons not connected with each other,
- the value of the property at the time of that event shall be taken for the purposes of subsection (5) above to be equal to the proceeds of the sale.”
- (3) For subsection (7) (which provides that the “relevant period” mentioned in subsection (6) begins with the latest of certain listed days and ends with the day before the event giving rise to the charge under subsection (3)) substitute—
- “(7) In subsection (6) above “the relevant period” means the period given by subsection (7A) below or, if shorter, the period given by subsection (7B) below.
- (7A) The period given by this subsection is the period beginning with the latest of—
- (a) the day on which the settlement commenced,
 - (b) the date of the last ten-year anniversary of the settlement to fall before the day on which the property became comprised in the settlement,
 - (c) the date of the last ten-year anniversary of the settlement to fall before the day on which the property was designated under section 31 above on a claim under this section, and
 - (d) 13th March 1975,
- and ending with the day before the event giving rise to the charge.
- (7B) The period given by this subsection is the period equal in length to the number of relevant-property days in the period—
- (a) beginning with the day that is the latest of those referred to in paragraphs (a) to (d) of subsection (7A) above, and
 - (b) ending with the day before the event giving rise to the charge.
- (7C) For the purposes of subsection (7B) above, a day is a “relevant-property day” if at any time on that day the property was relevant property.”
- (4) After subsection (9) insert—
- “(9A) Subsection (9B) below applies where the same event gives rise—
- (a) to a charge under subsection (3) above in relation to any property, and
 - (b) to a charge under section 32 or 32A above in relation to that property.

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(9B) If the amount of each of the charges is the same, each charge shall have effect as a charge for one half of the amount that would be charged apart from this subsection; otherwise, whichever of the charges is lower in amount shall have effect as if it were a charge the amount of which is nil.”

VALID FROM 06/04/2006

SCHEDULE 21

Section 158

TAXABLE PROPERTY HELD BY INVESTMENT-REGULATED PENSION SCHEMES

- 1 In section 271 of TCGA 1992 (exemptions), after subsection (1A) insert—
- “(1B) But subsection (1A) does not prevent such a gain from being treated as a chargeable gain for the purposes of sections 185F to 185I of the Finance Act 2004 (scheme chargeable payments: gains from taxable property).”
- 2 Part 4 of FA 2004 (pension schemes) is amended as follows.
- 3 (1) Section 160 (payments by registered pension schemes) is amended as follows.
- (2) After subsection (7) insert—
- “(7A) Sections 185A to 185I contain provision about the receipt of income and gains from taxable property.”
- (3) In subsection (8), after “borrowing” insert “ and the receipt of income and gains from taxable property. ”
- 4 In section 173 (benefits), after subsection (7) insert—
- “(7A) This section does not apply if—
- (a) the pension scheme is an investment-regulated pension scheme, and
 - (b) the asset consists of taxable property.”
- 5 After section 174 insert—
- “174A Taxable property held by investment-regulated pension schemes**
- (1) An investment-regulated pension scheme is to be treated as making an unauthorised payment to a member of the pension scheme if—
 - (a) the pension scheme acquires an interest in taxable property, and
 - (b) the interest is held by the pension scheme for the purposes of an arrangement under the pension scheme relating to the member.
 - (2) An investment-regulated pension scheme is to be treated as making an unauthorised payment to a member of the pension scheme if—
 - (a) an interest in taxable property is held by the pension scheme for the purposes of an arrangement under the pension scheme relating to the member, and
 - (b) the property is improved.

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- (3) An investment-regulated pension scheme is to be treated as making an unauthorised payment to a member of the pension scheme if—
 - (a) an interest in property which is not residential property is held by the pension scheme for the purposes of an arrangement under the pension scheme relating to the member, and
 - (b) the property is converted or adapted to become residential property.
- (4) Schedule 29A makes provision supplementing this section; and in that Schedule—
 - (a) Part 1 defines “investment-regulated pension scheme”,
 - (b) Part 2 defines “taxable property” (and “residential property”),
 - (c) Part 3 explains what it means to acquire, and to hold, an interest in taxable property, and
 - (d) Part 4 contains provision for calculating the amounts of unauthorised payments treated as made by this section and explains when the unauthorised payments are treated as made.”

6 After section 185 insert—

“Income and gains from taxable property

185A Income from taxable property

- (1) An investment-regulated pension scheme is to be treated as having made a scheme chargeable payment if the pension scheme holds an interest in taxable property in a tax year.
- (2) The amount of the scheme chargeable payment depends on whether a person who holds the interest in the property directly receives profits arising from the interest in the tax year.
- (3) If a person who holds the interest in the property directly receives such profits in the tax year, the amount of the scheme chargeable payment is the greater of—
 - (a) an amount equal to the amount of the annual profits from the interest in the property (see section 185B(1)), and
 - (b) the amount of the deemed profits from the interest in the property for the year (see sections 185B(2) and 185C).
- (4) If no person who holds the interest in the property directly receives such profits in the tax year, the amount of the scheme chargeable payment is the amount of the deemed profits from the interest in the property for the year (see sections 185B(2) and 185C).
- (5) But where section 185D applies, the amount of the scheme chargeable payment is the amount found under subsection (3) or (4) as apportioned to the pension scheme in accordance with that section.
- (6) Section 185E makes provision for credits against income tax charged under section 239 (scheme sanction charge) in respect of a scheme chargeable payment treated as made by virtue of this section.

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185B Annual profits and deemed profits

- (1) For the purposes of section 185A(3) the amount of the annual profits from the interest in the property is the total amount of profits received from the interest in the tax year—
 - (a) by each person who holds the interest directly, and
 - (b) at a time when the property is scheme-held taxable property.
- (2) For the purposes of section 185A(3) and (4) the amount of the deemed profits from the interest in the property for the tax year is—

$$\frac{DMV}{10} \times \frac{DTP}{DY}$$

where—

DMV is the deemed market value of the interest in the property for the year (see section 185C),

DTP is the number of days in the year for which the property is scheme-held taxable property, and

DY is the number of days in the year.

- (3) In this Part “scheme-held taxable property” means property—
 - (a) which is taxable property, and
 - (b) an interest in which is held by the pension scheme.

185C Deemed market value

- (1) For the purposes of section 185B(2), where no person who holds the interest in the property directly during the tax year does so by virtue of a lease of residential property, the deemed market value of the interest for the year is—

$$(MV + UP) \times (1 + RPI)$$

where—

MV is the opening market value (see subsection (2)),

UP is the total of any unauthorised payments treated as made by the pension scheme under section 174A in relation to the property in the tax year, other than any such payment treated as made by virtue of the property becoming scheme-held taxable property in the year, and

RPI is the figure expressed as a decimal which represents the percentage increase in the retail prices index between the first day in the tax year on which the property is scheme-held taxable property and the last such day (or, if there is no such increase, is nil).

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- (2) In subsection (1) “the opening market value” means—
- (a) if the property is not scheme-held taxable property immediately before the beginning of the tax year, the market value of the interest in the property immediately after the time during the year when the property first becomes scheme-held taxable property, and
 - (b) otherwise, the deemed market value of the interest for the previous tax year.
- (3) For the purposes of section 185B(2), where a person who holds the interest in the property directly during the tax year does so by virtue of a lease of residential property, the deemed market value of the interest for the year is the relevant rental value of the property calculated in accordance with paragraph 34 of Schedule 29A on the following assumptions—
- (a) that the lease was granted when the property first became scheme-held taxable property;
 - (b) that the term of the lease is 50 years;
 - (c) that a fully commercial rent is payable for the first five years of that term;
 - (d) that afterwards the rent is reviewed on an upwards-only basis.

185D Apportionment to pension scheme

- (1) This section applies where the pension scheme holds the interest in the property indirectly for the whole of the period in the tax year for which the property is scheme-held taxable property.
- (2) The amount that would otherwise be the amount of the scheme chargeable payment is to be apportioned to the pension scheme by applying paragraphs 41 to 43 of Schedule 29A to it as if it were the total taxable amount in relation to an unauthorised payment treated as made—
 - (a) by the pension scheme,
 - (b) in connection with the acquisition of the interest in the property, and
 - (c) at the end of the last day in the tax year on which the property is scheme-held taxable property.
- (3) But where—
 - (a) the amount found in relation to the pension scheme on the day mentioned in paragraph (c) of subsection (2), differs from
 - (b) the amount that would be found in relation to the pension scheme under that subsection on another day in the tax year on which the property is scheme-held taxable property,
 the amount to be apportioned to the pension scheme under this section is the average of the amounts produced by applying subsection (2) in relation to the pension scheme on each day in the tax year on which the property is scheme-held taxable property.

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185E Credit for tax paid

- (1) This section applies where—
 - (a) the pension scheme holds the interest in the property indirectly in the tax year,
 - (b) a person who holds the interest directly receives profits arising from the interest at a time in the tax year when the property is scheme-held taxable property,
 - (c) tax is payable on those profits by that person (assuming them to be the highest part of the person's income for the tax year in which they are received), and
 - (d) that tax has been paid.
- (2) The amount determined under subsection (3) is to be allowed as a credit against any income tax charged under section 239 in respect of the scheme chargeable payment treated as made by virtue of the pension scheme holding the interest in the property in the tax year.
- (3) That amount is a proportion of the tax payable and paid determined by reference to the proportion of the amount that would otherwise be the amount of the scheme chargeable payment that is apportioned to the pension scheme under section 185D.
- (4) Where—
 - (a) by virtue of this section an amount is allowed as a credit against income tax charged under section 239, and
 - (b) the amount of tax payable and paid by reference to which the amount of the credit was calculated is subsequently varied,the amount of the credit is to be varied accordingly, and any necessary adjustments are to be made to give effect to the variation (whether by making assessments or otherwise).

185F Gains from taxable property

- (1) An investment-regulated pension scheme is to be treated as having made a scheme chargeable payment where—
 - (a) in a tax year the pension scheme holds an interest in property which is taxable property or which has been taxable property at any time whilst the interest has been held by the pension scheme (a “taxable interest”),
 - (b) a gain is treated as accruing to the pension scheme in respect of the taxable interest in the tax year, and
 - (c) the total amount of gains treated as accruing to the pension scheme in respect of taxable interests in the tax year exceeds the total amount of losses treated as accruing to the pension scheme in respect of taxable interests in the tax year.
- (2) The amount of the scheme chargeable payment is an amount equal to the difference between—
 - (a) the total amount of gains treated as accruing to the pension scheme in respect of taxable interests in the tax year, and

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- (b) the total amount of losses treated as accruing to the pension scheme in respect of taxable interests in the tax year,
(but this is subject to section 185G(10)).
- (3) A gain or loss is treated as accruing to a pension scheme in respect of a taxable interest in a tax year if—
 - (a) by virtue of section 185G a chargeable gain or allowable loss is treated for the purposes of this section as accruing in the tax year to the person who holds the taxable interest directly, or
 - (b) in the tax year the pension scheme or another vehicle ceases to hold all or part of an interest in a vehicle through which the pension scheme holds the taxable interest indirectly (see section 185H).

185G Disposal by person holding directly

- (1) For the purposes of this section the person (“the transferor”) who holds the taxable interest directly is to be treated as holding an asset (a “taxable asset”) consisting of the interest.
- (2) For the purpose of determining—
 - (a) whether the transferor disposes of the taxable asset,
 - (b) when such a disposal takes place, and
 - (c) whether a chargeable gain or allowable loss is treated for the purposes of section 185F as accruing to the transferor on a disposal of the taxable asset in a tax year and, if so, the amount of the chargeable gain or allowable loss,
 TCGA 1992 is to be treated as applying to the transferor and the taxable asset, but subject as follows.
- (3) TCGA 1992 is to be treated as applying as if—
 - (a) throughout the tax year the transferor were resident, ordinarily resident and domiciled in the United Kingdom,
 - (b) no allowable losses accrued to the transferor in any previous tax year,
 - (c) for the purposes of section 2A (taper relief) of that Act the transferor were not chargeable to corporation tax in respect of any chargeable gain accruing to the transferor from a disposal of the taxable asset and the taxable asset were at all relevant times a non-business asset,
 - (d) notice under section 16(2A) (losses) of that Act were given by the transferor in relation to the year in respect of any loss treated as accruing to the transferor in the year from a disposal of the taxable asset,
 - (e) section 45(1) (wasting assets) of that Act did not apply to a disposal of the taxable asset,
 - (f) for the purposes of section 53 (indexation allowance) of that Act the transferor were not chargeable to corporation tax in respect of any chargeable gain accruing to the transferor from a disposal of the taxable asset,

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- (g) section 171(1) (transfers within a group) of that Act did not apply to a disposal of the taxable asset (so that no election could be made in relation to such a disposal under section 171A (notional transfers within a group) of that Act), and
 - (h) sections 222 to 224 (relief on disposal of private residence) of that Act did not apply to a gain on a disposal of the taxable asset by virtue of section 225 (private residence occupied under terms of settlement) of that Act.
- (4) Where the taxable asset became taxable property whilst held directly by the pension scheme, TCGA 1992 is to be treated as applying to a disposal of the asset as if—
 - (a) the asset had been acquired by the transferor at the time it became taxable property, and
 - (b) the amount deductible under section 38(1)(a) (consideration for acquisition of asset) of that Act in respect of the disposal were the amount of the unauthorised payment treated as made by the pension scheme at that time.
- (5) Subsections (6) to (8) apply where the pension scheme holds the taxable asset indirectly.
- (6) TCGA 1992 is to be treated as applying to a disposal of the asset as if the amount deductible under section 38(1) of that Act in respect of the disposal were—
 - (a) the total amount of unauthorised payments treated as made by the pension scheme in respect of the taxable asset up to the time of the disposal, less
 - (b) the amount found under paragraph (a) to the extent that it has already been taken into account in calculating the gains or losses accruing to the pension scheme in respect of the taxable asset by virtue of this section or section 185H.
- (7) The amount that would otherwise be the amount of the consideration for which the disposal is made (or treated as made) is to be scaled down by applying paragraphs 41 to 43 of Schedule 29A to it as if it were the total taxable amount in relation to an unauthorised payment treated as made—
 - (a) by the pension scheme,
 - (b) in connection with the acquisition of the interest in the property which constitutes the taxable asset, and
 - (c) at the time of the disposal.
- (8) Subsection (6) is subject to section 42 of TCGA 1992 (part disposals); but in the application of that section in relation to the taxable asset the amount of the consideration for the disposal is to be taken to be that amount apart from subsection (7).
- (9) Where the taxable asset was not taxable property for the whole period beginning with—
 - (a) the time when the pension scheme acquired the asset, or
 - (b) if later, the time when the asset first became taxable property,and ending with the disposal, the amount that would otherwise be the amount of any chargeable gain or allowable loss treated as accruing on a

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disposal of the asset is to be reduced by reference to the proportion of the period for which the asset was not taxable property.

(10) Where—

- (a) the taxable asset is a wasting asset consisting of tangible moveable property, and
- (b) by virtue of section 185F, a loss is treated as accruing to the pension scheme from a disposal of the asset in a tax year,

the loss is only to be allowed as a deduction from any gains treated as accruing to the pension scheme by virtue of that section from other disposals in the year of taxable assets which are wasting assets consisting of tangible moveable property.

185H Disposal of interest in vehicle

- (1) This section applies for the purposes of section 185F where the pension scheme or another vehicle ceases to hold all or part of an interest in a vehicle through which the pension scheme holds the taxable interest indirectly.
- (2) The pension scheme is to be treated as disposing of the interest in the vehicle through which the pension scheme holds the taxable interest indirectly.
- (3) The amount of the gain or loss treated as accruing to the pension scheme on the disposal of the interest in the vehicle is the difference between—
 - (a) the deemed consideration received for the disposal of the interest, and
 - (b) the deemed consideration given for the interest.
- (4) The deemed consideration received for the disposal of the interest in the vehicle is the difference between—
 - (a) the market value of the taxable interest at the time of the disposal, apportioned to the pension scheme in accordance with subsection (5) immediately before that time, and
 - (b) the market value of the taxable interest at the time of the disposal, apportioned to the pension scheme in accordance with subsection (5) immediately after that time.
- (5) An amount mentioned in subsection (4) is to be apportioned to the pension scheme by applying paragraphs 41 to 43 of Schedule 29A to it as if it were the total taxable amount in relation to an unauthorised payment treated as made—
 - (a) by the pension scheme,
 - (b) in connection with the acquisition of the taxable interest, and
 - (c) at the time at which the amount is to be apportioned to the pension scheme in accordance with that subsection.
- (6) The deemed consideration given for the interest in the vehicle is—
 - (a) the total amount of unauthorised payments treated as made by the pension scheme in respect of the taxable interest up to the time of the disposal, less

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- (b) the amount found under paragraph (a) to the extent that it has already been taken into account in calculating the gains or losses accruing to the pension scheme in respect of the taxable interest by virtue of section 185G or this section.

185I Credit for tax paid

- (1) This section applies where by virtue of section 185F a pension scheme is to be treated as making a scheme chargeable payment which is to any extent attributable—
 - (a) to a chargeable gain treated by virtue of section 185G as accruing to another person on a disposal of a taxable asset, or
 - (b) to a gain treated by virtue of section 185H as accruing to the pension scheme as a result of another person disposing of an interest in a vehicle through which the pension scheme holds a taxable interest indirectly.
- (2) Where—
 - (a) tax is payable in respect of the disposal by the person who makes the disposal, and
 - (b) that tax has been paid,the amount determined under subsection (3) or (4) (as appropriate) is to be allowed as a credit against any income tax charged under section 239 in respect of the scheme chargeable payment.
- (3) In a case within paragraph (a) of subsection (1), that amount is a proportion of the amount of tax paid and payable determined by reference to the proportion of the amount of consideration for the disposal that is apportioned under section 185G(7).
- (4) In a case within paragraph (b) of subsection (1), that amount is the amount of tax paid and payable apportioned to the pension scheme by applying paragraphs 41 to 43 of Schedule 29A to it as if it were the total taxable amount in relation to an unauthorised payment treated as made—
 - (a) by the pension scheme,
 - (b) in connection with an acquisition of the taxable interest by the person disposing of the interest in the vehicle, and
 - (c) at the time of the disposal.
- (5) Where—
 - (a) by virtue of this section an amount is allowed as a credit against income tax charged under section 239, and
 - (b) the amount of tax payable and paid by reference to which the amount of the credit was calculated is subsequently varied,the amount of the credit is to be varied accordingly, and any necessary adjustments are to be made to give effect to the variation (whether by making assessments or otherwise).”

7

In section 186 (relief for income derived from scheme investments), after subsection (2) insert—

“(2A) The exemption provided by subsection (1) does not prevent the income from being charged to tax by virtue of section 185A.”

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- 8 In section 239 (scheme sanction charge), after subsection (5) insert—
- “(6) This section is subject to provision made by regulations under section 273ZA (income and gains from taxable property).”
- 9 In section 241(1) (scheme chargeable payments) insert at the end “, and
- (c) a scheme chargeable payment which the pension scheme is to be treated as having made by section 185A (income from taxable property) or 185F (gains from taxable property).”
- 10 After section 273 insert—
- “273ZA Income and gains from taxable property**
- (1) The Treasury may make regulations in relation to cases where—
- (a) an investment-regulated pension scheme holds an interest in taxable property,
- (b) the pension scheme is non-UK resident, and
- (c) the property is not located in the United Kingdom.
- (2) The regulations may make provision for a member of the pension scheme for the purposes of whose arrangement the interest is held to be liable to the scheme sanction charge so far as relating to a scheme chargeable payment treated as made by the pension scheme—
- (a) under section 185A (income from taxable property) by virtue of the pension scheme holding the interest in the property, or
- (b) under section 185F (gains from taxable property) by virtue of a gain treated as accruing to the pension scheme in respect of the interest in the property.
- (3) The regulations may make provision—
- (a) for the member to be liable to all of the scheme sanction charge arising by virtue of the scheme chargeable payment or to the charge to such extent as the regulations may provide,
- (b) for the charge to be apportioned between members of the pension scheme where the interest in the property is held for the purposes of more than one arrangement under the pension scheme, and
- (c) for the scheme administrator not to be liable to the scheme sanction charge or not to be liable to the charge to such extent as the regulations may provide.
- (4) The regulations may make provision for cases where—
- (a) a member of a pension scheme would otherwise be liable to the scheme sanction charge arising by virtue of a scheme chargeable payment treated as made by the pension scheme under section 185F in a tax year,
- (b) the member does not meet such conditions as to residence in the tax year as the regulations may prescribe,
- (c) the member meets those conditions in a subsequent tax year, and
- (d) such other conditions as the regulations may prescribe are met.
- (5) The regulations may make provision for the member—

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	(a) not to be liable to the scheme sanction charge in the tax year in which the scheme chargeable payment is treated as made, but												
	(b) to be liable in a subsequent tax year to such extent as the regulations may provide to the scheme sanction charge arising by virtue of the payment.												
	(6) The regulations may—												
	(a) amend this Part (apart from this section),												
	(b) include provision having effect in relation to times before they are made,												
	(c) contain transitional provisions and savings, and												
	(d) make different provision for different cases.												
	(7) For the purposes of this section a pension scheme is non-UK resident if it is established in a country or territory outside the United Kingdom.”												
11	In section 278 (market value), after subsection (3) insert—												
	“(3A) For the purposes of this Part the market value of taxable property, or of an interest in taxable property, is to be determined in accordance with section 272 of TCGA 1992.												
	(3B) Subsection (3A) is subject to any provision made by regulations under paragraph 36(2) of Schedule 29A.”												
12	In section 280(2) (index of defined expressions), in the table, insert the following entries at the appropriate places—												
	<table border="1"> <tr> <td>“acquiring an interest in property (for the purposes of the taxable property provisions)</td> <td>paragraphs 12 and 27 to 29 of Schedule 29A”;</td> </tr> <tr> <td>“building (for the purposes of the taxable property provisions)</td> <td>paragraph 7(2) of Schedule 29A”;</td> </tr> <tr> <td>“holding an interest in a person (for the purposes of the taxable property provisions)</td> <td>paragraph 16(2) to (4) of Schedule 29A”;</td> </tr> <tr> <td>“holding an interest in property (for the purposes of the taxable property provisions)</td> <td>paragraph 13 of Schedule 29A”;</td> </tr> <tr> <td>“holding directly an interest in a vehicle (for the purposes of the taxable property provisions)</td> <td>paragraph 20(3) of Schedule 29A”;</td> </tr> <tr> <td>“holding directly an interest in property (for the purposes of the taxable property provisions)</td> <td>paragraphs 14 and 15 of Schedule 29A”;</td> </tr> </table>	“acquiring an interest in property (for the purposes of the taxable property provisions)	paragraphs 12 and 27 to 29 of Schedule 29A”;	“building (for the purposes of the taxable property provisions)	paragraph 7(2) of Schedule 29A”;	“holding an interest in a person (for the purposes of the taxable property provisions)	paragraph 16(2) to (4) of Schedule 29A”;	“holding an interest in property (for the purposes of the taxable property provisions)	paragraph 13 of Schedule 29A”;	“holding directly an interest in a vehicle (for the purposes of the taxable property provisions)	paragraph 20(3) of Schedule 29A”;	“holding directly an interest in property (for the purposes of the taxable property provisions)	paragraphs 14 and 15 of Schedule 29A”;
“acquiring an interest in property (for the purposes of the taxable property provisions)	paragraphs 12 and 27 to 29 of Schedule 29A”;												
“building (for the purposes of the taxable property provisions)	paragraph 7(2) of Schedule 29A”;												
“holding an interest in a person (for the purposes of the taxable property provisions)	paragraph 16(2) to (4) of Schedule 29A”;												
“holding an interest in property (for the purposes of the taxable property provisions)	paragraph 13 of Schedule 29A”;												
“holding directly an interest in a vehicle (for the purposes of the taxable property provisions)	paragraph 20(3) of Schedule 29A”;												
“holding directly an interest in property (for the purposes of the taxable property provisions)	paragraphs 14 and 15 of Schedule 29A”;												

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	“holding indirectly an interest in a vehicle (for the purposes of the taxable property provisions)	paragraph 20(4) of Schedule 29A”;
	“holding indirectly an interest in property (for the purposes of the taxable property provisions)	paragraph 16(1) of Schedule 29A”;
	“investment-regulated pension scheme (for the purposes of the taxable property provisions)	paragraphs 1 to 3 of Schedule 29A”;
	“residential property (for the purposes of the taxable property provisions)	paragraphs 7(1), 8 and 9 of Schedule 29A”;
	“scheme-held taxable property	section 185B(3)”;
	“sums and assets held for the purposes of an arrangement (for the purposes of the taxable property provisions)	paragraph 5 of Schedule 29A”;
	“taxable property (for the purposes of the taxable property provisions)	paragraphs 6, 10 and 11 of Schedule 29A”;
	“the taxable property provisions	paragraph 1(3) of Schedule 29A”;
	“vehicle (in the taxable property provisions)	paragraph 20(2) of Schedule 29A”.
13	After Schedule 29 insert—	
	“SCHEDULE 29A	Section 174A
	TAXABLE PROPERTY HELD BY INVESTMENT-REGULATED PENSION SCHEMES	
	PART 1	
	INVESTMENT-REGULATED PENSION SCHEMES	
	<i>Schemes other than occupational pension schemes</i>	
	1 (1) For the purposes of the taxable property provisions a registered pension scheme which is not an occupational pension scheme is an investment-regulated pension scheme if one or more of its members meets the condition in sub-paragraph (2).	

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- (2) The condition is that either—
- (a) the member, or
 - (b) a person related to the member,
- is or has been able (directly or indirectly) to direct, influence or advise on the manner of investment of any of the sums and assets held for the purposes of an arrangement under the pension scheme relating to the member.
- (3) In this Part “the taxable property provisions” means—
- (a) section 173(7A) (exception from benefit charge where taxable property held by investment-regulated pension scheme),
 - (b) section 174A and this Schedule,
 - (c) sections 185A to 185I (income and gains from taxable property),
 - (d) section 273ZA (member liability for scheme sanction charge where pension scheme non-UK resident), and
 - (e) paragraphs 37A to 37I of Schedule 36 (transitional provisions).

Occupational pension schemes

- 2 (1) For the purposes of the taxable property provisions a registered pension scheme which is an occupational pension scheme is an investment-regulated pension scheme if—
- (a) there are 50 or fewer members of the pension scheme, and one or more of those members meets the condition in sub-paragraph (2), or
 - (b) at least 10% of the members of the pension scheme meet that condition.
- (2) The condition is that either—
- (a) the member, or
 - (b) a person related to the member,
- is or has been able (directly or indirectly) to direct, influence or advise on the manner of investment of any of the sums and assets held for the purposes of the pension scheme.

Separate self-controlled section

- 3 (1) This paragraph applies in the case of an arrangement under a registered pension scheme if—
- (a) the pension scheme is an occupational pension scheme,
 - (b) the pension scheme is not an investment-regulated pension scheme by virtue of paragraph 2, and
 - (c) one or more members of the pension scheme meet the condition in sub-paragraph (2).
- (2) The condition is that either—
- (a) the member, or
 - (b) a person related to the member,

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is or has been able (directly or indirectly) to direct, influence or advise on the manner of investment of any sums or assets which are linked to an arrangement relating to the member.

- (3) For the purposes of sub-paragraph (2) sums or assets are linked to an arrangement relating to a member if—
- (a) they are held for the purposes of an arrangement under the pension scheme relating to the member, but
 - (b) they are not held for the purposes of the arrangement merely by virtue of a just and reasonable apportionment of the sums and assets held for the purposes of the pension scheme.
- (4) Where this paragraph applies the arrangement is to be treated for the purposes of this Part as if it were an investment-regulated pension scheme.
- (5) The Treasury may by regulations—
- (a) amend sub-paragraph (3), and
 - (b) provide for any of the provisions of this Part to apply to the arrangement with modifications.

Related persons

- 4 (1) For the purposes of this Part of this Schedule a person is related to a member of a pension scheme if—
- (a) the person and the member are connected persons, or
 - (b) the person acts on behalf of the member or a person connected with the member.
- (2) Section 839 of ICTA (connected persons) applies for the purposes of sub-paragraph (1).

Arrangements

- 5 Where sums or assets held for the purposes of an investment-regulated pension scheme—
- (a) are held otherwise than for the purposes of the administration or management of the pension scheme, and
 - (b) would not, apart from this paragraph, be treated as held for the purposes of any arrangement relating to a member under the pension scheme,
- for the purposes of the taxable property provisions the sums or assets are to be treated as held for the purposes of the arrangements under the pension scheme by reference to the respective rights under the scheme of the members to which the arrangements relate.

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PART 2

TAXABLE PROPERTY

Taxable property

6 For the purposes of the taxable property provisions property is taxable property if—

- (a) it is residential property (see paragraphs 7 to 10), or
- (b) it is tangible moveable property (but subject to paragraph 11).

Residential property

7 (1) Subject as follows, for the purposes of the taxable property provisions “residential property” means—

- (a) a building that is used or suitable for use as a dwelling,
- (b) any land consisting of, or forming part of, the garden or grounds of such a building (including a building on any such land) which is used or intended for use for a purpose connected with the enjoyment of the building,
- (c) hotel or similar accommodation (but see paragraph 14(2)), or
- (d) a beach hut,

in the United Kingdom or elsewhere.

(2) For the purposes of the taxable property provisions “building” includes—

- (a) a structure, and
- (b) part of a building or structure.

8 (1) For the purposes of the taxable property provisions a building used for any of the following purposes is not residential property—

- (a) a home or other institution providing residential accommodation for children;
- (b) a hall of residence for students;
- (c) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disability, past or present dependence on alcohol or drugs or past or present mental disorder;
- (d) a hospital or hospice;
- (e) a prison or similar establishment.

(2) Where—

- (a) a building is used for a purpose specified in sub-paragraph (1),
- (b) a building which is not in use was, immediately before it ceased to be in use, used for such a purpose, or
- (c) a building which has never been in use is more suitable for use for such a purpose than for use for any other purpose,

no account is to be taken for the purposes of the taxable property provisions of its suitability for use as a dwelling.

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- 9 (1) The Treasury may by order amend this Part of this Schedule to specify descriptions of buildings which are, or are not, to be treated as residential property.
- (2) An order under this paragraph which amends this Part of this Schedule in a way that results in buildings becoming treated as not being residential property may provide that the amendment has effect from a date earlier than that on which the order was made.
- 10 (1) Residential property is not taxable property in relation to a pension scheme if Condition A or B is met.
- (2) Condition A is met if the property is (or, if unoccupied, is to be) occupied by an employee who—
- (a) is neither a member of the pension scheme nor connected with such a member,
 - (b) is not connected with the employer, and
 - (c) is required as a condition of employment to occupy the property.
- (3) Condition B is met if the property is (or, if unoccupied, is to be)—
- (a) occupied by a person who is neither a member of the pension scheme nor connected with such a member, and
 - (b) used in connection with business premises held as an investment of the pension scheme.
- (4) Section 839 of ICTA (connected persons) applies for the purposes of this paragraph.

Tangible moveable property

- 11 (1) The Treasury may by order provide that, for the purposes of the taxable property provisions, any specified description of tangible moveable property is treated as not being taxable property.
- (2) An order under this paragraph may include provision having effect in relation to times before it is made.

PART 3

ACQUISITION AND HOLDING OF TAXABLE PROPERTY

Acquisition

- 12 (1) For the purposes of the taxable property provisions an investment-regulated pension scheme acquires an interest in property if it comes to hold the interest.
- (2) Sub-paragraph (1) applies however the pension scheme comes to hold the interest, whether that is—
- (a) by act of the parties to a transaction,
 - (b) by order of a court or other authority,
 - (c) by or under any statutory provision, or

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(d) by operation of law.

(3) For instances of deemed acquisition, see paragraphs 27 to 29.

Holding

13 (1) For the purposes of the taxable property provisions an investment-regulated pension scheme holds an interest in property if the scheme holds the interest directly or indirectly.

(2) In the taxable property provisions references to a person holding an interest in property include, in the case of—

- (a) an investment-regulated pension scheme,
- (b) an arrangement under a pension scheme, or
- (c) a trust which is not a pension scheme,

references to the interest in the property being held for the purposes of the pension scheme, the arrangement or the trust.

Direct holding

14 (1) For the purposes of the taxable property provisions a person holds an interest in property directly if the person (whether jointly, in common or alone)—

- (a) holds the property or any estate, interest, right or power in or over the property,
- (b) has the right to use, or participate in arrangements relating to the use of, that property or a description of property to which that property belongs, or
- (c) has the benefit of any obligation, restriction or condition affecting the value of any estate, interest, right or power in or over the property,

under the law of any country or territory.

(2) But a person does not hold an interest in residential property consisting of hotel accommodation directly unless—

- (a) the person holds part only of the hotel accommodation or any estate, interest, right or power in or over such a part and, as a result, any person has a right to use or occupy that or any other part of the hotel accommodation, or
- (b) the person has a right to use, or participate in arrangements relating to the use of, part only of the hotel accommodation or a description of property to which that part belongs.

(3) For the purposes of the taxable property provisions a person holds an interest in property directly if the person is entitled (whether jointly, in common or alone) to receive payments determined by reference to the value of or the income from the property.

(4) Sub-paragraph (3) is subject to paragraph 15.

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Exception to direct holding

- 15 (1) A person does not hold an interest in taxable property directly by virtue of paragraph 14(3) where Conditions A to C are met.
- (2) Condition A is that—
- (a) the person is entitled to receive the payments by virtue of a policy of life insurance, a contract for a life annuity or a capital redemption policy, and
 - (b) the policy or contract is issued by an insurance company.
- (3) Condition B is that the property—
- (a) does not constitute a linked asset, or
 - (b) has been appropriated by the insurance company to an internal linked fund.
- (4) Condition C is that—
- (a) where the person is an occupational pension scheme, the policy or contract, either by itself or taken together with one or more associated policies, does not entitle the pension scheme, either alone or together with one or more associated persons, to receive payments representing 10% or more of the market value of or the income from the property,
 - (b) where the person is a pension scheme other than an occupational pension scheme, the policy or contract, either by itself or taken together with one or more associated policies, does not entitle an arrangement under the pension scheme, either alone or together with one or more associated persons, to receive such payments, or
 - (c) otherwise, the policy or contract does not entitle the person to receive such payments.
- (5) But for the purposes of applying paragraph 14(3) for determining whether a pension scheme holds an interest in taxable property directly or indirectly, this paragraph does not apply if the purpose or one of the purposes for which the person holds rights under the policy or contract is to enable a member of the pension scheme or a person connected with such a member to occupy or use the property.
- (6) For the purposes of sub-paragraph (4) “associated policy” means a policy or contract which entitles an associated person to receive payments determined by reference to the value of or the income from the property.
- (7) For the definition of “associated person” see paragraph 30.
- (8) For the purposes of this paragraph—
- “capital redemption policy” means a contract made in the course of a capital redemption business, as defined in section 458(3) of ICTA;
- “internal linked fund” has the meaning given by—
- (a) the Interim Prudential Sourcebook for Insurers made by the Financial Services Authority under FISMA 2000, or

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(b) rules made by the Authority under that Act and having effect for the time being in place of the Sourcebook; and
“linked asset” means an asset of the insurance company which is identified in its records as an asset by reference to the value of which benefits provided for under a policy or contract are to be determined.

- (9) For the purposes of this paragraph an annuity is a life annuity if it is—
- (a) granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life, and
 - (b) payable for a term ending at a time ascertainable only by reference to the end of a human life,
- and for this purpose it does not matter that the annuity may in some circumstances end before or after the life.

Indirect holding

- 16 (1) For the purposes of the taxable property provisions a person holds an interest in property indirectly if the person does not hold the interest directly but (whether jointly, in common or alone)—
- (a) holds an interest in a person who holds the interest in the property directly, or
 - (b) holds an interest in a person who holds the interest in the property indirectly by virtue of paragraph (a) or this paragraph.
- (2) For the purposes of the taxable property provisions a person holds an interest in another person if—
- (a) the person holds an interest, right or power in or over that other person, or
 - (b) the person lends money to that other person to fund the acquisition by that other person of an interest in taxable property.
- (3) But sub-paragraph (2)(b) does not apply where—
- (a) the loan is an authorised employer loan made by a pension scheme to or in respect of a sponsoring employer (see section 179),
 - (b) the interest in the property is acquired so that the property may be used for the purposes of a trade, profession or vocation carried on by the sponsoring employer or for the purposes of the sponsoring employer's administration or management, and
 - (c) after the acquisition, the property is not occupied or used by a member of the pension scheme or a person connected with such a member.
- (4) In the taxable property provisions references to a person holding an interest in another person include, in the case of—
- (a) an investment-regulated pension scheme,
 - (b) an arrangement under a pension scheme, or
 - (c) a trust which is not a pension scheme,

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references to the interest in the other person being held for the purposes of the pension scheme, the arrangement or the trust.

- (5) Paragraphs 17 to 19 explain what it means for a person to hold an interest in another person by virtue of sub-paragraph (2)(a) in a case where that other person is a company, collective investment scheme or trust.
- (6) The Treasury may by regulations—
- (a) amend paragraphs 17 to 19, or
 - (b) amend this Part of this Schedule for the purposes of explaining what it means for a person to hold an interest, right or power in or over another person in other cases.
- (7) This paragraph is subject to paragraphs 20 to 26.
- 17 (1) For the purposes of paragraph 16 a person holds an interest in a company if—
- (a) the person has, or is entitled to acquire, share capital or voting rights in the company,
 - (b) the person has, or is entitled to acquire, a right to receive or participate in distributions of the company,
 - (c) the person is entitled to secure that income or assets (whether present or future) of the company will be applied directly or indirectly for the person's benefit, or
 - (d) the person, either alone or together with other persons, has control of the company.
- (2) In sub-paragraph (1) references to a person being entitled to do anything apply where a person—
- (a) is currently entitled to do it at a future date, or
 - (b) will at a future date be entitled to do it.
- (3) In sub-paragraph (1) “control” has the meaning given by section 416 of ICTA.
- 18 (1) For the purposes of paragraph 16 a person holds an interest in a collective investment scheme if the person is a participant in the scheme.
- (2) In this Schedule—
- (a) “collective investment scheme” has the meaning given by section 235 of FISMA 2000, and
 - (b) “participant”, in relation to such a scheme, has the meaning given by subsection (2) of that section.
- 19 (1) For the purposes of paragraph 16 a pension scheme holds an interest in a trust if Condition A or B is met.
- (2) Condition A is that—
- (a) the pension scheme has a relevant interest in the trust,
 - (b) the pension scheme, a member of the pension scheme or a person connected with such a member has made a payment to the trust on or after the acquisition of the interest, and
 - (c) the payment is not one to which sub-paragraph (7) applies.
- (3) Condition B is that—

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- (a) a member of the pension scheme or a person connected with such a member has a relevant interest in the trust,
 - (b) the pension scheme has made a payment to the trust on or after the acquisition of the interest, and
 - (c) the payment is not one to which sub-paragraph (7) applies.
- (4) For the purposes of applying paragraph 16 for determining whether a pension scheme holds an interest in property indirectly, a person other than the pension scheme holds an interest in a trust if—
- (a) the person has a relevant interest in the trust,
 - (b) the person has made a payment to the trust on or after the acquisition of the interest, and
 - (c) the payment is not one to which sub-paragraph (7) applies.
- (5) For the purposes of this paragraph a person has a relevant interest in a trust if—
- (a) any property which may at any time be comprised in the trust or any derived property is, or will or may become, payable to or applicable for the benefit of the person in any circumstances, or
 - (b) the person enjoys a benefit deriving directly or indirectly from any property which is comprised in the trust or any derived property.
- (6) In sub-paragraph (5) “derived property”, in relation to any property, means income from that property or any other property directly or indirectly representing proceeds of, or income from, that property.
- (7) This sub-paragraph applies to a payment if—
- (a) it is made as part of an arm's length transaction by which property or a benefit is to be provided in return for the payment, and
 - (b) it is made otherwise than for the purposes of enabling a member of the pension scheme or a person connected with such a member to occupy or use any property.
- (8) Section 839 of ICTA (connected persons) applies for the purposes of this paragraph.
- (9) This paragraph does not apply in relation to a unit trust scheme within the meaning of section 237(1) of FISMA 2000 (but see paragraph 18).

Exceptions to indirect holding

- 20 (1) A pension scheme does not hold an interest in property indirectly through a vehicle through which the pension scheme would otherwise hold the interest in the property indirectly where one of the following paragraphs applies in relation to the vehicle, and, in particular—
- (a) paragraph 21 makes provision in relation to holding through vehicles which carry on trading activities,
 - (b) paragraph 22 makes provision in relation to holding through Real Estate Investment Trusts,
 - (c) paragraphs 23 to 25 make provision in relation to holding through other kinds of vehicles, and

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- (d) paragraph 26 makes provision in relation to holding through a vehicle which holds the interest in the property directly by virtue of paragraph 14(3) (receipt of payments determined by reference to value of or income from property).
- (2) In the taxable property provisions “vehicle”, in relation to a pension scheme which holds an interest in taxable property indirectly, means a person through whom the pension scheme holds the interest in the property.
- (3) For the purposes of the taxable property provisions a person holds an interest in a vehicle directly if the person holds an interest of the kind mentioned in paragraph 16(2) in the vehicle.
- (4) For the purposes of the taxable property provisions a person holds an interest in a vehicle indirectly if the person does not hold the interest directly but—
- (a) holds an interest in a person who holds an interest in the vehicle directly, or
 - (b) holds an interest in a person who holds the interest in the vehicle indirectly by virtue of paragraph (a) or this paragraph.
- 21 (1) This paragraph applies to a vehicle in which a pension scheme directly or indirectly holds an interest where—
- (a) the vehicle's main activity is the carrying on of a trade, profession or vocation,
 - (b) the pension scheme does not, whether alone or together with one or more associated persons, have control of the vehicle, and
 - (c) neither a member of the pension scheme nor a person connected with such a member is a controlling director of the vehicle or any other vehicle which holds an interest in the vehicle directly or indirectly.
- (2) But this paragraph does not apply if the purpose or one of the purposes for which the pension scheme holds the interest in the vehicle is to enable a member of the pension scheme or a person connected with such a member to occupy or use the property.
- (3) In sub-paragraph (1)—
- (a) “control” has the same meaning as in section 416 of ICTA (reading references in that section to a company as references to the vehicle and references to associates as including associated persons), and
 - (b) “controlling director”, in relation to a vehicle, means a director to whom paragraph (b) of section 417(5) of that Act applies (reading the reference to associates in that paragraph as including associated persons).
- (4) For the purposes of this paragraph a pension scheme or an arrangement under a pension scheme has control of a vehicle if the pension scheme or the arrangement holds such interest as would, if the pension scheme or the arrangement were a person, mean that the person had control of the vehicle.

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- (5) Section 839 of ICTA (connected persons) applies for the purposes of this paragraph.
- (6) For the definition of “associated person” see paragraph 30.
- 22 (1) This paragraph applies to a vehicle in which a pension scheme directly or indirectly holds an interest where the vehicle is—
- (a) a company to which Part 4 of the Finance Act 2006 (Real Estate Investment Trusts) applies, or
 - (b) a member of a group to which that Part applies.
- (2) But this paragraph does not apply if the purpose or one of the purposes for which the pension scheme holds the interest in the vehicle is to enable a member of the pension scheme or a person connected with such a member to occupy or use the property.
- (3) Section 839 of ICTA (connected persons) applies for the purposes of sub-paragraph (2).
- 23 (1) This paragraph applies to a vehicle in which a pension scheme directly or indirectly holds an interest where—
- (a) Conditions A to C are met in relation to the vehicle, and
 - (b) paragraph 24 applies to the pension scheme's interest in the vehicle.
- (2) Condition A is that—
- (a) the total value of the assets held directly by the vehicle is at least £1 million, or
 - (b) the vehicle holds directly at least three assets which consist of an interest in residential property,
- and no asset held directly by the vehicle which consists of an interest in taxable property has a value which exceeds 40% of the total value of the assets held directly by the vehicle.
- (3) Condition B is that, if the vehicle is a company—
- (a) it is resident in the United Kingdom and is not a close company, or
 - (b) it is not resident in the United Kingdom and would not be a close company if it were resident in the United Kingdom.
- (4) Condition C is that the vehicle does not have as its main purpose, or one of its main purposes, the direct or indirect holding of an animal or animals used for sporting purposes.
- (5) For the purposes of sub-paragraph (2)—
- (a) assets must be valued in accordance with generally accepted accounting practice,
 - (b) no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically), and
 - (c) where generally accepted accounting practice offers a choice of valuation between cost basis and fair value, fair value must be used.
- (6) The Treasury may by order—

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- (a) increase the amount for the time being specified in paragraph (a) of sub-paragraph (2), or
 - (b) increase the percentage for the time being specified in that sub-paragraph.
- 24 (1) For the purposes of paragraph 23 this paragraph applies to the interest held directly or indirectly by a pension scheme in a vehicle where—
- (a) Condition A is met, and
 - (b) Condition B or C is met.
- (2) Condition A is that the pension scheme does not hold the interest in the vehicle for the purpose of enabling a member of the pension scheme or a person connected with such a member to occupy or use the property.
- (3) Condition B is that—
- (a) the pension scheme is an occupational pension scheme, and
 - (b) the pension scheme does not, either alone or together with one or more associated persons, directly or indirectly hold an interest in the vehicle to which sub-paragraph (5) applies.
- (4) Condition C is that—
- (a) the pension scheme is not an occupational pension scheme, and
 - (b) no arrangement under the pension scheme, either alone or together with one or more associated persons, directly or indirectly holds an interest in the vehicle to which sub-paragraph (5) applies.
- (5) This sub-paragraph applies to the following interests—
- (a) 10% or more of the share capital or issued share capital of the vehicle;
 - (b) 10% or more of the voting rights in the vehicle;
 - (c) a right to receive 10% or more of the income of the vehicle;
 - (d) such interest in the vehicle as gives an entitlement to 10% or more of the amounts distributed on a distribution in relation to the vehicle;
 - (e) such interest in the vehicle as gives an entitlement to 10% or more of the assets of the vehicle on a winding-up or in any other circumstances;
 - (f) such interest in the vehicle as gives rise to income or gains from a specific property.
- (6) Section 839 of ICTA (connected persons) applies for the purposes of this paragraph.
- (7) For the definition of “associated person” see paragraph 30.
- 25 (1) This paragraph contains provisions supplementary to paragraph 24.
- (2) Where—
- (a) paragraph 23(1) does not apply in relation to a vehicle in which the pension scheme directly or indirectly holds an interest merely because Condition C in paragraph 24(4) is not met in relation to an arrangement under the pension scheme, and

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- (b) accordingly, the pension scheme holds an interest in property indirectly through the vehicle,
the interest in the property is to be treated as held through the vehicle for the purposes of another arrangement under the pension scheme only if that arrangement, either alone or together with one or more associated persons, directly or indirectly holds an interest in the vehicle to which paragraph 24(5) applies.
- (3) Sub-paragraph (4) applies for determining the percentage of an interest held by a person in a vehicle at a time when the person holds that interest indirectly.
- (4) That percentage is equal to the percentage of the total taxable amount that would be apportioned to the person under paragraphs 41 to 43—
- (a) where the person is not the pension scheme, if the person were the pension scheme, and
- (b) in any case, if the person were treated as making an unauthorised payment by virtue of the vehicle coming to hold the interest in the property directly at that time.
- (5) For the definition of “associated person” see paragraph 30.
- 26 (1) This paragraph applies to a vehicle in which a pension scheme directly or indirectly holds an interest where—
- (a) the vehicle holds the interest in the property directly by virtue of paragraph 14(3) merely because it does not meet Condition C in paragraph 15(4), and
- (b) sub-paragraph (2) applies in relation to the pension scheme.
- (2) This sub-paragraph applies in relation to the pension scheme if—
- (a) where the pension scheme is an occupational pension scheme, the pension scheme is not, either alone or together with one or more associated persons, deemed to be entitled to 10% or more of the market value of or the income from the property, or
- (b) where the pension scheme is not an occupational pension scheme, no arrangement under the pension scheme, either alone or together with one or more associated persons, is deemed to be so entitled.
- (3) For the purposes of this paragraph the percentage of the market value of or the income from the property to which a person is deemed to be entitled at any time is—

$IG \times TTA$

where—

IG is the percentage of the market value of or the income from the property to which the vehicle that holds the interest in the property directly is entitled at that time, and

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TTA is the percentage of the total taxable amount that would be apportioned to the person at that time on the assumptions mentioned in sub-paragraph (4).

- (4) Those assumptions are—
- (a) if the person is not the pension scheme, that the person is the pension scheme, and
 - (b) in any case, that the person is treated as making an unauthorised payment by virtue of the vehicle coming to hold the interest in the property directly at that time.
- (5) For the definition of “associated person” see paragraph 30.

Deemed acquisition

- 27 Where—
- (a) an investment-regulated pension scheme holds an interest in property which is not taxable property, and
 - (b) that property becomes taxable property otherwise than by reason of its conversion or adaptation as residential property,
- the pension scheme is treated for the purposes of the taxable property provisions as acquiring an interest in the property.
- 28 (1) Subject to paragraph 29, this paragraph applies where—
- (a) an investment-regulated pension scheme holds an interest in taxable property indirectly, and
 - (b) there is an increase in the extent of the interest held directly in a vehicle by the pension scheme or another vehicle.
- (2) The pension scheme is to be treated for the purposes of this Schedule as—
- (a) having disposed of the interest in the property immediately before the increase in the extent of the interest in the vehicle, and
 - (b) having re-acquired the interest immediately afterwards.
- (3) The extent of the interest held directly in a vehicle by a person is to be determined for the purposes of this paragraph and paragraph 29 in accordance with paragraphs 42 and 43.
- 29 (1) Where there is an increase in the extent of the interest held directly in the vehicle otherwise than by reason of the acquisition of a further interest in the vehicle, paragraph 28 does not apply unless the condition in sub-paragraph (2) is met.
- (2) The condition is that the event by which the extent of the interest held directly in the vehicle increases forms part of a scheme or arrangement the main purpose or one of the main purposes of which is—
- (a) to enable the amount of the unauthorised payment treated as arising on the original acquisition of the interest in the property by the pension scheme to be lower than it otherwise would have been, or
 - (b) to prevent an unauthorised payment from being treated as made on that original acquisition.

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- (3) Unless that condition is met, the increase in the extent of the interest is also to be disregarded for the purposes of paragraphs 24 to 26.

Associated persons

- 30 (1) For the purposes of this Part of this Schedule “associated person”, in relation to a pension scheme, means—
- (a) any member of the pension scheme,
 - (b) any person connected with such a member,
 - (c) any arrangement (under that or another pension scheme) relating to a member of the pension scheme,
 - (d) any arrangement (under that or another pension scheme) relating to a person connected with such a member, and
 - (e) any associated pension scheme.
- (2) For the purposes of sub-paragraph (1) a pension scheme is associated with another pension scheme if members representing at least 10% by value of one pension scheme are members of the other pension scheme or connected with such members.
- (3) The percentage by value represented by a member of a pension scheme is—

$$\frac{AM}{AA} \times 100$$

where—

AM is an amount equal to the aggregate of the amount of the sums and the market value of the assets held for the purposes of an arrangement under the pension scheme relating to the member, and

AA is an amount equal to the aggregate of the amount of the sums and the market value of the assets held for the purposes of the pension scheme.

- (4) For the purposes of this Part of this Schedule “associated person”, in relation to an arrangement under a pension scheme, means—
- (a) the member of the pension scheme to which that arrangement relates,
 - (b) any person connected with such a member,
 - (c) any arrangement (under that or another pension scheme) relating to a member of the pension scheme to which that arrangement relates, and
 - (d) any arrangement (under that or another pension scheme) relating to a person connected with such a member.

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PART 4

AMOUNT AND TIMING OF UNAUTHORISED PAYMENT

Introduction

- 31 (1) This Part of this Schedule has effect for determining—
- (a) the amount of an unauthorised payment treated as made to a member of an investment-regulated pension scheme by virtue of section 174A, and
 - (b) the time when such a payment is treated as made.
- (2) The amount is determined by—
- (a) finding the total taxable amount in relation to the unauthorised payment (see paragraphs 32 to 40),
 - (b) apportioning that amount to the pension scheme (see paragraphs 41 to 43),
 - (c) in a case to which paragraph 28 applies (acquisition etc of further interest in vehicle), making an adjustment under paragraph 44 to the amount mentioned in paragraph (b), and
 - (d) apportioning that amount to the member to whom the payment is treated as made in accordance with paragraph 45.

Acquisition: basic rules

- 32 (1) This paragraph applies to a case within subsection (1) of section 174A (acquisition of an interest in taxable property).
- (2) The unauthorised payment is treated as made when the interest in the property is acquired by the pension scheme.
- (3) If the interest in the property is acquired because the pension scheme or another person comes to hold the interest directly, the total taxable amount in relation to the unauthorised payment is—
- (a) the amount of consideration, in money or money's worth, given directly or indirectly for the interest, plus
 - (b) the amount of any fees and other costs incurred in connection with the acquisition.
- (4) Sub-paragraph (3) is subject to paragraphs 33 to 35.
- (5) If the interest in the property is acquired because the pension scheme or another person comes to hold an interest in a person who already holds the interest in the property directly or indirectly, the total taxable amount in relation to the unauthorised payment is—
- (a) the market value, at the date the interest in the person is acquired, of the interest in the property held by the person who holds it directly, or
 - (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the

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lease by virtue of paragraph 34 if it were assigned to the person at that time.

- (6) If the interest in the property is treated as acquired by the pension scheme by virtue of paragraph 27 or 28, the total taxable amount in relation to the unauthorised payment is—
- (a) the market value, at the date the interest is treated as acquired, of the interest in the property held by the person who holds it directly, or
 - (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the lease by virtue of paragraph 34 if it were assigned to the person at that time.
- (7) This paragraph is subject to paragraph 36.

Acquisition: further provisions

- 33 (1) This paragraph applies where—
- (a) an investment-regulated pension scheme acquires an interest in taxable property because it acquires a chargeable interest in the property within the meaning of section 48(1) of the Finance Act 2003,
 - (b) the interest is acquired because the pension scheme or another person comes to hold the interest directly, and
 - (c) the whole or part of the consideration for the interest is consideration other than rent.
- (2) The provisions of the Finance Act 2003 listed in sub-paragraph (3) apply for determining the amount of the consideration (or the part that is not rent) as they apply for determining the amount of chargeable consideration for a land transaction for the purposes of Part 4 of that Act.
- (3) Those provisions are—
- (a) paragraphs 2 to 8 and 9 to 16 of Schedule 4 (chargeable consideration);
 - (b) section 51 (contingent, uncertain or unascertained consideration);
 - (c) section 52 (annuities etc: chargeable consideration limited to twelve years' payments).
- (4) The Treasury may by regulations provide—
- (a) for those provisions to apply with modifications to cases to which this paragraph applies, and
 - (b) for any other provisions of Part 4 of the Finance Act 2003 to apply (with or without modifications) to such cases.
- 34 (1) This paragraph applies where—
- (a) an investment-regulated pension scheme acquires an interest in taxable property because it acquires a chargeable interest in the property within the meaning of section 48(1) of the Finance Act 2003,
 - (b) the interest is acquired because the pension scheme or another person comes to hold the interest directly, and

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- (c) the whole or part of the consideration for the acquisition is rent.
- (2) The amount of the consideration (or the part that is rent) is to be taken to be the relevant rental value of the property; and paragraphs 2(4)(a), 3 and 8 of Schedule 5 (rent) to the Finance Act 2003 apply for determining that value.
- (3) The following provisions of the Finance Act 2003 apply for the purposes of sub-paragraph (2) for determining the amount of rent payable as they apply for determining the amount of rent payable under a lease to which that Act applies—
- (a) paragraphs 2, 5 to 7A, 9 and 16 of Schedule 17A (further provisions relating to leases);
 - (b) (subject to the provisions mentioned in paragraph (a)) the provisions mentioned in paragraph 33(3).
- (4) The Treasury may by regulations provide—
- (a) for the provisions mentioned in sub-paragraph (2) or (3) to apply with modifications to cases to which this paragraph applies, and
 - (b) for any other provisions of Part 4 of the Finance Act 2003 to apply (with or without modifications) to such cases.
- (5) For the purposes of this paragraph where on an assignment of a lease the assignee assumes the obligation to pay rent, the assumption counts as consideration for the assignment.
- 35 (1) This paragraph applies where—
- (a) an investment-regulated pension scheme acquires an interest in taxable property because the pension scheme or another person comes to hold the interest directly,
 - (b) the interest is acquired for less than its market value, and
 - (c) immediately before the acquisition the interest was held by a registered pension scheme which was not an investment-regulated pension scheme.
- (2) This paragraph also applies where—
- (a) an investment-regulated pension scheme acquires an interest in taxable property because the pension scheme or another person comes to hold the interest directly,
 - (b) the interest is acquired for less than its market value, and
 - (c) tax relief is available under section 188 or 196 in respect of the transfer of the interest.
- (3) The amount of the consideration for the interest is treated as—
- (a) the market value, at the date the interest is acquired, of the interest in the property held by the person who holds it directly, or
 - (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the lease by virtue of paragraph 34 if it were assigned to the person at that time.
- 36 (1) The Treasury may by regulations make provision with respect to—

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- (a) what is to count as consideration for the acquisition of an interest in taxable property, and
 - (b) the determination of the amount of such consideration.
- (2) The Treasury may by regulations make provision with respect to the determination of the market value of an interest held in taxable property.
- (3) Regulations under this paragraph may, in particular, make provision for cases where an investment-regulated pension scheme acquires—
- (a) an interest in taxable property outside the United Kingdom,
 - (b) a licence to use or occupy taxable property, or
 - (c) an interest in taxable property which is tangible moveable property.
- (4) Regulations under this paragraph may—
- (a) amend this Part of this Schedule, and
 - (b) include provision having effect in relation to times before they are made.

Post-acquisition unauthorised payments

- 37 (1) The Treasury may by regulations make provision for an investment-regulated pension scheme which has acquired an interest in taxable property to be treated as making one or more further unauthorised payments where—
- (a) the amount of consideration for the acquisition was determined on the basis of a reasonable estimate, and the actual amount of the consideration turns out to be higher than the estimated amount,
 - (b) in the case of an interest which is a lease, there is a variation in the rent payable under the lease, or
 - (c) in such a case, the amount of consideration for the acquisition was determined on an assumption about the length of the term of the lease, and the lease continues after the end of the term.
- (2) Regulations under this paragraph may—
- (a) amend section 174A or this Schedule (apart from this paragraph), and
 - (b) include provision having effect in relation to times before they are made.
- (3) References in the taxable property provisions to unauthorised payments treated as made under section 174A include references to payments treated as made under regulations under this paragraph.

Improvement of taxable property

- 38 (1) This paragraph applies to a case within subsection (2) of section 174A (improvement of taxable property).
- (2) An unauthorised payment is treated as made when a payment is made in connection with the improvement works.

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- (3) The total taxable amount in relation to the unauthorised payment is the amount of the payment mentioned in sub-paragraph (2).

Conversion or adaptation as residential property

- 39 (1) This paragraph applies to a case within subsection (3) of section 174A (conversion or adaptation as residential property).
- (2) The unauthorised payment is treated as made on the occurrence of whichever of the following first occurs after the property has become residential property—
- (a) the substantial completion of the works to convert or adapt the property;
 - (b) the interest in the property ceasing to be held by the pension scheme.
- (3) But if the property becomes residential property after the end of the period of three years beginning with the date on which the first payment was made in connection with the works to convert or adapt the property, the unauthorised payment is treated as made when the property becomes residential property.
- (4) If the works began before the end of the period of twelve months beginning with the acquisition of the interest in the property by the pension scheme, the total taxable amount in relation to the unauthorised payment is—
- (a) the amount of consideration for the interest, determined in accordance with paragraphs 32 to 36, plus
 - (b) the development costs (see sub-paragraph (7)).
- (5) If the works began after the end of that period, the total taxable amount in relation to the unauthorised payment is—
- (a) the relevant market value (see sub-paragraph (6)), plus
 - (b) the development costs (see sub-paragraph (7)).
- (6) In this paragraph “the relevant market value” means—
- (a) the market value, at the date the works began, of the interest in the property held by the person who holds it directly, or
 - (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the lease by virtue of paragraph 34 if it were assigned to the person at that time.
- (7) In this paragraph “the development costs” means the total cost of the works to convert or adapt the property at the time when the unauthorised payment is treated as made.
- (8) Where, at the time the unauthorised payment is treated as made—
- (a) an amount will be payable for the works only if some uncertain future event occurs, or
 - (b) an amount will cease to be payable for the works if some uncertain future event occurs,

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the development costs are to be determined on the assumption that the amount will be payable or, as the case may be, will not cease to be payable.

(9) Where, at that time, an amount payable for the works—

- (a) depends on uncertain future events, or
- (b) cannot otherwise be ascertained,

that amount is to be determined for the purposes of sub-paragraph (7) on the basis of a reasonable estimate.

- 40 (1) This paragraph applies to a case within subsection (3) of section 174A (conversion or adaptation as residential property).
- (2) This paragraph applies if —
- (a) sub-paragraph (8) of paragraph 39 has effect when an unauthorised payment is treated as made under that paragraph,
 - (b) an amount estimated under that sub-paragraph later becomes ascertained, and
 - (c) the ascertained amount is more than the estimated amount.
- (3) An unauthorised payment is treated as made when the amount becomes ascertained.
- (4) The total taxable amount in relation to the unauthorised payment is the difference between the ascertained amount and the estimated amount.
- (5) References in the taxable property provisions to unauthorised payments treated as made under section 174A include references to payments treated as made under this paragraph.

Apportionment to pension scheme

- 41 (1) This paragraph applies for determining—
- (a) whether the amount of an unauthorised payment treated as made by an investment-regulated pension scheme under section 174A consists of the whole of the total taxable amount in relation to the payment, and
 - (b) if not, how much of the total taxable amount comprises the amount of the unauthorised payment.
- (2) The pension scheme is treated as making an unauthorised payment equal to the whole of the total taxable amount where Condition A, B or C is met.
- (3) Condition A is that the pension scheme directly holds the interest in the taxable property which gives rise to the unauthorised payment.
- (4) Condition B is that—
- (a) the pension scheme holds the interest in the property indirectly through one vehicle, and
 - (b) that vehicle is wholly owned by the pension scheme.
- (5) Condition C is that—
- (a) the pension scheme holds the interest in the property indirectly through more than one vehicle (a “chain” of vehicles), and

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- (b) each vehicle in the chain is wholly owned by another vehicle in the chain or by the pension scheme.
- (6) Where—
- (a) the pension scheme holds the interest in the property indirectly through one vehicle, and
- (b) the vehicle is not wholly owned by the pension scheme,
- the amount of the unauthorised payment is a proportion of the total taxable amount determined by reference to the extent of the pension scheme's interest in the vehicle.
- (7) Where—
- (a) the pension scheme holds the interest in the property indirectly through one or more chains of vehicles, and
- (b) one or more vehicles in such a chain is not wholly owned by another vehicle in the chain or by the pension scheme,
- the amount of the unauthorised payment is the amount or the total of all the amounts found under sub-paragraph (8) for each chain through which the pension scheme owns the interest in the property.
- (8) The amount is a proportion of the total taxable amount determined by reference to the extent of the interest held directly by the pension scheme or another vehicle in the chain in each vehicle in the chain—
- (a) starting with the vehicle which holds the interest in the property directly, and
- (b) ending with the vehicle in which the pension scheme directly holds an interest.
- (9) For the purposes of this paragraph a vehicle is wholly owned by a person if no other person directly holds an interest in the vehicle.
- (10) This paragraph is subject to paragraph 44.
- 42 (1) References in this Schedule to the extent of an interest held directly by a person in a vehicle are references to the proportion of the interests of everyone who directly holds an interest in the vehicle which on a just and reasonable apportionment is represented by that interest.
- (2) Sub-paragraph (1) is subject to paragraph 43, which explains how to determine the extent of a person's interest in a vehicle for the purposes of the taxable property provisions where the vehicle is a company.
- (3) The Treasury may by regulations—
- (a) amend paragraph 43, or
- (b) amend this Part of this Schedule for the purposes of explaining how to determine the extent of a person's interest in a vehicle in other cases.
- (4) Regulations under sub-paragraph (3) may include provision having effect in relation to times before they are made.
- 43 (1) For the purposes of this Schedule, and except in a case to which sub-paragraph (3) applies, the extent of a person's interest in a company is

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determined by reference to whichever of the following gives the person the greatest interest in the company—

- (a) the percentage of the share capital or issued share capital of the company owned by the person;
 - (b) the percentage of the voting rights in the company owned by the person;
 - (c) the percentage of all the income of the company to which the person has a right;
 - (d) the percentage of the amounts distributed on a distribution in relation to the company to which the person has a right;
 - (e) the percentage of the assets of the company to which the person has a right on a winding-up or in any other circumstances;
 - (f) where the person has a right to a percentage of a particular asset or description of assets of the company, or of the income or gains from such an asset or description (either generally or in particular circumstances), that percentage or the highest of all the percentages found under this paragraph.
- (2) For the purposes of sub-paragraph (1) a person is treated as owning or having a right to anything which the person will only acquire—
- (a) at some future date,
 - (b) if the person exercises a right to acquire it, or
 - (c) if some other uncertain future event occurs or does not occur.
- (3) Where—
- (a) a person has an interest in a company as a result of lending the company money to fund the acquisition of an interest in taxable property, and
 - (b) this sub-paragraph gives the person a greater interest in the company than any interest given by sub-paragraph (1),
- for the purposes of this Schedule the extent of the person's interest in the company is determined by the proportion that the value of the loan bears to the total value of the assets held directly by the company.
- (4) For the purposes of sub-paragraph (3)—
- (a) assets must be valued in accordance with generally accepted accounting practice,
 - (b) no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically), and
 - (c) where generally accepted accounting practice offers a choice of valuation between cost basis and fair value, fair value must be used.

Deemed acquisition: adjustment

- 44 (1) This paragraph applies where an investment-regulated pension scheme is treated as acquiring an interest in taxable property by virtue of paragraph 28 (increase in extent of interest in vehicle).
- (2) The amount of the unauthorised payment treated as made by the pension scheme is—

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UP – UPB

Where—

UP is the amount that would have been the amount of the unauthorised payment apart from this paragraph; and

UPB is the amount that would have been the amount of any unauthorised payment treated as made by the pension scheme if it had acquired the interest in the property immediately before the increase in the extent of the interest in the vehicle (assuming the total taxable amount in relation to the unauthorised payment to be that given under paragraph 32(5)).

Apportionment to member

- 45 (1) This paragraph has effect for determining—
- (a) whether the whole of an unauthorised payment treated as made by a pension scheme is to be treated as made to a member of the scheme, and
 - (b) if not, how much of the unauthorised payment is to be treated as made to the member.
- (2) If the interest in the taxable property which gives rise to the unauthorised payment is held by the pension scheme for the purposes of—
- (a) the arrangement under the pension scheme relating to the member, and
 - (b) at least one other arrangement under the pension scheme, the unauthorised payment is to be apportioned on a just and reasonable basis between all of the arrangements for the purposes of which the interest in the property is held.
- (3) Otherwise, the whole of the unauthorised payment is to be treated as made to the member.”

- 14 (1) Schedule 34 (non-UK schemes: application of certain charges) is amended as follows.
- (2) In paragraph 1 (member payment charges)—
- (a) in sub-paragraph (3)(a), after “charge” insert “ (except as imposed by virtue of section 174A (taxable property held by investment-regulated pension schemes)) ”, and
 - (b) in sub-paragraph (4), after “Part” insert “ (apart from the taxable property provisions) ”.
- (3) After paragraph 7 insert—

“Unauthorised payment charge: taxable property

- 7A (1) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for a transfer member of a relevant non-UK scheme to be liable to the unauthorised payment charge in the same or similar circumstances to those in which—

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- (a) a member of a registered pension scheme is liable to that charge by virtue of section 174A and Schedule 29A (taxable property held by investment-regulated pension scheme),
- (b) the scheme administrator of such a scheme is liable to the scheme sanction charge by virtue of section 185A (income from taxable property) or 185F (gains from taxable property), or
- (c) a member of such a scheme is liable to the scheme sanction charge by virtue of those provisions in consequence of provision made by regulations under section 273ZA.

(2) The regulations may—

- (a) make provision for the application of any or all of the taxable property provisions in relation to a transfer member of a relevant non-UK scheme subject to any omissions, additions and other modifications contained in the regulations,
- (b) include provision having effect in relation to times before they are made,
- (c) contain transitional provisions and savings, and
- (d) make different provision for different cases.”

15 In Schedule 36 (transitional provisions and savings), after paragraph 37 insert—

“Pre-commencement holdings of taxable property

37A (1) This paragraph applies in relation to an investment-regulated pension scheme if—

- (a) on 6th April 2006 the pension scheme holds an interest in taxable property which it acquired before that date, and
- (b) immediately before that date the pension scheme was not prohibited from holding the interest in the property,

and, in a case where immediately before that date the interest in the property was held directly by a person other than the pension scheme, if the pension scheme was not prohibited from holding the interest it held in that person at that time.

(2) This paragraph also applies in relation to an investment-regulated pension scheme if—

- (a) before 6th April 2006 a contract to acquire an interest in property was entered into by the pension scheme or a person in whom the pension scheme directly or indirectly held an interest when the contract was entered into,
- (b) the pension scheme does not acquire the interest in the property before that date,
- (c) the property is taxable property on that date, and
- (d) immediately before that date the pension scheme would not have been prohibited from holding the interest in the property,

and, in a case where the contract to acquire the interest in the property was entered into by a person in whom the pension scheme directly or indirectly held an interest, if the pension scheme was not prohibited

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from holding the interest it held in that person immediately before that date.

- (3) The taxable property provisions (apart from this paragraph and paragraphs 37B to 37E) do not apply in relation to the pension scheme and the interest in the property.
 - (4) For the purposes of this Schedule a pension scheme is to be treated as having been prohibited from holding an interest in property, or in a person, immediately before 6th April 2006 if approval could have been withdrawn under section 591B, 620(7) or 650 of ICTA on the basis of the holding of the interest at that time.
 - (5) This paragraph is subject to paragraphs 37B to 37E.
- 37B
- (1) Paragraph 37A ceases to apply to an investment-regulated pension scheme and an interest in taxable property on the relevant date if Condition A, B or C is met.
 - (2) Condition A is that there is a change in the occupation or use of the property such that, if the change had occurred immediately before 6th April 2006, the pension scheme would have been prohibited from holding the interest in the property at that time.
 - (3) Condition B is that—
 - (a) the taxable property is residential property on 6th April 2006, and
 - (b) improvement works on the property are begun on or after that date.
 - (4) Condition C is that there is a change in the pension scheme's interest in—
 - (a) any person who holds the interest in the property directly, or
 - (b) any person who has entered into a contract to acquire the interest in the property,
 such that, if the change had occurred immediately before 6th April 2006, the pension scheme would have been prohibited from holding the interest in the person at that time.
 - (5) For the purposes of this paragraph the relevant date is—
 - (a) where Condition A is met, the date on which the change in the occupation or use of the taxable property takes place,
 - (b) where Condition B is met, the date on which the improvement works are substantially completed, or
 - (c) where Condition C is met, the date on which the change in the pension scheme's interest in the person takes place,
 but where the pension scheme has not acquired the interest in the property by what would otherwise be the relevant date, the relevant date is the date on which it acquires the interest.
 - (6) Where Condition A, B or C is met the pension scheme is to be treated for the purposes of the taxable property provisions as acquiring the interest in the property on the relevant date.

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- (7) For the purposes of Schedule 29A the total taxable amount in relation to any unauthorised payment which the pension scheme is treated as having made by reason of the acquisition is—
- (a) the market value on the relevant date of the interest in the property held by the person who holds it directly, or
 - (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the lease by virtue of paragraph 34 of Schedule 29A if it were assigned to the person on that date.
- (8) Where—
- (a) the pension scheme holds the interest in the property directly, and
 - (b) the interest is not a lease at a rent,
- for the purposes of section 185G (gains from taxable property: disposal by person holding directly) the pension scheme is to be treated as having acquired the interest for a consideration equal to its market value on 6th April 2006.
- (9) For the purposes of sub-paragraph (3)(b) improvement works are to be taken to have been begun before 6th April 2006 only if—
- (a) a binding contract for the works was entered into before that date, or
 - (b) a substantial amount of the works has been carried out before that date.
- (10) For the purposes of this Schedule “improvement works” means, in relation to a property, works which—
- (a) materially improve the property, and
 - (b) are not carried out wholly for the purposes of complying with a statutory requirement or a requirement imposed by a government department, a statutory body or a person holding a statutory office.
- (11) For the purposes of sub-paragraph (10)(a) a property is materially improved by works only if—
- (a) its market value on the date the works are substantially completed (“MVW”) exceeds what would have been its market value on that date if the works had not been carried out (“MV”), and
 - (b) the amount by which MVW exceeds MV is greater than 20% of MV.
- (12) For the purposes of sub-paragraph (10)(b)—
- “statutory body” means a body set up by or under an enactment (including an enactment comprised in, or an instrument made under, an Act of the Scottish Parliament);
 - “statutory office” means a body set up by or under such an enactment; and
 - “statutory requirement” means a requirement imposed by provision made by or under such an enactment.

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(13) This paragraph is subject to paragraph 37D.

37C (1) This paragraph applies where—

- (a) on 6th April 2006 an investment-regulated pension scheme holds an interest in taxable property which it acquired before that date, and
- (b) immediately before that date the pension scheme was prohibited from holding the interest.

(2) This paragraph also applies where—

- (a) on 6th April 2006 an investment-regulated pension scheme holds an interest in taxable property indirectly which it acquired before that date, and
- (b) immediately before that date the pension scheme was prohibited from holding the interest it held in the person that held the interest in the property directly at that time.

(3) The pension scheme is to be treated for the purposes of the taxable property provisions as acquiring the interest in the property on 6th April 2006.

(4) For the purposes of Schedule 29A the total taxable amount in relation to any unauthorised payment which the pension scheme is treated as having made by reason of the acquisition is—

- (a) the market value on 6th April 2006 of the interest in the property held by the person who holds it directly, or
- (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the lease by virtue of paragraph 34 of Schedule 29A if it were assigned to the person on that date.

(5) Where—

- (a) the pension scheme holds the interest in the property directly, and
- (b) the interest is not a lease at a rent,

for the purposes of section 185G (gains from taxable property: disposal by person holding directly) the pension scheme is to be treated as having acquired the interest for a consideration equal to its market value on 6th April 2006.

37D (1) This paragraph applies where—

- (a) sub-paragraph (1) or (2) of paragraph 37A applies in relation to a pension scheme and an interest in property,
- (b) immediately before 6th April 2006 the pension scheme was a self-invested personal pension scheme or a small self-administered scheme,
- (c) on that date the pension scheme holds the interest in the property indirectly or (if sub-paragraph (2) of paragraph 37A applies in relation to the pension scheme and the interest in the property) the pension scheme will hold the interest indirectly once it has been acquired pursuant to the contract,
- (d) the property is residential property on that date, and

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- (e) improvement works on the property were begun after 5th December 2005.
- (2) This paragraph also applies where—
- (a) sub-paragraph (1) or (2) of paragraph 37A applies in relation to a pension scheme and an interest in property,
 - (b) immediately before 6th April 2006 the pension scheme was a small self-administered scheme,
 - (c) on that date the pension scheme holds the interest in the property directly,
 - (d) the pension scheme acquired the interest before 5th August 1991,
 - (e) the property is residential property on 6th April 2006, and
 - (f) improvement works on the property were begun after 5th December 2005.
- (3) If the works are completed on or after 6th April 2006, paragraph 37B applies in relation to the pension scheme and the interest in the property as if the works were begun on or after that date.
- (4) If the works are completed before that date—
- (a) paragraph 37A does not apply in relation to the pension scheme and the interest in the property, and
 - (b) unless the pension scheme has still to acquire the interest in the property on that date, sub-paragraphs (3) to (5) of paragraph 37C apply in relation to the pension scheme and the interest.
- (5) For the purposes of this paragraph improvement works are to be taken to have been begun before 6th December 2005 only if—
- (a) a binding contract for the works was entered into before that date, or
 - (b) a substantial amount of the works has been carried out before that date.
- 37E (1) This paragraph applies where—
- (a) paragraph 37A would otherwise apply in relation to a pension scheme and an interest in property,
 - (b) immediately before 6th April 2006 the pension scheme was a retirement benefits scheme approved under section 590 of ICTA, and
 - (c) the pension scheme was approved under that section after 5th December 2005.
- (2) Paragraph 37A does not apply in relation to the pension scheme and the interest in the property.
- (3) Unless the pension scheme has still to acquire the interest in the property on 6th April 2006, sub-paragraphs (3) to (5) of paragraph 37C apply in relation to the pension scheme and the interest.

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Post-commencement acquisitions of taxable property

- 37F (1) This paragraph applies where on or after 6th April 2006 an investment-regulated pension scheme acquires an interest in taxable property consisting of tangible moveable property because a person in whom the pension scheme directly or indirectly holds an interest comes to hold the interest in the property directly.
- (2) The taxable property provisions (apart from this paragraph and paragraph 37G) do not apply in relation to the pension scheme and the interest in the property if the conditions in sub-paragraph (3) are met.
- (3) Those conditions are that—
- (a) on 6th April 2006 the pension scheme held the interest in the person by virtue of acquiring it before that date,
 - (b) immediately before that date the pension scheme was not prohibited from holding the interest in the person,
 - (c) at no time during the period beginning with that date and ending immediately before the acquisition of the interest in the property has the pension scheme's interest in the person been such that, if it had held that interest in the person immediately before 6th April 2006, it would have been prohibited from holding that interest at that time, and
 - (d) the person acquires the interest in the property so that the property may be used for the purposes of a trade, profession or vocation carried on by the person or for the purposes of its administration or management.
- (4) This paragraph is subject to paragraph 37G.
- 37G (1) Where Condition A or B is met in relation to the pension scheme and an interest in property to which paragraph 37F has applied, the pension scheme is to be treated for the purposes of the taxable property provisions as acquiring the interest in the property on the date on which the Condition is met.
- (2) Condition A is that there is a change in the pension scheme's interest in the person who holds the interest in the property directly such that, if the change had occurred immediately before 6th April 2006, the pension scheme would have been prohibited from holding the interest in the person at that time.
- (3) Condition B is that the property ceases to be used for the purposes of—
- (a) a trade, profession or vocation carried on by the person, or
 - (b) its administration or management.
- (4) For the purposes of Schedule 29A the total taxable amount in relation to any unauthorised payment which the pension scheme is treated as having made by reason of the acquisition is the market value on the relevant date of the interest in the property held by the person.
- 37H (1) This paragraph applies where on or after 6th April 2006 an investment-regulated pension scheme acquires an interest in taxable

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property consisting of residential property because a person in whom the pension scheme directly or indirectly holds an interest comes to hold the interest in the property directly.

(2) The taxable property provisions (apart from this paragraph and paragraph 37I) do not apply in relation to the pension scheme and the interest in the property if the conditions in sub-paragraph (3) are met.

(3) Those conditions are that—

- (a) on 6th April 2006 the pension scheme held the interest in the person by virtue of acquiring it before that date,
- (b) immediately before that date the pension scheme was not prohibited from holding the interest in the person,
- (c) immediately before that date the person had a business involving the holding and letting of residential property and held directly five or more assets consisting of interests in residential property for the purposes of that business,
- (d) at no time during the period beginning with that date and ending immediately before the acquisition of the interest in the property has the pension scheme's interest in the person been such that, if it had held that interest in the person immediately before 6th April 2006, it would have been prohibited from holding that interest at that time,
- (e) the person acquires the interest in the property for the purposes of its property rental business, and
- (f) after the acquisition of the interest in the property, the property is not occupied or used by a member of the pension scheme or a person connected with such a member.

(4) This paragraph is subject to paragraph 37I.

(5) Section 839 of ICTA (connected persons) applies for the purposes of this paragraph.

37I (1) Where Condition A, B or C is met in relation to the pension scheme and an interest in property to which paragraph 37H has applied, the pension scheme is to be treated for the purposes of the taxable property provisions as acquiring, on the date on which the Condition is met, each interest in property—

- (a) which it holds on that date, and
- (b) to which paragraph 37H has applied before that date.

(2) Condition A is that there is a change in the pension scheme's interest in the person who holds the interest in the property directly such that, if the change had occurred immediately before 6th April 2006, the pension scheme would have been prohibited from holding the interest in the person at that time.

(3) Condition B is that the property ceases to be used for the purposes of the person's property rental business.

(4) Condition C is that the property is occupied or used by a member of the pension scheme or a person connected with such a member.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(5) For the purposes of Schedule 29A the total taxable amount in relation to any unauthorised payment which the pension scheme is treated as having made by reason of an acquisition of an interest in property treated as made by virtue of this paragraph is—

- (a) the market value on the relevant date of the interest in the property held by the person who holds it directly, or
- (b) if the interest in the property is a lease at a rent, the amount of consideration that would be treated as given by the person for the lease by virtue of paragraph 34 of Schedule 29A if it were assigned to the person on that date.”

VALID FROM 06/04/2006

SCHEDULE 22 Section 160

PENSION SCHEMES: INHERITANCE TAX

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VALID FROM 06/04/2006

SCHEDULE 23 Section 161

PENSION SCHEMES ETC: MISCELLANEOUS

.....

VALID FROM 19/07/2006

SCHEDULE 24 Section 163

STAMP DUTY LAND TAX: AMENDMENTS OF SCHEDULE 15 TO FA 2003

Introduction

1 Schedule 15 to FA 2003 (stamp duty land tax: partnerships) is amended as follows.

Transfer of chargeable interest to a partnership

2 (1) In paragraph 10 (transfer of chargeable interest to a partnership: general), for subparagraphs (2) to (4) substitute—

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“(2) The chargeable consideration for the transaction shall (subject to paragraph 13) be taken to be equal to—

$$MV \times (100 - SLP)\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.”

(2) In sub-paragraph (6) of that paragraph, omit “(instead of sub-paragraphs (2) to (5))”.

3 In paragraph 11 (transfer of chargeable interest to a partnership: chargeable consideration including rent), for sub-paragraphs (2) to (7) substitute—

“(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

- (a) for “the net present value of the rent payable over the term of the lease” substitute “ the relevant chargeable proportion of the net present value of the rent payable over the term of the lease ”, and
- (b) for “the net present values of the rent payable over the terms of all the leases” substitute “ the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases ”.

(2B) In paragraph 9(2A)—

- (a) for “the annual rent” substitute “ the relevant chargeable proportion of the annual rent ”, and
- (b) for “the total of the annual rents” substitute “ the relevant chargeable proportion of the total of the annual rents ”.

(2C) For paragraph 9(4) substitute—

“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 as it has effect by virtue of paragraph 10 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

$$(100 - SLP)\%$$

where SLP is the sum of the lower proportions.”

4 (1) In paragraph 13 (transfer of chargeable interest to a partnership consisting wholly of bodies corporate), in sub-paragraph (3), for “sub-paragraphs (2) to (5)” substitute “ sub-paragraphs (2) and (5) ”.

(2) For sub-paragraphs (4) to (7) of that paragraph substitute—

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“(4A) In paragraph 11(2), for “sub-paragraphs (2A) to (2C)” substitute “ sub-paragraph (2C) ”.

(5) In paragraph 11, omit sub-paragraphs (2A), (2B), (2D) and (8).”

Transfer of chargeable interest from a partnership

5 (1) In paragraph 18 (transfer of chargeable interest from a partnership: general), for sub-paragraphs (2) to (4) substitute—

“(2) The chargeable consideration for the transaction shall (subject to paragraph 24) be taken to be equal to—

$$MV \times (100 - SLP)\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.”

(2) In sub-paragraph (6) of that paragraph, omit “(instead of sub-paragraphs (2) to (5))”.

6 In paragraph 19 (transfer of chargeable interest from a partnership: chargeable consideration including rent), for sub-paragraphs (2) to (7) substitute—

“(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

- (a) for “the net present value of the rent payable over the term of the lease” substitute “ the relevant chargeable proportion of the net present value of the rent payable over the term of the lease ”, and
- (b) for “the net present values of the rent payable over the terms of all the leases” substitute “ the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases ”.

(2B) In paragraph 9(2A)—

- (a) for “the annual rent” substitute “ the relevant chargeable proportion of the annual rent ”, and
- (b) for “the total of the annual rents” substitute “ the relevant chargeable proportion of the total of the annual rents ”.

(2C) For paragraph 9(4) substitute—

“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 as it has effect by virtue of paragraph 18 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(100 – SLP)%

where SLP is the sum of the lower proportions.”

7 (1) In paragraph 24 (transfer of chargeable interest from a partnership consisting wholly of bodies corporate), in sub-paragraph (3), for “sub-paragraphs (2) to (5)” substitute “ sub-paragraphs (2) and (5) ”.

(2) For sub-paragraphs (4) to (8) of that paragraph substitute—

“(4A) In paragraph 19(2), for “sub-paragraphs (2A) to (2C)” substitute “ sub-paragraph (2C) ”.

(5) In paragraph 19, omit sub-paragraphs (2A), (2B), (2D) and (8).”

Transfer of chargeable interest from a partnership to a partnership

8 In paragraph 23 (transfer of chargeable interest from a partnership to a partnership), for sub-paragraphs (2) and (3) substitute—

“(2) Paragraphs 10(2) and 18(2) do not apply.

(2A) The chargeable consideration for the transaction shall be taken to be what it would have been if paragraph 10(2) had applied or, if greater, what it would have been if paragraph 18(2) had applied.

(3) Where the whole or part of the chargeable consideration for the transaction is rent—

(a) paragraphs 11 and 19 do not apply;

(b) the tax chargeable in respect of so much of the chargeable consideration as consists of rent shall be taken to be what it would have been if paragraph 11 had applied or, if greater, what it would have been if paragraph 19 had applied;

(c) the disapplication of the 0% band provided for by paragraph 9(2) of Schedule 5 has effect if—

(i) it would have had effect if paragraph 11(2B) of this Schedule had applied, or

(ii) it would have had effect if paragraph 19(2B) of this Schedule had applied.”

Transfer of partnership interest: restriction of charge to property-investment partnerships

9 (1) In paragraph 14 (transfer of partnership interest: consideration given and chargeable interest held), for the heading substitute—

“*Transfer for consideration of interest in property-investment partnership*”.

(2) In sub-paragraph (1)(a) of that paragraph, before “partnership” insert “ property-investment ”.

(3) After sub-paragraph (7) of that paragraph insert—

“(8) In this paragraph—

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“property-investment partnership” means a partnership whose sole or main activity is investing or dealing in chargeable interests (whether or not that activity involves the carrying out of construction operations on the land in question);

“construction operations” has the same meaning as in Chapter 3 of Part 3 of the Finance Act 2004 (see section 74 of that Act).”

Prevention of double charge where money etc withdrawn from partnership

10 In paragraph 17A (withdrawal of money etc from partnership after transfer of chargeable interest), after sub-paragraph (7) insert—

“(8) Where—

- (a) a qualifying event gives rise to a charge under this paragraph, and
 - (b) the same event gives rise to a charge under paragraph 14 (transfer for consideration of interest in property-investment partnership),
- the amount of the charge under this paragraph is reduced (but not below nil) by the amount of the charge under that paragraph.”

Commencement

- 11 (1) Paragraphs 2 to 8 have effect in relation to any transfer of which the effective date is on or after the day on which this Act is passed.
- (2) Paragraph 9 has effect in relation to any transfer that has (or, but for the amendment made by that paragraph, would have) an effective date which is on or after that day.
- (3) Paragraph 10 has effect in relation to any qualifying event of which the effective date is on or after that day.
- (4) In this paragraph “effective date” has the same meaning as in Part 4 of FA 2003.

VALID FROM 19/07/2006

SCHEDULE 25

Section 164

STAMP DUTY LAND TAX: AMENDMENTS OF SCHEDULE 17A TO FA 2003

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Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 26

Section 178

REPEALS

VALID FROM 19/07/2006

PART 1

EXCISE DUTIES

(1) PROVISIONS OF ALDA 1979 OF NO PRACTICAL UTILITY ETC

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Alcoholic Liquor Duties Act 1979 (c. 4)	Section 12(4). Section 14. Section 15(4). Section 18(5). Section 21. Section 24. Section 26. Section 32. Section 35. Section 55A. Section 67. Section 69. Section 71. Section 74. Section 82.
Finance Act 1981 (c. 35)	In Schedule 8, paragraphs 13, 17 and 21.
Finance Act 1985 (c. 54)	In Schedule 3, paragraph 2.
Finance Act 1986 (c. 41)	In Schedule 5, paragraph 3(2).
Territorial Sea Act 1987 (c. 49)	In Schedule 1, paragraph 5(2).
Finance Act 1988 (c. 39)	In Schedule 1, paragraphs 6 and 10.
Finance Act 1994 (c. 9)	In Schedule 4, in paragraph 18(1), the words from “(offence” to the end, and paragraphs 23, 25, 28, 36, 42 to 44 and 48. In Schedule 5, paragraph 3(1)(i) and (n).
Finance Act 1995 (c. 4)	In Schedule 2, paragraph 4.
Licensing Act 2003 (c. 17)	In Schedule 6, paragraph 73.

(2) AMUSEMENT MACHINE LICENCE DUTY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Betting and Gaming Duties Act 1981 (c. 63).	Section 22(2)(b). Section 25A.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

In section 26(2)—
(a) the definition of “video machine”, and
(b) in the definition of “two-penny machine”, the words from “and “five-penny machine”” to the end.
In Schedule 3, paragraph 6.
In Schedule 4, paragraphs 2, 3 and 15.

VALID FROM 19/07/2006

PART 2

VALUE ADDED TAX

GAMING MACHINES

Short title and chapter

Extent of repeal

Betting and Gaming Duties Act 1981
(c. 63)

The word “or” immediately after
section 2(2)(b).

Value Added Tax Act 1994 (c. 23)

In section 23(1), the words “to play”.

VALID FROM 19/07/2006

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

(1) ABOLITION OF CORPORATION TAX STARTING
RATE AND NON-CORPORATE DISTRIBUTION RATE

Short title and chapter

Extent of repeal

Income and Corporation Taxes Act 1988
(c. 1)

Sections 13AA and 13AB.
In section 13A(1), the words “or 13AA(8)”.
Schedule A2.

Finance Act 1998 (c. 36)

In Schedule 18, in paragraph 8(1), in the
second step, the words “or 13AA(2)”.

Finance Act 1999 (c. 16)

Section 28.

Finance Act 2004 (c. 36)

Section 28.
Schedule 3.

These repeals have effect in accordance with section 26 of this Act.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(2) GROUP RELIEF WHERE SURRENDERING COMPANY NOT RESIDENT IN UK

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2000 (c. 17)	In Schedule 27, paragraph 3(a).

This repeal has effect in accordance with Schedule 1 to this Act.

(3) RELIEF FOR RESEARCH AND DEVELOPMENT: SUBJECTS OF CLINICAL TRIALS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2002 (c. 23)	In Schedule 12— (a) in paragraph 4(3), the word “or” at the end of paragraph (b); (b) in paragraph 9(2), the word “or” at the end of paragraph (b); (c) in paragraph 17, the word “and” at the end of paragraph (c). In Schedule 13— (a) in paragraph 3(5), the word “or” at the end of paragraph (b); (b) in paragraph 9(3), the word “or” at the end of paragraph (b).

These repeals have effect in accordance with section 28 of this Act.

(4) FILMS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance (No.2) Act 1992 (c. 48)	Sections 40A to 43.
Finance (No.2) Act 1997 (c. 58)	Section 48.
Finance Act 2002 (c. 23)	Sections 99 to 101.
Income Tax (Trading and Other Income) Act 2005 (c. 5)	In the heading to Chapter 9 of Part 2, the words “FILMS AND”. In section 130— (a) in subsections (1)(a), (2), (3) and (4), the words “film or” wherever occurring; (b) in subsection (1), paragraph (b) and the word “and” preceding it; (c) subsection (6). Section 131. In section 132— (a) in subsection (1), paragraph (a) and the word “and” following it;

1 These repeals come into force in accordance with the provisions of sections 46 and 47 of this Act.

2 In consequence of the repeals in ITTOIA 2005—
(a) the heading before section 135 of that Act becomes “*Rules for allocating expenditure*”; and
(b) the heading to that section becomes “**Allocation of production or acquisition expenditure to relevant periods**”.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

	(b) subsections (2) and (3). Section 134(4). In section 135— (a) in subsection (1)(a), the words “films or”; (b) subsection (1)(d); (c) subsection (6)(b) to (d); (d) subsection (7). Sections 136 to 144.
Finance Act 2005 (c. 7)	Sections 58 to 71. Schedule 3.
<p>1 These repeals come into force in accordance with the provisions of sections 46 and 47 of this Act.</p> <p>2 In consequence of the repeals in ITTOIA 2005— (a) the heading before section 135 of that Act becomes “<i>Rules for allocating expenditure</i>”; and (b) the heading to that section becomes “Allocation of production or acquisition expenditure to relevant periods”.</p>	
(5) NON-CHARITABLE EXPENDITURE	
<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	In section 506(2), the words “and subsection (1) above”. Section 506(6). Part III of Schedule 20.
(6) MOBILE TELEPHONES	
<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	In section 266(2)(b), the word “or”. In section 267(2)(e), the word “and” at the end.
Communications Act 2003 (c. 21)	In Schedule 17, paragraph 175(2).
These repeals have effect in accordance with section 60(4) and (5) of this Act.	
(7) COMPUTER EQUIPMENT	
<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	Section 320.
Communications Act 2003 (c. 21)	In Schedule 17, paragraph 175(3).
Finance Act 2004 (c. 12)	Section 79.
These repeals have effect in accordance with section 61(2) and (3) of this Act.	

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(8) EXEMPTION FOR EMPLOYEES' EYE TESTS AND SPECIAL GLASSES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	In section 266(3), the word “or” at the end of paragraph (d).

This repeal has effect for the year 2006-07 and subsequent years of assessment.

(9) CAPITAL LOSSES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 104(2)(b), the word “, 106”. In section 105(2)(c), the word “106,”. Section 106. In section 108(8), the words “shall have effect subject to section 106 but”. Section 177B and the italic cross-heading before it. Schedule 7AA.
Finance Act 1998 (c. 36)	Section 137(1), (2) and (5). Schedule 24.
Finance Act 2000 (c. 17)	In Schedule 29, paragraphs 8 and 18.
Finance Act 2003 (c. 14)	In Schedule 27, in paragraph 2(3), the words “106(10),”.

- The repeals of—
 - section 177B of, and Schedule 7AA to, TCGA 1992,
 - section 137(1), (2) and (5) of, and Schedule 24, to FA 1998, and
 - paragraph 8 of Schedule 29 to FA 2000,have effect in accordance with section 70(6) to (11) of this Act.
- The other repeals have effect in accordance with section 72 of this Act.

(10) POLICIES OF INSURANCE AND NON-DEFERRED ANNUITIES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Taxation of Chargeable Gains Act 1992 (c. 12)	Section 237(b).

This repeal has effect in accordance with section 73 of this Act.

(11) EXCEPTION TO “BED AND BREAKFASTING” RULES ETC

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Taxation of Chargeable Gains Act 1992 (c. 12)	Section 10A(9A). Section 83A(5).

These repeals have effect in accordance with section 74(6) of this Act.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(12) AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	Sections 43A to 43G. Section 730(3).
Finance Act 1996 (c. 8)	In section 81(2), the word “or” immediately before paragraph (b). In section 103(1), in the definition of “fair value”, in paragraphs (a) and (b), the words “in respect of amounts which at that time are not yet due and payable”.
Finance Act 2000 (c. 17)	Section 110.
Capital Allowances Act 2001 (c. 2)	In Schedule 2, paragraphs 11 and 12.
Finance Act 2002 (c. 23)	In section 103(4)(a), the words “43A(1),”. In Schedule 26, in paragraph 54(1), in the definition of “fair value”, in paragraphs (a) and (b), the words “in respect of amounts which at that time are not yet due and payable”.
Income Tax (Trading and Other Income) Act 2005 (c. 5)	In Schedule 1, paragraphs 26 to 30.
Finance (No.2) Act 2005 (c. 22)	In Schedule 7, paragraphs 1, 2(6), 17(3) and 23(2).

These repeals have effect in accordance with Schedule 6 to this Act.

(13) LEASING OF PLANT OR MACHINERY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2002 (c. 23)	Section 62.
Finance Act 2003 (c. 14)	In Schedule 30, paragraph 4(2).

These repeals have effect in relation to expenditure incurred on or after 1st April 2006.

(14) INSURANCE COMPANIES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	Section 431A(5). In section 432B(4)(b), the words “and ending before 1st October 2006”.
Finance Act 1989 (c. 26)	In section 83ZA— (a) in subsection (7), the words “the aggregate of”, paragraph (b) and the word “and” before that paragraph, (b) subsections (10) and (12), and (c) in subsection (15), the word “(12)”.

The repeals in section 83ZA of FA 1989 have effect in accordance with Schedule 11 to this Act.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(15) SETTLEMENTS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	Section 220(2). In section 360A(2)(b)— (a) the words “trustee or”, and (b) the words from “(“settlement”” to the end. In section 360A(2)(c), the words “trustee or”. In section 360A(8), the words “trustee or”. In section 417(3)(b)— (a) the words “trustee or”, and (b) the words from “(“settlement”” to the end. In section 417(3)(c)(i), the words “trustee or”. In section 686(2)(b), the word “either”. Section 720(8)(a). Section 764. At the end of section 839(3)(b), the word “and”.
Finance Act 1989 (c. 26)	At the end of section 68(2)(bb), the word “and”. Section 68(2)(c). At the end of section 71(4)(bb), the word “and”. Section 71(4)(c). Section 110.
Finance Act 1990 (c. 29)	At the end of section 25(9)(b)(iii), the word “or”.
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 63(1), the words “an heir of entail in possession of any property in Scotland subject to an entail, whether sui juris or not, or of”. In section 63(2)— (a) the words “For the purposes of this Act,” (b) the words “heir or” before “liferenter”, and (c) the words “the heir of entail next entitled to the entailed property under the entail or, as the case may be,”. In section 77(6), the word “or” at the end of paragraph (a). In section 83A(3), the word “or” at the end of paragraph (a). Section 83A(3)(b).

These repeals shall come into force in accordance with the provisions of Schedules 12 and 13 to this Act.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

	<p>In section 97(7), the words “the preceding provisions of”.</p> <p>In section 98(2), the word “and” at the end of paragraph (a).</p> <p>Section 98(2)(b).</p> <p>In section 169(3)(a), the words from “, although” to the end of the paragraph.</p> <p>In section 217(3), the word “and” at the end of paragraph (a).</p> <p>Section 217(3)(b).</p> <p>In section 283(4), the words “as such (within the meaning of section 701(4) of that Act)”.</p> <p>In section 286(3), the word “and” at the end of paragraph (b).</p> <p>In section 286(3), the words following paragraph (c).</p> <p>Paragraph 17(6) of Schedule A1.</p> <p>In paragraph 2(7) of Schedule 1, the words from “settlor” to “intestate and”.</p> <p>In paragraph 2(7)(a) of Schedule 1, the words “treated under section 69(1) as”.</p> <p>In paragraph 7(5) of Schedule 4A, the word “or” at the end of paragraph (a).</p>
Income Tax (Trading and Other Income) Act 2005 (c. 5)	Section 457(4). Section 568(5).
Finance Act 2005 (c. 7)	Section 42(5)(b).
These repeals shall come into force in accordance with the provisions of Schedules 12 and 13 to this Act.	
(16) VENTURE CAPITAL SCHEMES	
<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 1998 (c. 36)	Section 73(5). In section 73(6), the words from “; and subsection (5)” to the end. In Schedule 13, paragraph 2.
Finance Act 2000 (c. 17)	In Schedule 18, paragraph 1(4).
Finance Act 2004 (c. 12)	In Schedule 18, paragraph 4.
<p>1 The repeals in section 73 of FA 1998 have effect in accordance with paragraph 2(2) to (4) of Schedule 14 to this Act.</p> <p>2 The repeal of paragraph 2 of Schedule 13 to FA 1998 has effect in accordance with paragraph 5(2) of Schedule 14 to this Act.</p> <p>3 The repeal of paragraph 1(4) of Schedule 18 to FA 2000 has effect in accordance with paragraph 7(5) of Schedule 14 to this Act.</p> <p>4 The repeal of paragraph 4 of Schedule 18 to FA 2004 has effect in accordance with paragraph 6(2) of Schedule 14 to this Act.</p>	
(17) ALTERNATIVE FINANCE ARRANGEMENTS	
<i>Short title and chapter</i>	<i>Extent of repeal</i>

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Finance Act 2005 (c. 7)	Section 47(5).
(18) NUCLEAR DECOMMISSIONING	
<i>Short title and chapter</i>	<i>Extent of repeal</i>
Energy Act 2004 (c. 20)	In section 30(1)(c), the words “on the coming into force of the direction mentioned in paragraph (a),”.
This repeal has effect in relation to accounting periods of the Nuclear Decommissioning Authority ending on or after 22nd March 2006.	
(19) SECURITISATION COMPANIES	
<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2005 (c. 7)	In section 83(3), the word “and” at the end of paragraph (c). In section 84— (a) subsection (3)(d)(ii) and the word “and” following it; (b) subsection (5)(a).
These repeals have effect in accordance with section 101(6) and (7) of this Act.	

VALID FROM 19/07/2006

PART 4

REAL ESTATE INVESTMENT TRUSTS

<i>Short title and chapter</i>	<i>Repeal</i>
Income and Corporation Taxes Act 1988 (c. 1).	Sections 508A, 508B and 842(1AA).
Finance Act 1996 (c. 8).	Schedule 30.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

VALID FROM 19/07/2006

PART 5

OIL

(1) NEW BASIS FOR DETERMINING THE MARKET VALUE OF OIL

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Oil Taxation Act 1975 (c. 22)	In section 5A(5C), paragraph (a) and the word “and” at the end of paragraph (b). In Schedule 3, paragraph 2(3) and, in paragraph 2A,— (a) in sub-paragraph (1), the words “, or in accordance with those sub-paragraphs as modified by sub-paragraph (3) of that paragraph.”; (b) in sub-paragraph (3), the words “(with sub-paragraphs (2)(f) of paragraph 2 applying accordingly)”.
Finance Act 1983 (c. 28)	Section 38.
Finance Act 1987 (c. 16)	Section 62(2)(c). In Schedule 11— (a) paragraph 1(3) to (7); (b) paragraphs 3 to 5.
Finance (No. 2) Act 1987 (c. 51)	In section 101— (a) in subsection (5) the words “, subject to subsection (6) below”; and (b) subsection (6). In Schedule 8, paragraph 5.
Finance (No. 2) Act 1992 (c. 48)	In Schedule 15, paragraph 4(1).
Finance Act 1994 (c. 9)	Section 235(1)(d) and (2).

1 The repeal in Schedule 8 to F(No.2)A 1987 has effect for chargeable periods beginning on or after 1st July 2006.

2 The other repeals have effect in accordance with section 146 of this Act.

(2) NOMINATION SCHEME

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 1987 (c. 16)	In section 61(1) the words “, supplies and appropriations”. Section 61(6) and (7). In section 61(9) the words “subsection (7) or”.

These repeals shall come into force in accordance with the provisions of sections 149 and 150 of this Act.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

In paragraph 1(1) of Schedule 10 the words “, “proposed supply” and “proposed appropriation””.

Paragraph 1(2) of Schedule 10.

Paragraph 2(1)(b), (c) and (d) of Schedule 10.

The words following paragraph 2(1)(d) of Schedule 10.

Paragraph 3 of Schedule 10.

Paragraph 4(2), (2A) and (4) of Schedule 10.

In paragraph 5(1)(b) of Schedule 10, the words “in the case of a proposed sale”.

In paragraph 5(1)(c) and (d) of Schedule 10, the words “or relevantly appropriated”.

In paragraph 6 of Schedule 10—

(a) in sub-paragraph (1), the words “Subject to sub-paragraph (3) below,” and

(b) sub-paragraphs (2) and (3).

Paragraphs 8 to 11 of Schedule 10.

In paragraph 12(1) of Schedule 10, the words “, supply or appropriation”.

These repeals shall come into force in accordance with the provisions of sections 149 and 150 of this Act.

PART 6

INHERITANCE TAX

Short title and chapter

Inheritance Tax Act 1984 (c. 51)

Extent of repeal

In section 3A(1), the words after paragraph (c).

In section 54A(2), in paragraph (c), the words “, other than property to which section 71 below applies” and, in paragraph (d)(i), the words “or to which section 71 below applies”.

In section 71(1)(a), the words “or to an interest in possession in it”.

1 The repeals in sections 3A(1) and 54A(2) of IHTA 1984 shall be deemed to have come into force on 22nd March 2006, but the repeal in section 54A(2) of IHTA 1984 is to be read with paragraph 16(4) of Schedule 20 to this Act.

2 The repeal in section 71(1)(a) of IHTA 1984 comes into force in accordance with paragraph 3(2) of Schedule 20 to this Act.

*Status: Point in time view as at 22/03/2006.**Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

VALID FROM 19/07/2006

PART 7

STAMP TAXES

(1) STAMP DUTY AND STAMP DUTY LAND TAX: THRESHOLDS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2005 (c. 7)	Section 95.

This repeal has effect in accordance with section 162 of this Act.

(2) STAMP DUTY LAND TAX: PARTNERSHIPS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2003 (c. 14)	In Schedule 15— (a) in paragraph 10(6), the words “(instead of sub-paragraphs (2) to (5))”; (b) in paragraph 18(6), the words “(instead of sub-paragraphs (2) to (5))”.

These repeals have effect in relation to any transfer of which the effective date (within the meaning of Part 4 of FA 2003) is on or after the day on which this Act is passed.

(3) STAMP DUTY LAND TAX: UNIT TRUST SCHEMES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2003 (c. 14)	Section 64A. In section 101(7), the words from “section 53” to “companies), or”.
Finance Act 2004 (c. 12)	In Schedule 39, paragraph 18.

These repeals have effect in accordance with section 166 of this Act.

(4) STAMP DUTY LAND TAX: ALTERNATIVE FINANCE

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2003 (c. 14).	Section 71A(6). Section 72(6).

(5) STAMP DUTY: RELIEFS FOR CERTAIN COMPANY ACQUISITIONS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
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These repeals have effect in accordance with section 169 of this Act.

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Finance Act 1986 (c. 41)	In section 75(4), the words “that the registered office of the acquiring company is in the United Kingdom and”. In section 76(3), the words “that the registered office of the acquiring company is in the United Kingdom and”. Section 77(3)(a).
These repeals have effect in accordance with section 169 of this Act.	

VALID FROM 19/07/2006

PART 8

MISCELLANEOUS PROVISIONS

(1) CLIMATE CHANGE LEVY: ABOLITION OF HALF-RATE SUPPLIES ETC

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2000 (c. 17)	In Schedule 6— (a) in paragraph 34(2), the words “(or, in the case of electricity, consumed)”; (b) in paragraph 37(1)(c), the words “half-rate supplies or”; (c) in paragraph 38(1)(c), the words “half-rate supplies or”; (d) paragraph 42(1)(b); (e) paragraph 43; (f) in paragraph 62(1), in paragraph (c), the words “half-rate or” and paragraph (d); (g) paragraph 101(2)(a)(iii); (h) in paragraph 147, the definition of “half-rate supply”.
These repeals have effect in accordance with section 172 of this Act.	

(2) INTERNATIONAL TAX ARRANGEMENTS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Inheritance Tax Act 1984 (c. 51)	Section 158(1A). Section 220A.
Finance Act 1987 (c. 16)	Section 70(2).
Income and Corporation Taxes Act 1988 (c. 1)	Section 788(2). Section 815C. Section 816(2) and (2ZA).

Status: Point in time view as at 22/03/2006.

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Finance Act 2000 (c. 17)	Sections 146 and 147.
Finance Act 2002 (c. 23)	In section 88(2)— (a) in paragraph (a), the words “and 815C(1)”, (b) in paragraph (b), the words “and 815C”, and (c) paragraphs (d) and (e).
Finance Act 2003 (c. 14)	Section 198.
Commissioners for Revenue and Customs Act 2005 (c. 11)	In Schedule 4, in paragraph 37(b), the words “(2), (2ZA) and”.

Status:

Point in time view as at 22/03/2006.

Changes to legislation:

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