



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART XV

#### SETTLEMENTS

#### [<sup>F1</sup>CHAPTER 1C

#### LIABILITY OF TRUSTEES]

*F1* . . .

#### Textual Amendments

- F1** Cross-heading before s. 686 replaced by Pt. 15 Ch. 1C heading (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 12](#)

#### [<sup>F2</sup>685A Meaning of “settled property”

*F3* . . .

#### Textual Amendments

- F2** [Ss. 685A-685G](#) inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F3** [Ss. 685A-687](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### 685B Meaning of “settlor”

*F4* . . .

*Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: . . . is up to date with all changes known to be in force on or before 27 June 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) View outstanding changes*

**Textual Amendments**

- F2** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F4** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**685C Transfer between settlements: identification of settlor**

**F5** .....

**Textual Amendments**

- F2** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F5** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**685D Variation of will or intestacy, etc: identification of settlor**

**F6** .....

**Textual Amendments**

- F2** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F6** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**685E Trustees of settlements**

**F7** .....

**Textual Amendments**

- F2** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F7** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**685F Application of section 739 and 740**

**F8** .....

**Textual Amendments**

- F2** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)

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**F8** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## 685G Sub-funds

**F9** . . . . .]

### Textual Amendments

**F2** Ss. 685A-685G inserted (coming into force and with effect in accordance with Sch. 13 para. 1(2)-(6) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 13 para. 1(1)**

**F9** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## 686 [<sup>F10</sup>Accumulation and discretionary trusts: special rates of tax.]

**F11** . . . . .

### Textual Amendments

**F10** S. 686 sidenote substituted (with effect in accordance with s. 32(11) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 32(8)**

**F11** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## [<sup>F12</sup>686A Receipts to be treated as income to which section 686 applies

**F13** . . . . .]

### Textual Amendments

**F12** S. 686A inserted (with effect in accordance with s. 32(11) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 32(9)**

**F13** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2) (subject to an amendment to s. 686A(2)(a) by Finance Act 2007 (c. 11), **s. 55(1)(3)**)

## [<sup>F14</sup>686B Share incentive plans: distributions in respect of unappropriated shares

**F15** . . . . .

### Textual Amendments

**F14** Ss. 686B, 686C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 100** (with Sch. 2 para. 87, Sch. 7)

**F15** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

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## 686C Interpretation of section 686B

F16 . . . . . ]

### Textual Amendments

- F14** Ss. 686B, 686C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 100](#) (with [Sch. 2 para. 87](#), [Sch. 7](#))
- F16** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## [<sup>F17</sup>686DSpecial trust rates not to apply to first slice of trust income

F18 . . . . . ]

### Textual Amendments

- F17** S. 686D inserted (with effect in accordance with s. 14(5) of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [s. 14\(1\)](#)
- F18** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## [<sup>F19</sup>686EApplication of section 686D where settlor has made more than one settlement

F20 . . . . . ]

### Textual Amendments

- F19** S. 686E inserted (6.4.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 4\(2\)\(3\)](#)
- F20** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 687 Payments under discretionary trusts.

F21 . . . . .

### Textual Amendments

- F21** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## [<sup>F22</sup>687A]<sup>F23</sup>Discretionary payments by trustees to companies].

F24 . . . . . ]

### Textual Amendments

- F22** S. 687A inserted (with effect in accordance with s. 27(2) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [s. 27\(1\)](#)

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**F23** Words in s. 687A sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 146\(5\)](#) (with Sch. 2)

**F24** S. 687A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 92, Sch. 3 Pt. 1](#) (with Sch. 2)

**688 Schemes for employees and directors to acquire shares.**

**F25** .....

**Textual Amendments**

**F25** S. 688 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 279, Sch. 3](#) (with Sch. 2)

**689 Recovery from trustees of discretionary trusts of higher rate tax due from beneficiaries.**

**F26** .....

**Textual Amendments**

**F26** S. 689 repealed (with effect in accordance with s. 74(2), Sch. 29 Pt. 8(8) Note of the repealing Act) by [Finance Act 1995 \(c. 4\), Sch. 17 para. 15, Sch. 29 Pt. 8\(8\)](#)

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)