
Status: Point in time view as at 03/02/2009.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Part 10. (See end of Document for details)

SCHEDULES

SCHEDULE 2

TRANSITIONALS AND SAVINGS

PART 10

SPECIAL RULES ABOUT SETTLEMENTS AND TRUSTEES

Trustees' expenses to be set against trustees' trust rate income

- 102 (1) This paragraph applies if the trustees of a settlement incur an allowable expense (see section 484) in a tax year prior to the tax year 2007-08.
- (2) So far as the trustees have not paid the expense, the expense cannot, under Chapter 4 of Part 9, be set against the trustees' trust rate income for any tax year.
- (3) So far as the expense is paid by the trustees in a tax year (“the relevant tax year”) after the tax year 2006-07, the expense is treated for the purposes of sections 484(1) and 485(1) as if it were incurred in the relevant tax year.
- (4) So far as the expense is paid by the trustees in a tax year prior to the tax year 2007-08, section 485 applies in relation to the expense with the following modifications.
- (5) It applies as if for subsection (3) there were substituted—
- “(3) Condition A is—
- (a) that section 686(2AA) of ICTA could not be applied in relation to the allowable expense so as to reduce the trustees' liability to tax for the tax year in which the trustees paid the expense, and
- (b) that was the case only because the trustees' section 686 income for that year was insufficient or they had no section 686 income for that year.
- “Section 686 income” means income to which section 686 of ICTA applies.”
- (6) It applies as if for subsection (4) there were substituted—
- “(4) Condition B is that—
- (a) for no tax year prior to the tax year 2007-08 has the allowable expense been used to reduce the trustees' liability to tax, and
- (b) the allowable expense has not been set against the trustees' trust rate income for a tax year prior to the current tax year as a result of this section.”

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Share incentive plans: definition of “applicable period”

- 103 (1) This paragraph applies for the purposes of section 489 if the relevant shares (see subsection (1) of that section) were acquired by the trustees before 11 May 2001.
- (2) That section applies in relation to those shares with the following modifications.
- (3) It applies as if subsection (2) were omitted.
- (4) It applies as if in subsection (3) the words “If any were” were omitted.
- (5) It applies as if in subsection (4)—
- (a) for “If none were” there were substituted “ But if when the trustees acquired the relevant shares none of the shares in the relevant company were readily convertible assets ”, and
 - (b) in paragraph (b) for “any shares in the relevant company” there were substituted “ the relevant shares ”.
- (6) It applies as if in subsection (5) for “(2) to” there were substituted “ (3) and ”.

Discretionary payments: trustees' tax pool

- 104 (1) Section 497 applies with the following modifications in relation to the trustees of a settlement established prior to the tax year 2007-08 if the current tax year is the tax year 2007-08.
- (2) It also so applies if—
- (a) the current tax year is a tax year subsequent to the tax year 2007-08, and
 - (b) the trustees have been UK resident for no tax year prior to the current tax year or the last tax year prior to the current tax year for which they were UK resident is a tax year prior to the tax year 2007-08.
- (3) It applies as if in subsection (1) for Step 1 there were substituted—
- “*Step 1* Take the amount of the trustees' final section 687(3) tax pool and deduct from that amount (but not so that it goes below nil) the total of all tax (if any) treated under section 687(2)(a) of ICTA as being paid as a result of payments made by the trustees in the tax year 2006-07. “The amount of the trustees' final section 687(3) tax pool” is the total amount—
- (a) available to the trustees under section 687(3) of ICTA for setting against tax assessable on them under section 687(2)(b) of that Act for the tax year 2006-07, or
 - (b) which would have been so available had tax been so assessable.”
- (4) It applies as if subsections (2) and (3) were omitted.

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