

SCHEDULES

SCHEDULE 18

DECEASED PERSONS' ESTATES

Absolute interests in residue

- 3 (1) In section 696 (absolute interests in residue), for subsection (3) there shall be substituted the following subsections—
- “(3) When any sum has been paid during the administration period in respect of that absolute interest, that sum, except so far as it is excluded from the operation of this subsection, shall be deemed for all tax purposes to have been paid to that person as income for the year of assessment in which it was actually paid.
- (3A) A payment shall be excluded from the operation of subsection (3) above to the extent (if any) that the aggregate of that sum and all the sums which—
- (a) have been paid previously during the administration period in respect of that absolute interest, and
 - (b) fall under this section to be treated as paid to that person as income, exceeds the aggregated income entitlement of that person for the year of assessment in which the sum is paid.
- (3B) For the purposes of this section the aggregated income entitlement of that person for any year of assessment is the amount which would be the aggregate of the amounts received for that year of assessment and all previous years of assessment in respect of the interest if that person had a right in each year to receive, and had received—
- (a) in the case of a United Kingdom estate, his residuary income for that year less income tax at the applicable rate for that year; and
 - (b) in the case of a foreign estate, his residuary income for that year.”
- (2) For subsection (5) of that section there shall be substituted the following subsection—
- “(5) Where, on the completion of the administration of the estate, the aggregate of all the sums which, apart from this subsection—
- (a) have been paid during the administration period in respect of that absolute interest, and
 - (b) fall under this section to be treated as paid to that person as income, is exceeded by the aggregated income entitlement of that person for the year of assessment in which the administration of the estate is completed, then an amount equal to the amount of the excess shall be treated for the purposes of subsections (3) to (4) above as having been actually paid, immediately before the end of the administration period, in respect of that interest.”

Status: This is the original version (as it was originally enacted).

- (3) Sub-paragraph (1) above has effect, subject to sub-paragraph (4) below, in relation to any payment made on or after 6th April 1995; and sub-paragraph (2) above shall have effect in relation to any estate the administration of which is completed on or after 6th April 1995.
- (4) Where any sum is deemed by virtue of subsection (3) of section 696 of the Taxes Act 1988 (as it has effect apart from this Schedule) to have been paid to any person as income for the year 1994-95 or any previous year of assessment, that sum shall be treated for the purposes of subsections (3A) and (5) of that section (as they have effect by virtue of this Schedule) as a sum actually paid in respect of that person's absolute interest in that year of assessment.