



# Finance Act 1999

## 1999 CHAPTER 16

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Settlements*

#### **64 Income of unmarried child of settlor.**

- (1) In section 660B(1) of the Taxes Act 1988 (circumstances in which income arising under settlement treated as that of settlor), before “is paid to or for the benefit of an unmarried minor child of the settlor” insert “ (a) ” and after those words insert—
  - “, or
  - (b) would otherwise be treated (apart from this section) as income of an unmarried minor child of the settlor.”.
- (2) In subsection (3) of that section (meaning of available retained or accumulated income), for paragraphs (a) and (b) substitute—
  - “(a) treated as income of the settlor, or
  - (b) paid (whether as income or capital) to or for the benefit of, or otherwise treated as the income of, a beneficiary other than an unmarried minor child of the settlor, or
  - (bb) treated as the income of an unmarried minor child of the settlor, and subject to tax, in any of the years 1995-96, 1996-97 or 1997-98, or”.
- (3) After that subsection insert—
  - “(3A) For the purposes of subsection (3)(bb) above—
    - (a) the amount of a child’s income that is subject to tax in a year of assessment is the amount (“the taxable amount”) by which the child’s total income for income tax purposes exceeds the aggregate amount of allowances that may be set against it; and

*Status: Point in time view as at 25/07/2003.*

**Changes to legislation:** *Finance Act 1999, Cross Heading: Settlements is up to date with all changes known to be in force on or before 27 August 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) income arising under the settlement that is treated as income of the child is subject to tax to the extent that it does not exceed the taxable amount.

In this subsection “allowance” includes any deduction allowed against total income.”.

- (4) For subsection (5) of that section substitute—

“(5) If in any year of assessment the aggregate amount of a child’s relevant settlement income does not exceed £100, subsection (1) does not apply in relation to that income.

A child’s ‘relevant settlement income’ means income paid to or for the benefit of, or otherwise treated as income of, that child which apart from this subsection would be treated as income of the settlor under subsection (1).”.

- (5) The amendment in subsection (1) above has effect in relation to—

- (a) income arising under a settlement made or entered into on or after 9th March 1999, and
- (b) income arising under a settlement made or entered into before that date so far as it arises directly or indirectly from funds provided on or after that date;

and the amendment in subsection (4) above has effect accordingly.

Any apportionment required for the purposes of paragraph (b) shall be made on a just and reasonable basis.

- (6) The amendments in subsections (2) and (3) above have effect in relation to any payment within subsection (2) of section 660B of the Taxes Act 1988 made on or after 9th March 1999.

In relation to such a payment those amendments apply whenever the facts mentioned in subsection (3) of that section occurred.

- (7) In section 660E of the Taxes Act 1988 (application of provisions to settlements by two or more settlors), in subsection (3) (which refers to section 660B) for the words from “in relation to” to “child of the settlor” substitute “ in relation to a child of the settlor ”.

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