



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 5

MISCELLANEOUS INCOME

CHAPTER 5

SETTLEMENTS: AMOUNTS TREATED AS INCOME OF SETTLOR

Income treated as income of settlor: unmarried children

631 Retained and accumulated income

- (1) This section applies if—
 - (a) the trustees of a settlement retain or accumulate income arising under the settlement, and
 - (b) a payment is subsequently made in connection with the settlement to, or for the benefit of, an unmarried child of the settlor.
- (2) The payment is treated for the purposes of section 629(1) as a payment of income, but only so far as there is retained or accumulated income available.
- (3) For the purposes of subsection (1) a payment is made in connection with a settlement if it is made by virtue of or in consequence of—
 - (a) the settlement, or
 - (b) any enactment relating to the settlement.
- (4) For the purposes of subsection (2) retained or accumulated income is available at any time when—

Status: Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 631. (See end of Document for details)

$$A > B$$

where—

A is the total amount of the income which has arisen under the settlement since it was made, and

B is the total amount of disregarded income.

- (5) In subsection (4) “disregarded income” means any income arising under the settlement since it was made which has been—
- (a) treated as income of the settlor,
 - (b) paid (whether as income or capital) to, or for the benefit of, a beneficiary other than an unmarried minor child of the settlor,
 - (c) otherwise treated as the income of such a beneficiary,
 - (d) treated as income of an unmarried minor child of the settlor, and subject to income tax, in any of the tax years 1995-96, 1996-97 and 1997-98, or
 - (e) applied in meeting expenses of the trustees which—
 - (i) were properly chargeable to income, or
 - (ii) would have been so chargeable but for any express provisions of the trust.
- (6) For the purposes of subsection (5)(d), income arising under the settlement that is treated as income of the child is subject to income tax so far as it does not exceed the taxable amount.
- (7) In subsection (6) “the taxable amount”, in relation to a tax year, means the amount by which—

$$TI > TAD$$

where—

TI is the child's total income for income tax purposes, and

TAD is the total amount of allowances and deductions that may be set against the total income.

Status:

Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 631.