



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 5

MISCELLANEOUS INCOME

CHAPTER 6

BENEFICIARIES' INCOME FROM ESTATES IN ADMINISTRATION

Special rules for successive interests

671 Successive absolute interests

- (1) This section applies if two or more absolute interests in the whole or the same part of the residue of an estate are held successively during the administration period by different persons.
- (2) In determining whether a person with a later such interest (“the later holder”) has an assumed income entitlement in respect of that interest and, if so, its amount—
 - (a) the later holder's share of the residuary income of the estate in respect of that interest for any tax year is to be treated as including the share of any person with a previous such interest (“a previous holder”), and
 - (b) the basic amounts relating to the later holder's interest are to be treated as including the basic amounts relating to any previous such interest.
- (3) In applying subsection (2), all determinations under that subsection or section 672(2) that fall to be made in relation to a person with an earlier interest are to be made before determinations under those provisions relating to a person with a later interest.
- (4) A person who is a previous holder in the final tax year is to be taxed in that year, in relation to the interest as to which that person is a previous holder, as if that year were

Status: Point in time view as at 01/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 671. (See end of Document for details)

not the final tax year, and the later holder's assumed income entitlement in that year is to be calculated accordingly [^{F1}(or, where the previous holder is a company chargeable to corporation tax, having regard to the application of section 954(4) of CTA 2009 to the previous holder)].

- (5) The calculation under section 668(1)(a) and (b) (amount of reduction in the share of the residuary income of the person with an absolute interest at the end of the administration period) is to be made by reference to all the absolute interests taken together.
- (6) If the amount resulting from that calculation is greater than the total amount of the reductions which can be made under section 668(2) and (3), the share of the residuary income of the estate of the last previous holder of the interest for the last tax year in which that last holder had that interest is to be reduced, and so on [^{F2}(but, in a case where the last previous holder or any earlier previous holder is a company chargeable to corporation tax, having regard to the application of section 954(6) of CTA 2009 to the previous holder)].
- (7) For the purposes of this section and sections 672 to 676, two interests are held successively even where one is not held immediately before or after the other.
- (8) It is assumed for those purposes that each of the persons holding the interests in question is a person liable to income tax.

Textual Amendments

- F1** Words in s. 671(4) added (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 634\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F2** Words in s. 671(6) added (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 634\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))

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