



Finance Act 2006

2006 CHAPTER 25

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 5

PERSONAL TAXATION

Holocaust victims

64 Payments to or in respect of victims of National-Socialist persecution

- (1) In section 369 of ITTOIA 2005 (charge to tax on interest), in subsection (3) (non-exhaustive list of exemptions), in paragraph (e) (exemptions under sections 749 to 756)—
 - (a) for “756” substitute “ 756A ”, and
 - (b) for “and interest on certain foreign currency securities)” substitute “ , certain foreign currency securities and interest on certain deposits of victims of National-Socialist persecution) ”.
- (2) After section 756 of ITTOIA 2005 (which securities and loans are foreign currency ones for section 755) insert—

“756A Interest on certain deposits of victims of National-Socialist persecution

- (1) No liability to income tax arises in respect of interest which is paid—
 - (a) to or in respect of a victim of National-Socialist persecution,
 - (b) under a qualifying compensation scheme, and
 - (c) for a qualifying purpose in respect of a qualifying deposit of the victim.

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- (2) A scheme is a qualifying compensation scheme if—
- (a) it is constituted (whether under the law of any part of the United Kingdom or elsewhere) by an instrument in writing, and
 - (b) the purpose of the scheme, or one of its purposes, is to make payments of interest to or in respect of victims of National-Socialist persecution for qualifying purposes in respect of qualifying deposits.
- (3) Interest is paid for a qualifying purpose in respect of a deposit if—
- (a) it is paid for meeting a liability in respect of interest on the deposit, or
 - (b) it is paid for compensating for the effects of inflation on the deposit.
- (4) In relation to a victim of National-Socialist persecution, a deposit is a qualifying deposit if it was made—
- (a) by, or on behalf of, the victim, and
 - (b) on or before 5th June 1945.
- (5) In this section “deposit” has the meaning given by section 481(3) of ICTA.”.
- (3) In section 783 of ITTOIA 2005 (general disregard of exempt income for income tax purposes)—
- (a) for subsection (2) (exception to general disregard) substitute—
 - “(2) There are exceptions to this in the following cases.
 - (2A) Interest on deposits in ordinary accounts with the National Savings Bank which is exempt under this Part from every charge to income tax is not to be ignored for the purpose of providing information.
 - (2B) Interest paid to or in respect of victims of National-Socialist persecution which is so exempt is not to be ignored for the purposes of sections 17 and 18 of TMA 1970 (information provisions relating to interest).”, and
 - (b) in subsection (3) (subsection (2) without prejudice to other exceptions) for “This express exception to subsection (1) is” substitute “ These express exceptions to subsection (1) are ”.
- (4) After section 268 of TCGA 1992 (decorations for valour or gallant conduct) insert—

“268A Victims of National-Socialist persecution

- (1) A gain accruing on a disposal is not a chargeable gain if it accrues on—
 - (a) a disposal of the right to receive the whole or any part of a qualifying payment in respect of National-Socialist persecution, or
 - (b) a disposal of an interest in any such right.
- (2) A payment is a qualifying payment in respect of National-Socialist persecution if it is payable as mentioned in paragraphs (a) to (c) of section 756A(1) of ITTOIA 2005 (income tax exemption for payments to or in respect of victims of National-Socialist persecution).
- (3) In this section “interest”, in relation to any right, means an interest as a co-owner of the right.
- (4) It does not matter—

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- (a) whether the right is owned jointly or in common, or
 - (b) whether or not the interests of the co-owners are equal.”.
- (5) If at any time before claims could have been made under any qualifying compensation scheme—
- (a) a person beneficially entitled to a qualifying deposit has died, and
 - (b) no information in respect of that deposit was contained in any account relating to that deceased person under any provision of IHTA 1984,
- that deposit is to be ignored for all purposes of IHTA 1984.
- (6) For this purpose “qualifying compensation scheme” and “qualifying deposit” have the same meaning as in section 756A of ITTOIA 2005.
- (7) Subsection (2) has effect (and is deemed always to have had effect)—
- (a) for the year 1996-97, and
 - (b) subsequent years of assessment.
- (8) Subsection (4) has effect (and is deemed always to have had effect) in relation to disposals made on or after 6th April 1996; but no loss accruing on a disposal made before 6th April 2006 is, as a result of that subsection, to cease to be an allowable loss.
- (9) In relation to any time before 6th April 2005 (the commencement of ITTOIA 2005)—
- (a) the section inserted by subsection (2) is to be treated as if it were inserted into ICTA (and as if, in subsection (5) of that section, “of ICTA” were omitted), and
 - (b) any reference to that section in any enactment is to be read accordingly.
- (10) In relation to the year 2005-06 or any earlier year of assessment, all such adjustments are to be made as are required to give effect to the exemptions conferred as a result of this section.
- (11) But the adjustments are to be made only if the person entitled to the exemption makes a claim for the exemption on or before 31st January 2012.
- (12) The adjustments may be made by discharge or repayment of tax, the making of an assessment or otherwise.

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