

Amendment	Page	Line
RS 90	403	42
RS 91	403	43
RS 92	404	6
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Mr Chancellor of the Exchequer

Amendment 90

Page **403**, line **42** [*Schedule 20*], after ‘if’ insert ‘—
(a)’.

Amendment 91

Page **403**, line **43** [*Schedule 20*], at end insert ‘, or
(b) the person dies under the age of 18 years and,
immediately before the person’s death, section 71D of
the Inheritance Tax Act 1984 (age 18-to-25 trusts)
applies to the property in which the interest subsists.’.

Amendment 92

Page **404**, line **6** [*Schedule 20*], at end insert—
‘(iii) a disabled person’s interest within section
89B(1)(c) or (d) of that Act, or’.

Amendment 93

Page **404**, line **20** [*Schedule 20*], leave out ‘(1B)’ and insert ‘(1B)(a)’.

Amendment 94

Page **404**, line **27** [*Schedule 20*], after ‘if’ insert ‘—
(a)’.

Amendment 95

Page **404**, line **28** [*Schedule 20*], at end insert ‘, or

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(b) the person dies under the age of 18 years and, immediately before the person's death, section 71D of the Inheritance Tax Act 1984 (age 18-to-25 trusts) applies to the property in which the interest subsists.”.’.

Amendment 96

Page **404**, line **33** [*Schedule 20*], at end insert—

‘(db) by virtue of subsection (2) of section 71E of that Act (age 18-to-25 trusts) does not constitute an occasion on which inheritance tax is charged under that section,”.’.

SUMMARY

1. Schedule 20 Finance Bill 2006 introduced new inheritance tax (IHT) rules for assets held in trust. These included provision for “age 18-to-25 trusts” and for trusts that give an interest in possession (IIP) to a disabled person. These amendments make consequential changes to the Taxation of Chargeable Gains Act 1992 (TCGA).

DETAILS

2. Schedule 20 as introduced amended the current CGT treatment of trust property on the death of a person having an IIP so that, for interests created on or after 22 March 2006, it applied only to “immediate post-death interests”, “transitional serial interests” or “trusts for bereaved minors”. It also extended the holdover relief at s.260(2) TCGA to property leaving “trusts for bereaved minors”.
3. Amendments 90 and 91 and amendments 94 and 95 extend the treatment at s.72(1) and at s.73 TCGA respectively to “age 18-to-25 trusts” where the person with the IIP dies under the age of 18.

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4. Amendment 92 extends the treatment at s.72 and s.73 TCGA to IIPs to which a disabled person is beneficially entitled under new s.89B(1)(c) and s.89B(1)(d) IHTA.
5. Amendment 93 alters the reference to s.72(1B) TCGA in new s.72(2A) TCGA to recognise that it need only refer to s.72(1B)(a).
6. Amendment 96 extends the current holdover relief at s.260(2) TCGA to property leaving “age 18-to-25 trusts” when the beneficiary attains, or is under, the age of 18.

BACKGROUND

7. The new IHT rules for trusts have consequences for capital gains tax (CGT). Schedule 20 Finance Bill 2006 made express amendments where they were needed to ensure that the IHT and CGT treatment remain in step. These new amendments make further changes where they are required as a result of other Government amendments since Finance Bill 2006 was introduced.