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Mr Chancellor of the Exchequer

Amendment 70

Page 384, line 38 [*Schedule 20*], at end insert –

- ‘(2) For the purposes of sections 71A to 71G above, a deceased individual (“D”) shall be taken to have been a parent of another individual (“Y”) if, immediately before D died, D had –
- (a) parental responsibility for Y under the law of England and Wales,
 - (b) parental responsibilities in relation to Y under the law of Scotland, or
 - (c) parental responsibility for Y under the law of Northern Ireland.
- (3) In subsection (2)(a) above “parental responsibility” has the same meaning as in the Children Act 1989.
- (4) In subsection (2)(b) above “parental responsibilities” has the meaning given by section 1(3) of the Children (Scotland) Act 1995.
- (5) In subsection (2)(c) above “parental responsibility” has the same meaning as in the Children (Northern Ireland) Order 1995.’.

SUMMARY

1. This amendment relates to the provisions made by Schedule 20 for ‘trusts for bereaved minors’ and ‘age 18-to-25 trusts’.
2. Amendment 70 extends the definition of ‘parent’ in Schedule 20 of the Finance Bill for the purpose of specifying who can set up a ‘trust for a bereaved minor’ or an ‘age 18-to-25 trust’. The amendment adds individuals who had parental responsibility to parents and step-parents.

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DETAILS

3. Amendment 70 extends the meaning of ‘parent’ as it is defined by the new Section 71H inserted into Inheritance Tax Act 1984 by Paragraph 1 of Schedule 20 of Finance (No.2) Bill 2006. The amendment does this by inserting four new sub-paragraphs into Section 71H:
4. Sub-paragraph (2) extends the meaning of ‘parent’ to include individuals who, immediately before they had died, had:
 - ‘parental responsibility’ under English and Welsh law,
 - ‘parental responsibilities’ under Scottish law, or
 - ‘parental responsibility’ under the law in Northern Ireland,for the bereaved minor for whom a trust is set up by their will.
5. Sub paragraphs (3) to (5) of amendment 70 specify the relevant legislation in England and Wales, in Scotland and in Northern Ireland which defines ‘parental responsibility’ or ‘parental responsibilities’ as appropriate.

BACKGROUND

6. For trusts created on or after 22 March 2006, Schedule 20 provides special treatment for ‘trusts for bereaved minors’ and ‘age 18-to-25 trusts’ subject to certain conditions being satisfied. These amendments extend the conditions about who can set up these trusts.