Finance Act, 2008

Section 67 - Income of beneficiaries under settler-interested settlements

1) In section 685A of ITTOIA 2005 (settlor-interested settlements), after subsection (5) insert- "(5A) If the recipient of the annual payment is treated by subsection (3) as having paid income tax in respect of the annual payment, the amount of the payment is treated as the highest part of the recipient's total income for all income tax purposes except the purposes of sections 535 to 537 (gains from contracts for life insurance etc: top slicing relief). (5B) See section 1012 of ITA 2007 (relationship between highest part rules) for the relationship between- (a) the rule in subsection (5A), and (b) other rules requiring particular income to be treated as the highest part of a person's income." (2) In section 1012(4) of ITA 2007 (relationship between rules on highest part of total income), after the entry relating to section 465A of ITOIA 2005 insert- "section 685A(5A) of ITTOIA 2005 (payments from trustees of settlor-interested settlements to be treated as highest part of total income),". (3) The amendments made by this section have effect for the tax year 2006-07 and subsequent tax years.