



Finance Act 1981

1981 CHAPTER 35

PART V

CAPITAL TRANSFER TAX

103 Trusts for the disabled

In relation to property transferred into settlement on or after 10th March 1981, Schedule 5 to the Finance Act 1975 shall have effect with the substitution for paragraph 19 of the following paragraph—

- “19 (1) This paragraph applies to settled property held on trusts under which, during the life of a disabled person, no interest in possession in the settled property subsists and which secure that not less than half of the settled property which is applied during his life is applied for his benefit.
- (2) For the purposes of capital transfer tax the person mentioned in sub-paragraph (1) above shall be treated as beneficially entitled to an interest in possession in the settled property.
- (3) The trusts on which settled property is held shall not be treated as falling outside sub-paragraph (1) above by reason only of the powers conferred on the trustees by section 32 of the Trustee Act 1925 or section 33 of the Trustee Act (Northern Ireland) 1958 (powers of advancement).
- (4) The reference in sub-paragraph (1) above to a disabled person is, in relation to any settled property, a reference to a person who when the property was transferred into settlement was—
- (c) incapable, by reason of mental disorder within the meaning of the Mental Health Act 1959, of administering his property or managing his affairs ; or
- (b) in receipt of an attendance allowance under section 35 of the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975.”