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*Changes to legislation:* There are currently no known outstanding effects for the Finance (No. 3) Act 2010, SCHEDULE 14. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 14

Section 31

#### ASBESTOS COMPENSATION SETTLEMENTS

##### *Inheritance tax*

- 1 (1) Section 58 of IHTA 1984 (relevant property) is amended as follows.
- (2) For the word “and” at the end of subsection (1)(e) substitute—  
“(ea) property comprised in an asbestos compensation settlement, and”.
- (3) After subsection (3) insert—  
“(4) In subsection (1)(ea) above “asbestos compensation settlement” means a settlement—
  - (a) the sole or main purpose of which is making compensation payments to or in respect of individuals who have, or had before their death, an asbestos-related condition, and
  - (b) which is made before 24 March 2010 in pursuance of an arrangement within subsection (5) below.
- (5) An arrangement is within this subsection if it is—
  - (a) a voluntary arrangement that has taken effect under Part 1 of the Insolvency Act 1986 or Part 2 of the Insolvency (Northern Ireland) Order 1989,
  - (b) a compromise or arrangement that has taken effect under section 425 of the Companies Act 1985, Article 418 of the Companies (Northern Ireland) Order 1986 or Part 26 of the Companies Act 2006, or
  - (c) an arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) above that has taken effect under, or as a result of, the law of a country or territory outside the United Kingdom.”
- (4) The amendments made by this paragraph are treated as having come into force on 6 April 2006.

##### *Capital gains tax*

- 2 (1) Section 271 of TCGA 1992 (other miscellaneous exemptions) is amended as follows.
- (2) After subsection (1)(e) insert—  
“(ea) any gain accruing on the disposal by the trustees of an asbestos compensation settlement of any property comprised in the settlement;”.
- (3) After subsection (1) insert—

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“(1ZA) In subsection (1)(ea) above “asbestos compensation settlement” means a settlement—

- (a) the sole or main purpose of which is making compensation payments to or in respect of individuals who have, or had before their death, an asbestos-related condition, and
- (b) which is made before 24 March 2010 in pursuance of an arrangement within subsection (1ZB) below.

(1ZB) An arrangement is within this subsection if it is—

- (a) a voluntary arrangement that has taken effect under Part 1 of the Insolvency Act 1986 or Part 2 of the Insolvency (Northern Ireland) Order 1989,
- (b) a compromise or arrangement that has taken effect under section 425 of the Companies Act 1985, Article 418 of the Companies (Northern Ireland) Order 1986 or Part 26 of the Companies Act 2006, or
- (c) an arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) above that has taken effect under, or as a result of, the law of a country or territory outside the United Kingdom.”

- (4) The amendments made by this paragraph are treated as having come into force on 6 April 2006.

#### *Income tax*

- 3 (1) ITA 2007 is amended as follows.
- (2) In section 462(11) (overview of Part), after “charitable trusts” insert “ and section 838A for special provision about asbestos compensation settlements ”.
- (3) After section 838 (exemption from income tax for local authorities and local authority associations) insert—

#### “838A Asbestos compensation settlements

- (1) The trustees of an asbestos compensation settlement are not liable to income tax in respect of the income of the trustees.
- (2) In this section “asbestos compensation settlement” means a settlement—
  - (a) the sole or main purpose of which is making compensation payments to or in respect of individuals who have, or had before their death, an asbestos-related condition, and
  - (b) which is made before 24 March 2010 in pursuance of an arrangement within subsection (3).
- (3) An arrangement is within this subsection if it is—
  - (a) a voluntary arrangement that has taken effect under Part 1 of the Insolvency Act 1986 or Part 2 of the Insolvency (Northern Ireland) Order 1989,
  - (b) a compromise or arrangement that has taken effect under section 425 of the Companies Act 1985, Article 418 of the Companies (Northern Ireland) Order 1986 or Part 26 of the Companies Act 2006, or

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- (c) an arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) that has taken effect under, or as a result of, the law of a country or territory outside the United Kingdom.”
- (4) The amendments made by sub-paragraphs (2) and (3) are treated as having had effect for the tax year 2007-08 and subsequent tax years.
- (5) ICTA is treated as having had effect for the tax year 2006-07 with an amendment, after section 518 of that Act, which corresponds to that made by sub-paragraph (3).

**Changes to legislation:**

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