



Finance Act 1965

1965 CHAPTER 25

PART II

INCOME TAX.

General.

12 Surtax on income under certain settlements.

- (1) In subsection (1) of section 415 of the Income Tax Act 1952 (under which income arising under a settlement is treated for the purposes of surtax as the income of the settlor unless the income falls into one of the paragraphs of that subsection) paragraphs (a), (h) and (c) (which relate to income payable to or applicable for the benefit of individuals) shall cease to have effect.
- (2) In subsection (2) of the said section 415 (which has the effect that income arising under a settlement is treated for the purposes of surtax as the income of the settlor if it is income from property and that property, or any property or income derived from it, is, or will or may become payable to him or applicable for his benefit) for the words "payable to him or applicable for his benefit", where they first occur, there shall be substituted the words "payable to or applicable for the benefit of the settlor or the wife or husband of the settlor", and, where they next occur, there shall be substituted the words "payable or applicable as aforesaid".
- (3) Notwithstanding subsection (1) of this section, subsection (1) of the said section 415 shall not apply to income consisting of annual payments made—
 - (a) under a partnership agreement, by a member of a partnership to or for the benefit of a person, or, if he is dead, the widow or dependants of a person, who has ceased to be a member of the partnership by retirement or death; or
 - (b) by any person, in connection with the acquisition by him of the whole or part of a business, to or for the benefit of the person from whom it is acquired or, if he is dead, his widow or dependants,being, in either case, payments made under a liability incurred for full consideration; or to income arising under a settlement made by one party to a marriage by way of

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provision for the other after the dissolution or annulment of the marriage or while they are separated under an order of a court or under a separation agreement, being income payable to or applicable for the benefit of that other party.

(4) This section applies to settlements made on or after 7th April 1965.