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## SCHEDULES :

### SCHEDULE 5

#### SETTLED PROPERTY

##### *Interpretation of paragraphs 6 to 10*

- 11 (1) The following provisions apply for the interpretation of paragraphs 6 to 10 above.
- (2) The relevant transfer, in relation to any settlement, is the first transfer of value made at or after the relevant time which satisfies the conditions—
- (a) that the value of the property comprised in the settlement or of that part of it out of which the capital distributions are made was taken into account in determining the value transferred; and
  - (b) that the transfer was, or would but for paragraph 19(2) below or paragraphs 2 to 7 of Schedule 6 to this Act have been, a chargeable transfer ; and
  - (c) that, if the settlement was made before 27th March 1974, the transfer was made neither under paragraph 4 above nor on death ;
- and where it was not a chargeable transfer the reference in paragraph 7(2)(a) above to the tax which would have been charged is a reference to the tax which would have been charged but for paragraph 19(2) below or paragraphs 2 to 7 of Schedule 6 to this Act.
- (3) The relevant time, in relation to any settlement, is, if the settled property became comprised in the settlement on the death of any person, the time immediately before his death, and, in any other case, the time when the settlement was made.
- (4) Where, by the same disposition, property ceases to be comprised in one settlement and becomes comprised in another settlement, the property shall be treated as remaining comprised in the first settlement.
- (5) The amount of any distribution payment which is a capital distribution shall be taken (except for the purposes of paragraph 6(4)(a)) to be the amount on which tax is chargeable in respect of it.
- (6) A settlement is related to another if the same transfer of value is the relevant transfer in relation to both ; and for this purpose transfers of value made by the same person on the same day shall be treated as one.
- (7) " Distribution payment" means, subject to sub-paragraph (8) below, any payment which—
- (a) is not income of any person for any of the purposes of income tax and would not for any of those purposes be income of a person not resident in the United Kingdom if he were so resident; and
  - (b) is not a payment in respect of costs or expenses;
- and " payment" includes the transfer of assets other than money.

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- (8) The amount of any capital distribution treated as made under paragraph 6(2) or (3) above or paragraph 15(3) or 24(2) below shall also be deemed to be a distribution payment; but where, after an amount has been taken into account by virtue of this sub-paragraph as a distribution payment made out of the whole or part of any property, one or more distribution payments are made (otherwise than under this sub-paragraph) out of that property or part, the amount so taken into account shall be treated as reducing the amount of those payments.
- (9) " Initial value", in relation to any settlement, means the value, immediately after the relevant transfer, of the property then comprised in the settlement.
- (10) " Interest in possession " means an interest in possession to which an individual is beneficially entitled or, if the following conditions are satisfied, an interest in possession to which a company is beneficially entitled, the conditions being—
- (a) that the business of the company consists wholly or mainly in the acquisition of interests in settled property ; and
  - (b) that the company has acquired the interest for full consideration in money or money's worth from an individual who was beneficially entitled to the interest.
- (11) References to settled property shall be construed as referring only to property which is not excluded property.