

SCHEDULES

SCHEDULE 15

CHARGE TO INCOME TAX ON BENEFITS RECEIVED BY FORMER OWNER OF PROPERTY

Election for application of inheritance tax provisions

- 21 (1) This paragraph applies where—
- (a) a person (“the chargeable person”) would (apart from this paragraph) be chargeable under paragraph 3 (land) or paragraph 6 (chattels) for any year of assessment (“the initial year”) by reference to his enjoyment of any property (“the relevant property”), and
 - (b) he has not been chargeable under the paragraph in question in respect of any previous year of assessment by reference to his enjoyment of the relevant property, or of any other property for which the relevant property has been substituted.
- (2) The chargeable person may elect in accordance with paragraph 23 that—
- (a) the preceding provisions of this Schedule shall not apply to him during the initial year and subsequent years of assessment by reference to his enjoyment of the relevant property or of any property which may be substituted for the relevant property, but
 - (b) so long as the chargeable person continues to enjoy the relevant property or any property which is substituted for the relevant property—
 - (i) the chargeable proportion of the property is to be treated for the purposes of Part 5 of the 1986 Act (in relation to the chargeable person) as property subject to a reservation, and
 - (ii) section 102(3) and (4) of that Act shall apply.
- (3) In this paragraph, “the chargeable proportion”, in relation to any property, means—

$$\frac{DV}{V}$$

where DV and V are to be read in accordance with paragraph 4(2) or 7(2), as the case requires, but as if—

- (a) any reference in paragraph 4(2) or 7(2) to the valuation date were a reference—
 - (i) in the case of property falling within subsection (3) of section 102 of the Finance Act 1986, to the date of the death of the chargeable person, and
 - (ii) in the case of property falling within subsection (4) of that section, to the date on which the property ceases to be treated as property subject to a reservation, and
- (b) the transactions to be taken into account in calculating DV included transactions after the time when the election takes effect as well as transactions before that time.

Status: This is the original version (as it was originally enacted).

- (4) For the purposes of this paragraph a person “enjoys” property if—
- (a) in the case of an interest in land, he occupies the land, and
 - (b) in the case of an interest in a chattel, he is in possession of, or has the use of, the chattel.