

SCHEDULES

SCHEDULE 20

INHERITANCE TAX: RULES FOR TRUSTS ETC

PART 4

RELATED AMENDMENTS IN TCGA 1992

30 (1) Section 72 (death of person entitled to an interest in possession) is amended as follows.

(2) After subsection (1) insert—

“(1A) Where the interest in possession mentioned in subsection (1) above is one to which the person becomes entitled on or after 22nd March 2006, the first sentence of that subsection applies in relation to that interest only if—

- (a) immediately before the person’s death, the interest falls within subsection (1B) below, or
- (b) the person dies under the age of 18 years and, immediately before the person’s death, section 71D of the Inheritance Tax Act 1984 (age 18-to-25 trusts) applies to the property in which the interest subsists.

(1B) An interest falls within this subsection if—

- (a) the interest is—
 - (i) an immediate post-death interest, within the meaning given by section 49A of the Inheritance Tax Act 1984,
 - (ii) a transitional serial interest, within the meaning given by section 49B of that Act, or
 - (iii) a disabled person’s interest within section 89B(1)(c) or (d) of that Act, or
- (b) section 71A of that Act (trusts for bereaved minors) applies to the property in which the interest subsists.

(1C) Subsection (1A) above does not have effect in relation to the operation of subsection (1) above as applied by subsection (2) below (but see subsection (2A) below).”

(3) After subsection (2) insert—

“(2A) Where the interest in possession mentioned in subsection (2) above is one to which the person becomes entitled on or after 22nd March 2006—

- (a) subsection (2) above, and
- (b) the first sentence of subsection (1) above as applied by subsection (2) above,

apply in relation to that interest only if, immediately before the person’s death, the interest falls within subsection (1B)(a) above.”