
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Paragraph 16. (See end of Document for details)

SCHEDULES

SCHEDULE 44

TRUSTS WITH VULNERABLE BENEFICIARY

Finance Act 2005

- 16 (1) Section 35 (relevant minors) is amended as follows.
- (2) For subsection (3)(c)(ii) substitute—
“(ii) if any such income is applied for the benefit of a beneficiary, it is applied for the benefit of the relevant minor.”
- (3) For subsection (4) substitute—
“(4) Trusts to which subsection (2) applies are not to be treated as failing to secure that the conditions in subsection (3) are met by reason only of—
(a) the trustees' having powers that enable them to apply in any tax year otherwise than for the benefit of the relevant minor amounts (whether consisting of income or capital, or both) not exceeding the annual limit,
(b) the trustees' having the powers conferred by section 32 of the Trustee Act 1925 (powers of advancement),
(c) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by proviso (a) of subsection (1) of that section,
(d) the trustees' having the powers conferred by section 33 of the Trustee Act (Northern Ireland) 1958 (corresponding provision for Northern Ireland),
(e) the trustees' having those powers but free from, or subject to a less restrictive limitation than, the limitation imposed by subsection (1) (a) of that section, or
(f) the trustees' having powers to the like effect as the powers mentioned in any of paragraphs (b) to (e).(4B) For the purposes of this section, the “annual limit” for a tax year is whichever is the lower of the following amounts—
(a) £3,000, and
(b) 3% of the amount that is the maximum value of the settled property during the tax year in question.
(4C) The Treasury may by order made by statutory instrument—
(a) specify circumstances in which subsection (4)(a) is, or is not, to apply in relation to a trust, and
(b) amend the definition of “the annual limit” in subsection (4B).
(4D) An order under subsection (4C) may—

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- (a) make different provision for different cases, and
 - (b) contain transitional and saving provision.
- (4E) A statutory instrument containing an order under subsection (4C) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.”

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