



Capital Transfer Tax Act 1984

1984 CHAPTER 51

PART III

SETTLED PROPERTY

CHAPTER III

SETTLEMENTS WITHOUT INTERESTS IN POSSESSION

Miscellaneous

80 Initial interest of settlor or spouse

- (1) Where a settlor or his spouse is beneficially entitled to an interest in possession in property immediately after it becomes comprised in the settlement, the property shall for the purposes of this Chapter be treated as not having become comprised in the settlement on that occasion ; but when the property or any part of it becomes held on trusts under which neither of those persons is beneficially entitled to an interest in possession, the property or part shall for those purposes be treated as becoming comprised in a separate settlement made by that one of them who ceased (or last ceased) to be beneficially entitled to an interest in possession in it.
- (2) References in subsection (1) above to the spouse of a settlor include references to the widow or widower of a settlor.
- (3) This section shall not apply if the occasion, first referred to in subsection (1) above occurred before 27th March 1974.

81 Property moving between settlements

- (1) Where property which ceases to be comprised in one settlement becomes comprised in another then, unless in the meantime any person becomes beneficially entitled to

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the property (and not merely to an interest in possession in the property), it shall for the purposes of this Chapter be treated as remaining comprised in the first settlement.

- (2) Subsection (1) above shall not apply where the property ceased to be comprised in the first settlement before 10th December 1981 ; but where property ceased to be comprised in one settlement before 10th December 1981 and after 26th March 1974 and, by the same disposition, became comprised in another settlement, it shall for the purposes of this Chapter be treated as remaining comprised in the first settlement.
- (3) Subsection (1) above shall not apply where a reversionary interest in the property expectant on the termination of a qualifying interest in possession subsisting under the first settlement was settled on the trusts of the other settlement before 10th December 1981.

82 Excluded property

- (1) For the purposes of this Chapter (except sections 78 and 79) property to which section 80 or 81 above applies shall not be taken to be excluded property by virtue of section 48 (3) (a) above unless the condition in subsection (3) below is satisfied (in addition to the conditions in section 48(3) that the property is situated outside the United Kingdom and that the settlor was not domiciled there when the settlement was made).
- (2) Section 65(8) above shall not have effect in relation to property to which section 80 or 81 above applies unless the condition in subsection (3) below is satisfied (in addition to the condition in section 65(8) that the settlor was not domiciled in the United Kingdom when the settlement was made).
- (3) The condition referred to in subsections (1) and (2) above is—
 - (a) in the case of property to which section 80 above applies, that the person who is the settlor in relation to the settlement first mentioned in that section, and
 - (b) in the case of property to which subsection (1) or (2) of section 81 above applies, that the person who is the settlor in relation to the second of the settlements mentioned in the subsection concerned,was not domiciled in the United Kingdom when that settlement was made.

83 Property becoming settled on a death

Property which becomes comprised in a settlement in pursuance of a will or intestacy shall for the purposes of this Chapter be taken to have become comprised in it on the death of the testator or intestate (whether it occurred before or after the passing of this Act).

84 Income applied for charitable purposes

For the purposes of this Chapter (except sections 78 and 79) where the trusts on which settled property is held require part of the income of the property to be applied for charitable purposes, a corresponding part of the settled property shall be regarded as held for charitable purposes.

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85 Credit for annual charges under Finance Act 1975

Any tax charged under paragraph 12(2) of Schedule 5 to the Finance Act 1975 and not already allowed as a credit under paragraph 12(3) of that Schedule or under section 125 of the Finance Act 1982 or under this section shall be allowed as a credit against tax chargeable under this Chapter (apart from section 79) in respect of the settled property or part concerned.