



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART XV

#### SETTLEMENTS

#### [<sup>F1</sup>CHAPTER 1C

#### LIABILITY OF TRUSTEES]

##### Textual Amendments

- F1** [Pt. 15 Ch. 1C](#) heading substituted for heading before s. 686 (with effect in accordance with [s. 74\(2\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 12](#)

##### Modifications etc. (not altering text)

- C1** [Pt. 15 Ch. 1C](#) modified (6.4.2005 with effect in accordance with s. 883(1) of the modifying Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [s. 457\(1\)\(3\)](#) (with [Sch. 2](#))

*F2* . . .

##### Textual Amendments

- F2** [Ss. 683-685](#) repealed (with effect in accordance with [Sch. 29 Pt. 8\(8\)](#) Note of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 29 Pt. 8\(8\)](#)

#### 683 Settlements made after 6th April 1965.

*F3* . . . . .

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#### Textual Amendments

- F3** Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(8)**

### 684 Settlements made before 7th April 1965 but after 9th April 1946.

**F4** . . . . .

#### Textual Amendments

- F4** Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(8)**

### 685 Provisions supplementary to sections 683 and 684.

**F5** . . . . .

#### Textual Amendments

- F5** Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(8)**

**F6** . . .

#### Textual Amendments

- F6** Cross-heading before s. 686 replaced by Pt. 15 Ch. 1C heading (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 17 para. 12**

### [<sup>F7</sup> 685A Meaning of “settled property”

**F8** . . . . .

#### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with Sch. 13 para. 1(2)-(6) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 13 para. 1(1)**
- F8** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

### 685B Meaning of “settlor”

**F9** . . . . .

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### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F9** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 685C Transfer between settlements: identification of settlor

**F10** .....

### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F10** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 685D Variation of will or intestacy, etc: identification of settlor

**F11** .....

### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F11** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 685E Trustees of settlements

**F12** .....

### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)
- F12** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 685F Application of section 739 and 740

**F13** .....

### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)-\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 1\(1\)](#)

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- F13** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## 685G Sub-funds

**F14** .....]

### Textual Amendments

- F7** Ss. 685A-685G inserted (coming into force and with effect in accordance with Sch. 13 para. 1(2)-(6) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 13 para. 1(1)**
- F14** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## 686 [<sup>F15</sup>Accumulation and discretionary trusts: special rates of tax.]

**F16** .....]

### Textual Amendments

- F15** S. 686 sidenote substituted (with effect in accordance with s. 32(11) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 32(8)**
- F16** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## [<sup>F17</sup>686A Receipts to be treated as income to which section 686 applies

**F18** .....]

### Textual Amendments

- F17** S. 686A inserted (with effect in accordance with s. 32(11) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 32(9)**
- F18** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2) (subject to an amendment to s. 686A(2)(a) by Finance Act 2007 (c. 11), **s. 55(1)(3)**)

## [<sup>F19</sup>686B Share incentive plans: distributions in respect of unappropriated shares

**F20** .....]

### Textual Amendments

- F19** Ss. 686B, 686C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 100** (with Sch. 2 para. 87, Sch. 7)
- F20** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

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## 686C Interpretation of section 686B

F21 ..... ]

### Textual Amendments

- F19** Ss. 686B, 686C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 100** (with Sch. 2 para. 87, Sch. 7)
- F21** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## [<sup>F22</sup>686DSpecial trust rates not to apply to first slice of trust income

F23 ..... ]

### Textual Amendments

- F22** S. 686D inserted (with effect in accordance with s. 14(5) of the amending Act) by Finance Act 2005 (c. 7), s. 14(1)
- F23** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## [<sup>F24</sup>686EApplication of section 686D where settlor has made more than one settlement

F25 ..... ]

### Textual Amendments

- F24** S. 686E inserted (6.4.2006) by Finance Act 2006 (c. 25), **Sch. 13 para. 4(2)(3)**
- F25** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## 687 Payments under discretionary trusts.

F26 ..... ]

### Textual Amendments

- F26** Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

## [<sup>F27</sup>687A[<sup>F28</sup>Discretionary payments by trustees to companies].

F29 ..... ]

### Textual Amendments

- F27** S. 687A inserted (with effect in accordance with s. 27(2) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), s. 27(1)

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- F28**

Words in [s. 687A](#) sidenote substituted (6.4.2007 with effect in accordance with [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 146\(5\)](#) (with [Sch. 2](#))
- F29**

[S. 687A](#) repealed (1.4.2010 with effect in accordance with [s. 1184\(1\)](#) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 92](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**688 Schemes for employees and directors to acquire shares.**

**F30** .....

**Textual Amendments**

**F30** [S. 688](#) repealed (6.4.2005 with effect in accordance with [s. 883\(1\)](#) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 279](#), [Sch. 3](#) (with [Sch. 2](#))

**689 Recovery from trustees of discretionary trusts of higher rate tax due from beneficiaries.**

**F31** .....

**Textual Amendments**

**F31** [S. 689](#) repealed (with effect in accordance with [s. 74\(2\)](#), [Sch. 29 Pt. 8\(8\)](#) Note of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 15](#), [Sch. 29 Pt. 8\(8\)](#)

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act Taxes Acts modified by 1970 c. 9, Sch. A1 para. 10(7) (as inserted) by [2017 c. 32 s. 60\(3\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8(7) (as inserted) by [2017 c. 32 Sch. 14 para. 3\(15\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8A(7) (as inserted) by [2017 c. 32 Sch. 14 para. 4\(12\)](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)