



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XV

SETTLEMENTS

CHAPTER I

DISPOSITIONS FOR SHORT PERIODS

660 Dispositions for period which cannot exceed six years

- (1) Subject to subsection (2) below, any income which by virtue or in consequence of any disposition made, directly or indirectly, by any person (other than a disposition made for valuable and sufficient consideration), is payable to or applicable for the benefit of any other person for a period which cannot exceed six years shall be deemed for all the purposes of the Income Tax Acts to be the income of the person, if living, by whom the disposition was made, and not to be the income of any other person.
- (2) Subsection (1) above shall not apply in relation to income which is payable as a covenanted payment to charity.
- (3) In this Chapter, unless the context otherwise requires—
 - “disposition” includes any trust, covenant, agreement or arrangement, and
 - “a covenanted payment to charity” means a payment made under a covenant made otherwise than for consideration in money or money’s worth in favour of a body of persons or trust established for charitable purposes only whereby the like annual payments (of which the payment in question is one) become payable for a period which may exceed three years and is not capable of earlier termination under any power exercisable without the consent of the persons for the time being entitled to the payments.
- (4) For the purposes of subsection (3) above the Trustees of the National Heritage Memorial Fund and the Historic Buildings and Monuments Commission for England shall each be treated as a body of persons established for charitable purposes only.

Status: This is the original version (as it was originally enacted).

661 Adjustments between disponor and trustees

- (1) Where, by virtue of this Chapter, any income tax becomes chargeable on and is paid by the person by whom a disposition was made, that person shall be entitled—
 - (a) to recover from any trustee or other person to whom the income is payable by virtue or in consequence of the disposition the amount of the tax so paid; and
 - (b) for that purpose to require an inspector to furnish to him a certificate specifying the amount of the income in respect of which he has so paid tax and the amount of the tax so paid;

and any certificate so furnished shall be conclusive evidence of the facts appearing thereby.

- (2) Where any person obtains in respect of any allowance or relief a repayment of income tax in excess of the amount of the repayment to which he would but for the provisions of this Chapter have been entitled, an amount equal to the excess shall be paid by him to the trustee or other person to whom the income is payable by virtue or in consequence of the disposition, or, where there are two or more such persons, shall be apportioned among those persons as the case may require.

If any question arises as to the amount of any payment or as to any apportionment to be made under this subsection, that question shall be decided by the General Commissioners whose decision thereon shall be final.

- (3) Subject to section 833(3), any income which is deemed by virtue of this Chapter to be the income of any person shall be deemed to be the highest part of his income.

662 Application of Chapter I to dispositions by two or more disponors

- (1) In the case of any disposition where there is more than one person who made the disposition, this Chapter shall, subject to the provisions of this section, have effect in relation to each person who made the disposition as if he were the only person who had made it.
- (2) In the case of any such disposition, references in this Chapter to income payable or applicable by virtue or in consequence of the disposition include, in relation to any person making the disposition, only—
 - (a) income from property which that person has provided directly or indirectly for the purposes of the disposition (“the settled property”); and
 - (b) income from property representing the settled property; and
 - (c) income from so much of any property which represents both the settled property and other property as, on a just apportionment, represents the settled property; and
 - (d) income provided directly or indirectly by that person.
- (3) In this section references to property which represents other property include references to property which represents accumulated income from that other property.