
Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Paragraph 5. (See end of Document for details)

SCHEDULES

SCHEDULE 18

DECEASED PERSONS' ESTATES

Special provisions as to successive interests in residue

- 5 (1) For subsection (2) of section 698 (special provisions as to successive interests in residue) there shall be substituted the following subsections—

“(1A) Subsection (1B) below applies where—

- (a) successively during the administration period there are different persons with interests in the residue of the estate of a deceased person or in parts of such a residue;
- (b) the later interest or, as the case may be, each of the later interests arises or is created on the cessation otherwise than by death of the interest that precedes it; and
- (c) the earlier or, as the case may be, earliest interest is a limited interest.

(1B) Where this subsection applies, this Part shall have effect in relation to any payment made in respect of any of the interests referred to in subsection (1A) above—

- (a) as if all those interests were the same interest so that none of them is to be treated as having ceased on being succeeded by any of the others;
- (b) as if (subject to paragraph (c) below) the interest which is deemed to exist by virtue of paragraph (a) above (“the deemed single interest”) were an interest of—
 - (i) except in a case to which sub-paragraph (ii) below applies, the person in respect of whose interest or previous interest the payment is made;
 - (ii) in a case where the person entitled to receive the payment is any other person who has or has had an interest which is deemed to be comprised in the deemed single interest, that other person;

and

- (c) in so far as any of the later interests is an absolute interest as if, for the purposes of section 696(3A) to (5)—
 - (i) the earlier interest or interests had never existed and the absolute interest had always existed;
 - (ii) the sums (if any) which were deemed in relation to the earlier interest or interests to have been paid as income for any year of assessment to any of the persons entitled thereto were sums previously paid during the administration period in respect of the absolute interest; and

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- (iii) those sums were sums falling to be treated as sums paid as income to the person entitled to the absolute interest.
- (2) Where successively during the administration period there are different persons with absolute interests in the residue of the estate of a deceased person or in parts of such a residue, the aggregate payments and aggregated income entitlement referred to in subsections (3A) and (3B) of section 696 shall be computed for the purposes of that section in relation to an absolute interest subsisting at any time (“the subsequent interest”)—
- (a) as if the subsequent interest and any previous absolute interest corresponding to the subsequent interest, or relating to any part of the residue to which the subsequent interest relates, were the same interest; and
 - (b) as if the residuary income for any year of the person entitled to the previous interest were residuary income of the person entitled to the subsequent interest and any amount deemed to be paid as income to the person entitled to the previous interest were an amount deemed to have been paid to the person entitled to the subsequent interest.”
- (2) This paragraph has effect in relation to any payment made on or after 6th April 1995 and, so far as it relates to the operation of section 695(3) or 696(5) of the Taxes Act 1988, in relation to any estate the administration of which is completed on or after that date.

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