



# Finance Act 2005

## 2005 CHAPTER 7

### PART 2

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 4

#### TRUSTS WITH VULNERABLE BENEFICIARY

##### *Income tax*

## 25 Qualifying trusts income: special income tax treatment

- (1) This section has effect in relation to a tax year if—
  - (a) in the tax year income arises (or is treated as arising) to [<sup>F1</sup>the trustees of a settlement] from property held on qualifying trusts for the benefit of a vulnerable person (“qualifying trusts income”), and
  - (b) a claim for special tax treatment under this Chapter for the tax year is made by the trustees.
- (2) Special income tax treatment applies for the tax year in accordance with sections 26 to 29.
- (3) But this section does not have effect in relation to the tax year if the property from which the qualifying trusts income arises (or is treated as arising) is property in which a person who is a settlor (within the meaning given by [<sup>F2</sup>section 620(1) of ITTOIA 2005]) is regarded as having an interest for the purposes of [<sup>F3</sup>sections 624 and 625 of that Act] (income arising under settlement where settlor retains an interest).

#### Textual Amendments

- F1** Words in s. 25(1)(a) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), Sch. 13 para. 35\(2\)\(c\)\(7\)](#)

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**Changes to legislation:** *There are currently no known outstanding effects for the Finance Act 2005, Section 25. (See end of Document for details)*

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| <p><b>F2</b> Words in s. 25(3) substituted (retrospective to 6.4.2006) by <b>Finance Act 2006 (c. 25), Sch. 13 para. 35(3)(a)(7)</b></p> <p><b>F3</b> Words in s. 25(3) substituted (retrospective to 6.4.2006) by <b>Finance Act 2006 (c. 25), Sch. 13 para. 35(3)(b)(7)</b></p> |
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