



Finance Act 2006

2006 CHAPTER 25

PART 6

INHERITANCE TAX

Trusts

157 Purchase of interests in foreign trusts

- (1) Section 48 of IHTA 1984 (settled property: excluded property) is amended as follows.
- (2) In subsection (3) (circumstances in which settled property situated outside the United Kingdom is excluded property), after paragraph (b) insert— “ ; but this subsection is subject to subsection (3B) below. ”.
- (3) In subsection (3A) (circumstances in which a holding in an authorised unit trust or a share in an open-ended investment company comprised in settled property is excluded property), after paragraph (b) insert— “ ; but this subsection is subject to subsection (3B) below. ”.
- (4) After subsection (3A) insert—

“(3B) Property is not excluded property by virtue of subsection (3) or (3A) above if—

 - (a) a person is, or has been, beneficially entitled to an interest in possession in the property at any time,
 - (b) the person is, or was, at that time an individual domiciled in the United Kingdom, and
 - (c) the entitlement arose directly or indirectly as a result of a disposition made on or after 5th December 2005 for a consideration in money or money's worth.

(3C) For the purposes of subsection (3B) above—

 - (a) it is immaterial whether the consideration was given by the person or by anyone else, and

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Section 157. (See end of Document for details)

- (b) the cases in which an entitlement arose indirectly as a result of a disposition include any case where the entitlement arose under a will or the law relating to intestacy.”.
- (5) If, in consequence of the amendments made by this section, an amount of inheritance tax would (but for this subsection) fall due before the day on which this Act is passed, that amount is to be treated instead as falling due at the end of the period of 14 days beginning with that day.
- (6) This section is deemed to have come into force on 5th December 2005.

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