

Bill 6

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PART 10

RULES FOR SPECIAL TYPES OF COMPANY ETC

CHAPTER 1

CORPORATE BENEFICIARIES UNDER TRUSTS

Discretionary payments

1 Discretionary payments by trustees to companies [\[j4151rm\]](#)

- (1) This section applies if –
- (a) the trustees of a settlement make a payment to a company,
 - (b) sections 494 and 495 of ITA 2007 (grossing up of trustees' discretionary payments etc) apply in relation to the payment,
 - (c) the company is chargeable to corporation tax, and
 - (d) the company is not excluded by subsection (2).

[Origin: ICTA s.687A\(1\).](#)

- (2) A company is excluded if it is –
- (a) a charitable company as defined in [\[section 506\(1\) of ICTA\]](#),
 - (b) a body mentioned in [\[section 507 of ICTA\]](#), or
 - (c) an association of a description specified in [\[section 508 of ICTA\]](#).

[Origin: ICTA s.687A\(2\).](#)

- (3) If this section applies –
- (a) none of the following applies in relation to the payment –
 - (i) [\[section 7\(2\) or 11\(3\) of ICTA\]](#), or
 - (ii) section 952 of ITA 2007 (set-off claims),
 - (b) the payment is to be ignored for the purpose of determining the income on which the company is charged to corporation tax, and
 - (c) no repayment is to be made of the amount treated under section 494 of ITA 2007 as income tax paid by the company in relation to the payment.

[Origin: ICTA s.687A\(3\).](#)

- (4) If the company is non-UK resident, this section applies only in relation to so much of the payment (if any) as would (apart from this section) be income on which the company is charged to corporation tax.

[Origin: ICTA s.687A\(4\).](#)

- (5) “Payment” includes payment in money’s worth.

Origin: Drafting.

Trustees' expenses

2 Income tax provisions to apply in relation to trustees' expenses [\[j4151Arm\]](#)

In a case of a kind mentioned in section 499(1) of ITA 2007 (beneficiary entitled to some or all of the income arising to trustees of a settlement), sections 500 and 503 of that Act apply, in relation to the reduction of the beneficiary's income by reference to expenses of the trustees, for corporation tax purposes as they apply for income tax purposes.

Origin: ICTA s.689B; Annex 1, Change jc610; drafting.

SCHEDULES

SCHEDULE 1

Section {jref}

CONSEQUENTIAL AMENDMENTS (TRUSTS) [JTRUSTSCONSEQUENTIALS]

PART 1

INCOME AND CORPORATION TAXES ACT (TRUSTS)

- 1 The Income and Corporation Taxes Act 1988 (c. 1) is amended as follows.
- 2 Omit section 687A (discretionary payments by trustees to companies).
- 3 Omit section 689B (order in which trustees' expenses are to be set against income).

SCHEDULE 2

Section {j999998}

REPEALS AND REVOCATIONS [JTRUSTSREPEALS]

REPEALS (TRUSTS)

<i>Reference</i>	<i>Extent of repeal or revocation</i>
Income and Corporation Taxes Act 1988 (c. 1)	Section 687A. Section 689B.
Finance Act 1996 (c. 8)	In Schedule 6, paragraph 16.
Finance (No.2) Act 1997 (c. 58)	Section 27. In Schedule 4, paragraph 16.
Income Tax (Trading and Other Income) Act 2005 (c. 5)	In Schedule 1, paragraph 280.
Finance Act 2006 (c. 25)	In Schedule 13, paragraphs 18 and 20.
Income Tax Act 2007 (c. 3)	In Schedule 1, paragraphs 146 and 148.