



Income Tax Act 2007

2007 CHAPTER 3

PART 9

SPECIAL RULES ABOUT SETTLEMENTS AND TRUSTEES

CHAPTER 2

GENERAL PROVISION ABOUT SETTLEMENTS AND TRUSTEES

Trustees

474 Trustees of settlement to be treated as a single and distinct person

- (1) For the purposes of the Income Tax Acts (except where the context otherwise requires), the trustees of a settlement are together treated as if they were a single person (distinct from the persons who are the trustees of the settlement from time to time).
- (2) If different parts of the settled property in relation to a settlement are vested in different bodies of trustees, subsection (1) and sections 475 and 476 apply in relation to the different bodies as if they were all one body.
- (3) The cases covered by subsection (2) include cases where settled land (within the meaning of the Settled Land Act 1925 (c. 18)) is vested in the tenant for life and investments representing capital money are vested in the trustees of the settlement.

475 Residence of trustees

- [^{F1}(1) This section applies for income tax purposes and explains how to work out, in relation to the trustees of a settlement, whether or not the single person mentioned in section 474(1) is UK resident.]
- (2) If at a time either condition A or condition B is met, then at that time the single person is [^{F2}UK resident].

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- (3) If at a time neither condition A nor condition B is met, then at that time the single person is [^{F3}non-UK resident].
- (4) Condition A is met at a time if, at that time, all the persons who are trustees of the settlement are UK resident.
- (5) Condition B is met at a time if at that time—
- (a) at least one person who is a trustee of the settlement is UK resident and at least one such person is non-UK resident, and
 - (b) a settlor in relation to the settlement meets condition C (see section 476).
- (6) If at a time a person (“T”) who is a trustee of the settlement acts as trustee in the course of a business which T carries on in the United Kingdom through a branch, agency or permanent establishment there, then for the purposes of subsections (4) and (5) assume that T is UK resident at that time.
- [^{F4}(7) Subsection (8) applies if—
- (a) an individual becomes or ceases to be a trustee of the settlement during a tax year,
 - (b) that year is a split year as respects the individual, and
 - (c) the only period in that year when the individual is a trustee of the settlement falls wholly within the overseas part of the year.
- (8) The individual is to be treated for the purposes of subsections (4) and (5) as if he or she had been non-UK resident for the year (and hence for the period in that year when he or she was a trustee of the settlement).
- (9) But subsection (8) is subject to subsection (6) and, accordingly, an individual who is treated under subsection (8) as having been non-UK resident is, in spite of that, to be treated as UK resident whenever the individual acts as mentioned in subsection (6).]

Textual Amendments

- F1** S. 475(1) substituted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 56\(2\)](#)
- F2** Words in s. 475(2) substituted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 56\(3\)](#)
- F3** Words in s. 475(3) substituted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 56\(4\)](#)
- F4** S. 475(7)-(9) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 103](#)

476 How to work out whether settlor meets condition C

- (1) This section applies for the purpose of working out whether a settlor (“S”) in relation to a settlement meets condition C at a time.
- (2) If—
- (a) the settlement arose on S's death (whether by S's will, on S's intestacy or in any other way), and
 - (b) immediately before S's death, S was UK resident ^{F5}... or domiciled in the United Kingdom,

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then S meets condition C from the time of S's death until S ceases to be a settlor in relation to the settlement.

(3) If—

- (a) the settlement is not within subsection (2)(a), and
- (b) at a time when S made the settlement (or is treated for the purposes of the Income Tax Acts as making the settlement), S was UK resident ^{F6}... or domiciled in the United Kingdom,

then S meets condition C from that time until S ceases to be a settlor in relation to the settlement.

[^{F7}(3A) Section 835BA (deemed domicile) applies for the purposes of subsections (2)(b) and (3)(b).]

(4) Further, if—

- (a) there is a transfer of property in relation to which section 471 applies,
- (b) S is a settlor in relation to settlement 2 as a result of that section, and
- (c) immediately before the disposal by the trustees of settlement 1, S meets condition C as a settlor in relation to settlement 1 as a result of subsection (2) or (3) or this subsection,

then S meets condition C as a settlor in relation to settlement 2 from the time S becomes such a settlor until S ceases to be such a settlor.

(5) “Settlement 1” and “settlement 2” are to be read in accordance with section 470(1).

Textual Amendments

- F5** Words in s. 476(2)(b) omitted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 57\(2\)](#) (with [Sch. 46 para. 57\(4\)](#))
- F6** Words in s. 476(3)(b) omitted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 57\(3\)](#) (with [Sch. 46 para. 57\(5\)](#))
- F7** [S. 476\(3A\)](#) inserted (with effect in accordance with Sch. 8 para. 12(2) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 12\(1\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)