

Limited interest in residue. ITA67 s451; F(MP)A68 s3(5) and Sch Pt IV; FA74 s11 and Sch1 PtII 800.—(1) This section shall apply in relation to a person who, during the period commencing on the death of a deceased person and ending on the completion of the administration of the estate of the deceased person (in this Chapter referred to as “the administration period”) or during a part of that period, has a limited interest in the residue of that estate or in a part of the residue of that estate.

(2) When any sum has been paid during the administration period in respect of that limited interest, the amount of that sum shall, subject to subsection (3), be deemed for the purposes of the Income Tax Acts to have been paid to that person as income for the year of assessment in which that sum was paid or, in the case of a sum paid in respect of an interest that has ceased, for the last year of assessment in which that interest was subsisting.

(3) On the completion of the administration of the estate—

(a) the aggregate amount of all sums paid before or payable on the completion of the administration in respect of that limited interest shall be deemed to have accrued due to that person from day to day during the administration period or the part of that period during which that person had that interest, as the case may be, and to have been paid to that person as it accrued due,

(b) the amount deemed to have been paid to that person by virtue of paragraph (a) in any year of assessment shall be deemed for the purposes of the Income Tax Acts to have been paid to that person as income for that year, and

(c) where the amount deemed to have been paid to that person as income for any year by virtue of this subsection is less or greater than the amount deemed to have been paid to that person as income for that year by virtue of subsection (2), such adjustments shall be made as are provided in section 804.

(4) Any amount deemed to have been paid to that person as income for any year by virtue of this section shall—

(a) in the case of an Irish estate, be deemed to be income of such an amount as would after deduction of income tax at the standard rate of tax for that year be equal to the amount deemed to have been so paid and to be income that has borne income tax at that standard rate of tax;

(b) in the case of a foreign estate, be deemed to be income of the amount deemed to have been so paid, and shall be chargeable to income tax under Case III of Schedule D as if it were income arising from securities in a place outside the State.

(5) Where—

(a) a person has been charged to income tax for any year by virtue of this section in respect of an amount deemed to have been paid to that person as income in respect of an interest in a foreign estate, and

(b) any part of the aggregate income of that estate for that year has borne Irish income tax by deduction or otherwise,

the income in respect of which that person has been so charged to tax shall on proof of the facts be reduced by an amount bearing the same proportion thereto as the part of that aggregate income which has borne Irish income tax bears to the whole of that aggregate income.

(6) Where relief has been given in accordance with subsection (5), such part of the amount in respect of which the person has been charged to income tax as corresponds to the proportion referred to in that subsection shall for the purpose of computing the person's total income be deemed to represent income of such an amount as would after deduction of income tax at the standard rate of tax be equal to that part of the amount charged.