

Computation of tax. FA 1984 s109 18.—(1) In this section—

“earlier relevant inheritance” means a relevant inheritance deemed to be taken on the date of death of the disposer;

“later relevant inheritance” means a relevant inheritance which, after the date of death of the disposer, is deemed to be taken by a discretionary trust by virtue of there ceasing to be a principal object of that trust who is under the age of 21 years;

“relevant inheritance” means an inheritance which, by virtue of section 15 (1), is deemed to be taken by a discretionary trust;

“relevant period” means—

(a) in relation to an earlier relevant inheritance, the period of 5 years commencing on the date of death of the disposer,

(b) in relation to a settled relevant inheritance, the period of 5 years commencing on the date of death of the life tenant concerned, and

(c) in relation to a later relevant inheritance, the period of 5 years commencing on the latest date on which a later relevant inheritance was deemed to be taken from the disposer;

“settled relevant inheritance” means a relevant inheritance taken on the death of a life tenant;

“the appropriate trust”, in relation to a relevant inheritance, means the trust by which that inheritance was deemed to be taken.

(2) Subject to subsection (3), the tax chargeable on the taxable value of a taxable inheritance which is charged to tax by reason of section 15 is computed at the rate of 6 per cent of such taxable value.

(3) Where, in the case of each earlier relevant inheritance, each settled relevant inheritance or each later relevant inheritance, as the case may be, taken from the same disposer, one or more objects of the appropriate trust became beneficially entitled in possession before the expiration of the relevant period to an absolute interest in the entire of the property of which that inheritance consisted on and at all times after the date of that inheritance (other than property which ceased to be subject to the terms of the appropriate trust by virtue of a sale or exchange of an absolute interest in that property for full consideration in money or money's worth), then, in relation to all such earlier relevant inheritances, all such settled relevant inheritances or all such later relevant inheritances, as the case may be, the tax so chargeable is computed at the rate of 3 per cent.

(4) Where 2 or more persons are together beneficially entitled in possession to an absolute interest in property, those persons shall not, by reason only that together they are beneficially so entitled in

possession, be regarded for the purposes of subsection (3) as beneficially so entitled in possession.

(5) Notwithstanding section 57, interest shall not be payable on any repayment of tax which arises by virtue of subsection (3).