

Supplementary provisions as to absolute interest in residue. ITA67 s453 802.—(1) The amount of the residuary income of an estate for any year of assessment shall be ascertained by deducting from the aggregate income of the estate for that year—

(a) the amount of any annual interest, annuity or other annual payment for that year which is a charge on residue and the amount of any payment made in that year in respect of any such expenses incurred by the personal representatives as such in the management of the assets of the estate as, in the absence of any express provision in a will, would be properly chargeable to income, but excluding any such interest, annuity or payment allowed or allowable in computing the aggregate income of the estate, and

(b) the amount of any of the aggregate income of the estate for that year to which a person has on or after assent become entitled by virtue of a specific disposition either for a vested interest during the administration period or for a vested or contingent interest on the completion of the administration.

(2) (a) In this subsection, “benefits received”, in relation to an absolute interest, means the following amounts in respect of all sums paid before, or payable on, the completion of the administration in respect of that interest—

(i) as regards a sum paid before the completion of the administration in the case of an Irish estate, such an amount as would, after deduction of income tax at the standard rate of tax for the year of assessment in which that sum was paid, be equal to that sum or, in the case of a foreign estate, the amount of that sum, and

(ii) as regards a sum payable on the completion of the administration in the case of an Irish estate, such an amount as would, after deduction of income tax at the standard rate of tax for the year of assessment in which the administration is completed, be equal to that sum or, in the case of a foreign estate, the amount of that sum.

(b) In the event of its appearing, on the completion of the administration of an estate in the residue of which, or in a part of the residue of which, a person had an absolute interest at the completion of the administration, that the aggregate of the benefits received in respect of that interest does not amount to as much as the aggregate for all years of the residuary income of the person having that interest, that person's residuary income for each year shall be reduced for the purpose of section 801 by an amount bearing the same proportion thereto as the deficiency bears to the aggregate for all years of that person's residuary income.

(3) In the application of subsection (2) to a residue or a part of a residue in which a person, other than the person having an absolute interest at the completion of the administration, had an absolute interest at any time during the administration period, the aggregates mentioned in that subsection shall be computed in relation to those interests taken together, and the residuary income of that other person shall also be subject to reduction under that subsection.