

Annual acquisitions by discretionary trusts. FA 1986 s103 20.—(1) Where, in any year commencing with the year 2003, under or in consequence of any disposition, property is subject to a chargeable discretionary trust on the chargeable date, the trust is deemed on each such date to become beneficially entitled in possession to an absolute interest in that property, and to take on each such date an inheritance accordingly as if the trust, and the trustees as such for the time being of the trust, were together a person for the purposes of this Act, and each such chargeable date shall be the date of such inheritance.

(2) (a) In this subsection, “property” includes property representing such property.

(b) Where—

(i) under or in consequence of any disposition, property was subject to a discretionary trust prior to a chargeable date,

(ii) that property is not on that chargeable date subject to that discretionary trust (being on that date a chargeable discretionary trust) because such property is on that date property to which for the time being a person is beneficially entitled for an interest in possession, and

(iii) on that chargeable date that property is property which is limited to become subject again to that chargeable discretionary trust, or will do so by the exercise of a power of revocation,

that property is deemed to be subject to that chargeable discretionary trust on that chargeable date if that interest in possession is an interest which is revocable or which is limited to cease on an event other than—

(I) the death of that person, or

(II) the expiration of a specified period, where that interest is taken by that person under a power of appointment contained in that disposition and is, at the time of the appointment of that interest, an interest for a period certain of 5 years or more.

(3) For the purposes of this section—

(a) an interest in expectancy is not property until an event happens whereby the interest ceases to be an interest in expectancy or is represented by property which is not an interest in expectancy;

(b) an interest in a policy of assurance on human life is not property until, and then only to the extent that, the interest becomes an interest in possession under the provisions of section 41 or is represented by property which is not an interest in expectancy.

(4) This section shall not apply in relation to property which is subject to a chargeable discretionary trust on a chargeable date if that property or property representing that property is subject to a charge for tax arising under or in consequence of the same disposition by reason of section 15, or that provision of the

repealed enactments which corresponds with section 15, on that same date or within the year prior to that date.