
21 Individual investment plans of deceased investors

- (1) In Chapter 3 of Part 6 of ITTOIA 2005 (power to exempt income from individual investment plans from income tax), after section 694 insert –

“694A Deceased investors

- (1) In section 694(1) “income of an individual from investments under a plan” includes –
- (a) income (of any person) from administration-period investments under a plan, and
 - (b) income (of any person) from the estate of a deceased person (“D”) where the whole or any part of the income of D’s personal representatives is income from administration-period investments under a plan.
- (2) For the purposes of sections 694(3)(a) and (4) and 695(1) “individual”, in relation to investments that are administration-period investments, includes –
- (a) the personal representatives of the deceased individual concerned, and
 - (b) any other person on whose directions plan managers agree to act in relation to the investments.
- (3) In sections 699 and 701 “investor” includes a person entitled to an exemption given by investment plan regulations by virtue of subsection (1) of this section.
- (4) Investments are “administration-period investments” if –
- (a) an individual dies, and
 - (b) immediately before the individual’s death –
 - (i) the investments were held under a plan,
 - (ii) the individual was entitled to the income from the investments, and
 - (iii) as a result of investment plan regulations, the individual’s income from investments under the plan was exempt from income tax (either wholly or to an extent specified in the regulations).
- (5) Investments are also “administration-period investments” if (directly or indirectly) they represent investments that are administration-period investments as a result of subsection (4).
- (6) Investment plan regulations may provide that investments are administration-period investments as a result of subsection (4) or (5) only at times specified in, or ascertained in accordance with, the regulations.
- (7) Provision under subsection (6) may (in particular) be framed by reference to the completion of the administration of a deceased individual’s estate.
- (8) In the application of subsection (7) in relation to Scotland, the reference to the completion of the administration is to be read in accordance with section 653(2).”

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- (2) In section 151(2) of TCGA 1992 (Chapter 3 of Part 6 of ITTOIA 2005 applies with modifications in relation to regulations giving relief from capital gains tax in respect of investments under plans) –
- (a) in the words before paragraph (a), for “section 694(1) to (2)” substitute “sections 694(1) to (2) and 694A(1)”, and
 - (b) after paragraph (a) insert –
 - “(aa) section 694A(2) applies also for the purposes of subsection (1) of this section,
 - (ab) the reference in section 694A(3) to section 694A(1) is to be read as a reference to paragraph (aa) of this subsection,
 - (ac) the reference in section 694A(4)(b)(iii) to the individual’s income from investments under the plan being exempt from income tax is to be read as a reference to the individual being entitled to relief from capital gains tax in respect of the investments,”.
- (3) In section 62 of TCGA 1992 (death: general provisions), after subsection (4) (acquisition of asset as legatee) insert –
- “(4A) The Treasury may by regulations make provision having effect in place of subsection (4)(b) above in a case where there has been a time when the personal representatives –
- (a) held the asset acquired by the legatee, and
 - (b) would, if they had disposed of the asset at that time –
 - (i) by way of a bargain at arm’s length, and
 - (ii) otherwise than to a legatee,have been entitled as a result of regulations under section 151 (investments under plans) to relief from capital gains tax in respect of any chargeable gain accruing on the disposal.
- (4B) Provision made by regulations under subsection (4A) above may (in particular) treat a person who acquires an asset as legatee as doing so at a time or for a consideration, or at a time and for a consideration, ascertained as specified by the regulations.”
- (4) In consequence of subsection (2)(a), in FA 2011 omit section 40(6)(a).