



Income and Corporation Taxes Act 1970

1970 CHAPTER 10

PART IX

PENSION SCHEMES, LIFE ANNUITIES ETC

CHAPTER I

PENSION SCHEMES GENERALLY, AND SOCIAL SECURITY BENEFITS AND CONTRIBUTIONS

208 Approved superannuation funds

- (1) Subject to the provisions of this section and to any regulations made thereunder, exemption from income tax shall, on a claim being made in that behalf, be allowed in respect of income derived from investments or deposits of a superannuation fund ; and subject as aforesaid, any sum paid by an employer or employed person by way of contribution towards a superannuation fund shall, in computing profits or gains for the purpose of an assessment to tax under Case I or II of Schedule D or under Schedule E, be allowed to be deducted as an expense incurred in the chargeable period in which the sum is paid:

Provided that—

- (a) no allowance shall be made under the preceding provision in respect of any contribution by an employed person which is not an ordinary annual contribution, and, where a contribution by an employer is not an ordinary annual contribution, it shall, for the purpose of the preceding provision, be treated, as the Board may direct, either as an expense incurred in the chargeable period in which the sum is paid, or as an expense to be spread over such period of years as the Board think proper, and
- (b) no allowance shall be made under this section in respect of any payments in respect of which relief can be given under section 19 or 20 of this Act (relief for life insurance premiums and certain other payments).

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- (2) There shall be exempt from tax chargeable under Case VII of Schedule D any gain accruing to a person from his acquisition and disposal of investments or deposits held by him as part of a superannuation fund, and for the purposes of capital gains tax a gain shall not be a chargeable gain if accruing to a person from his disposal of investments held by him as part of a superannuation fund:

Provided that where part only of a fund is approved as a superannuation fund under this section the gain in question shall be exempt from tax or from being a chargeable gain to the same extent only as income derived from the assets would be exempt under subsection (1) above.

- (3) Income tax chargeable in respect of an annuity paid out of a superannuation fund to a person residing in the United Kingdom shall, if the Board so direct, be assessed and charged on the annuitant under Schedule E instead of being deducted and accounted for under section 53 of this Act (payments not out of profits or gains brought into charge); and where such a direction has been given, the annuity shall be deemed for all the purposes of the Income Tax Acts to be income assessable under that Schedule.
- (4) For the purposes of this section, " superannuation fund " means, unless the context otherwise requires, a fund which is approved for those purposes by the Board, and, subject as hereinafter provided, the Board shall not approve any fund unless it is shown to their satisfaction that—
- (a) the fund is a fund bona fide established under irrevocable trusts in connection with some trade or undertaking carried on in the United Kingdom by a person residing therein, and
 - (b) the fund has for its sole purpose the provision of annuities for all or any of the following persons in the events respectively specified, that is to say, for persons employed in the trade or undertaking, either on retirement at a specified age or on becoming incapacitated at some earlier age, or for the widows, children or dependants of persons who are or have been so employed, on the death of those persons, and
 - (c) the employer in the trade or undertaking is a contributor to the fund, and
 - (d) the fund is recognised by the employer and employed persons in the trade or undertaking:

Provided that the Board may, if they think fit, and subject to such conditions, if any, as they think proper to attach to the approval, approve a fund, or any part of a fund, as a superannuation fund for the purposes of this section—

- (i) notwithstanding that the rules of the fund provide for the return in certain contingencies of contributions paid to the fund, or
 - (ii) if the main purpose of the fund is the provision of such annuities as aforesaid, notwithstanding that such provision is not its sole purpose, or
 - (iii) notwithstanding that the trade or undertaking in connection with which the fund is established is carried on only partly in the United Kingdom and by a person not residing therein.
- (5) The Board may make regulations generally for the purpose of carrying this section into effect and, in particular, and without prejudice to the generality of the preceding provision, may by such regulations—
- (a) provide for the charging of and accounting for tax in respect of contributions (including interest) repaid to a contributor to a superannuation fund and on lump sums paid in commutation of or in lieu of annuities payable out of a

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- superannuation fund as if any sums so repaid or paid were income of the chargeable period in which they are repaid or paid,
- (b) require the trustees or other persons having the management of a superannuation fund, or an employer whose employees contribute to a superannuation fund, to deliver to the Board such information and particulars as the Board may reasonably require for the purposes of this section,
 - (c) prescribe the manner in which applications for the approval of a superannuation fund are to be made,
 - (d) provide for the withdrawal of approval in the case of a fund which ceases to satisfy the requirements of this section,
 - (e) provide for determining what contributions to a superannuation fund are to be treated as ordinary annual contributions for the purposes of this section.
- (6) The power conferred by subsection (5) above to make regulations shall be exercisable by statutory instrument.

209 Contributions under statutory pension schemes

- (1) Where, in pursuance of any public general Act of Parliament, superannuation allowances or gratuities are payable to individuals holding an office or employment on their retirement, or to their legal personal representatives on their death, and such individuals are by any such Act required to make contributions towards the expenses of providing the allowances and gratuities, the sums so contributed by any such individual for any year may be deducted from the amount of his emoluments to be assessed to income tax for that year.
- (2) Where any such sums as are mentioned in subsection (1) above are to be repaid to any individual under the authority of any such Act as is therein mentioned, the person by or through whom the sums are to be repaid shall deduct from those sums an amount equal to the total amount of the income tax which would have been paid in respect of those sums if they had not been allowed as deductions under the authority of this section, and, if those sums are repaid with any interest thereon, shall also deduct therefrom an amount equal to the total amount of the income tax which would have been paid in respect of that interest if it had actually been paid to the individual in the several years in respect of which it is paid, and the provisions of subsections (2) and (3) of section 53 of this Act (payments not out of profits or gains brought into charge) shall apply in regard to the accounting for and recovery of the amounts so deducted.
- (3) Any person having the custody of the books containing the assessments to income tax on any individual for the several years in respect of which sums are repayable to him as aforesaid shall, notwithstanding anything contained in any declaration made by that person in pursuance of section 6 of the Taxes Management Act 1970, on application by the person by or through whom the sums are repayable, furnish to him such particulars as may be necessary to enable him to compute the appropriate amount of income tax to be deducted and paid over by him as aforesaid.

210 Disallowance of contributions for widows' and other pensions

Relief from income tax shall not be allowed under any provision of the Income Tax Acts to any person in respect of—

- (a) any contributions made by him under Part III or IV of the Superannuation Act 1965, or

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- (b) any contributions made by him under any enactments of the Parliament of Northern Ireland corresponding to the said Parts III and IV, and, in particular, under Parts II and III of the Superannuation Act (Northern Ireland) 1967, or
- (c) any contribution under section 8 or 9 of the Administration of Justice (Pensions) Act 1950.

211 Parliamentary pension funds

- (1) The salary of a Member of the House of Commons shall, for all the purposes of the Income Tax Acts, be treated as reduced by the amounts deducted in pursuance of section 1 of the House of Commons Members' Fund Act 1939 ; but a Member shall not by reason of any such deduction be entitled to relief under any other provision of the Income Tax Acts.

In this subsection the reference to salary shall be construed as mentioned in subsection (3) of the said section 1, the reference to amounts deducted includes a reference to amounts required to be set aside under that subsection, and " deduction " shall be construed accordingly.

- (2) The respective trustees of—
- (a) the House of Commons Members' Fund established under section 1 of the said Act of 1939,
 - (b) the Members' Contributory Pension Fund constituted under section 4(2) of the Ministerial Salaries and Members' Pensions Act 1965, and
 - (c) the Members' Contributory Pension (Northern Ireland) Fund constituted under section 3(2) of the Ministerial Salaries and Members' Pensions Act (Northern Ireland) 1965,

shall be entitled to exemption from income tax in respect of all income derived from the said Funds or any investment thereof. A claim under this subsection shall be made to the Board.

- (3) A gain accruing to a person from his acquisition and disposal of assets held by him as part of any Fund mentioned in subsection (2) above shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.
- (4) Periodical payments granted out of the House of Commons Members' Fund (including periodical payments granted out of sums appropriated from that Fund or out of the income from those sums) shall be charged to income tax under Schedule
- (5) Any sum payable out of the Members' Contributory Pension Fund or the Members' Contributory Pension (Northern Ireland) Fund under section 13(1) of the Ministerial Salaries and Members' Pensions Act 1965 or, as the case may be, section 12(1) of the Ministerial Salaries and Members' Pensions Act (Northern Ireland) 1965 (transfer to other pension schemes of sums representing accrued pension rights) shall be treated for the purposes of the Income Tax Acts as having been paid in commutation of an annuity payable by a superannuation fund within the meaning of section 208 of this Act; and each such Fund shall be treated as such a superannuation fund for the purposes of any regulations made under the said section 208.

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212 National insurance supplementary schemes etc.

- (1) All income receivable from any source whatsoever for the purposes of any supplementary scheme under section 46 of the National Insurance Act 1965, under section 45 of the National Insurance Act (Northern Ireland) 1966, under section 82 of the National Insurance (Industrial Injuries) Act 1965 or under section 77 of the National Insurance (Industrial Injuries) Act (Northern Ireland) 1966 by the body charged with the administration of the scheme shall be exempt from income tax.
- (2) The body incorporated by Royal Charter under the name of the Royal Seamen's Pension Fund or other the persons in whom the seamen's special fund is for the time being vested shall, in respect of the income derived from that Fund, be entitled to exemption from income tax.

In this subsection " the seamen's special fund " means the fund referred to as such in paragraph 19(c) of Schedule 11 to the National Insurance Act 1965.

- (3) A claim under subsection (1) or (2) above shall be made to the Board.
- (4) A gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund of which income is exempt from tax under subsection (1) or (2) above shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.

213 Indian family pension funds

- (1) Any interest or dividends received by the Commissioners in whom is vested any of the Family Pension Funds mentioned in section 273 of the Government of India Act 1935 on sums forming part of that fund shall be exempt from income tax.
- (2) A gain accruing to the Commissioners from their acquisition and disposal of assets held by them as part of any such fund shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.

214 Indian, Pakistan and colonial pensions and pension funds

- (1) A pension of any of the following descriptions—
 - (a) a pension paid under the authority of the Pensions (India, Pakistan and Burma) Act 1955,
 - (b) a pension paid out of any fund established in the United Kingdom by the government of any country which is, or forms part of, a country mentioned in section 1(3) of the British Nationality Act 1948 by virtue of any enactment passed after 1956, an associated state, a colony, a protectorate, a protected state or a United Kingdom trust territory, or by a government constituted for two or more such countries, if the fund was established for the sole purpose of providing pensions, whether contributory or not, payable in respect of service under that government,
 - (c) a pension paid out of the fund formed under the Overseas Superannuation Scheme (formerly known as the Colonial Superannuation Scheme),

shall not be liable to charge to income tax if it is the income of a person who satisfies the Board that he is not resident in the United Kingdom:

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Provided that this subsection shall not apply to so much of any pension falling within paragraph (a) thereof as is paid by virtue of the application to the pension of the Pensions (Increase) Acts.

- (2) Income derived from investments or deposits of any fund referred to in paragraph (b) or (c) of subsection (1) above shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Board to the persons entitled to receive the income.
- (3) A claim under subsection (1) or (2) above shall be made to the Board.
- (4) A gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund referred to in paragraph (b) or (c) of subsection (1) above shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.
- (5) In this section—

" pension " includes a gratuity or any sum payable on or in respect of death, and a return of contributions with or without interest thereon or any other addition thereto,

" Pensions (Increase) Acts " means the Pensions (Increase) Acts 1944 and 1947, the Pensions (Increase) Act 1952, the Pensions (Increase) Act 1954, the Pensions (Increase) Act 1956, the Pensions (Increase) Act 1959, the Pensions (Increase) Act 1962, the Pensions (Increase) Act 1965 and any Act passed after 3rd August 1966 for purposes corresponding to the purposes of the said Act of 1965,

" United Kingdom trust territory " means a territory administered by the government of the United Kingdom under the trusteeship system of the United Nations, and references to a government constituted for two or more countries include references to any authority established for the purpose of providing or administering services which are common to, or relate to matters of common interest to, two or more countries.

215 Pensions under Overseas Service Act 1958

- (1) So much of any pension paid to or in respect of any person—
 - (a) under an order made under section 2 of the Overseas Service Act 1958, or under a pension scheme provided and maintained under such an order, or
 - (b) under section 4(2) of that Act,

as may be certified by the Secretary of State to be attributable to the employment of that person in the public services of an overseas territory shall not be liable to charge to income tax if it is the income of a person who satisfies the Board that he is not resident in the United Kingdom.

- (2) A claim under subsection (1) above shall be made to the Board.
- (3) In subsection (1) above—

" pension " includes a gratuity or any sum payable on or in respect of death, and a return of contributions with or without interest thereon or any addition thereto,

" overseas territory " means any territory or country outside the United Kingdom, and the reference in that subsection to employment in the public services of an overseas territory shall be construed as if it occurred in the said

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Act of 1958, and subsections (2) and (3) of section 7 of that Act shall apply accordingly.

216 Central African Pension Fund

- (1) A pension paid out of the Central African Pension Fund shall not be liable to charge to income tax if it is the income of a person who, on a claim to the Board for relief under this subsection, satisfies the Board that he is not resident in the United Kingdom.
- (2) Income derived from investments or deposits of that Fund shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Board to the persons entitled to receive the income.
- (3) A gain accruing to a person from his acquisition and disposal of assets held by him as part of that Fund shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.
- (4) In this section " the Central African Pension Fund " means the fund established under that name by section 24 of the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963, and " pension " includes a gratuity or any sum payable on or in respect of death, and a return of contributions with or without interest thereon or any other addition thereto.

217 Overseas Service Pensions Fund

- (1) A pension paid out of the Overseas Service Pensions Fund shall not be liable to charge to income tax if it is the income of a person who, on a claim to the Board for relief under this subsection, satisfies the Board that he is not resident in the United Kingdom.
- (2) In respect of income derived from investments or deposits of that Fund, the Board shall give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (3) A gain accruing to a person from his acquisition and disposal of assets held by him as part of that Fund shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.
- (4) In this section " the Overseas Service Pensions Fund " means the Fund established under that name pursuant to section 7(1) of the Overseas Aid Act 1966, and "pension" includes a gratuity or any sum payable on or in respect of death or ill-health, and a return of contributions with or without interest thereon or any other addition thereto.

218 Pension funds for overseas employees

- (1) In respect of dividends and other income derived from investments, deposits or other property of a superannuation fund to which this section applies, the Board shall, on a claim being made to them for the purpose, give by way of repayment such relief from income tax as is necessary to secure that they are exempt to the like extent (if any) as if they were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (2) A gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund to which this section applies shall be exempt from tax chargeable

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under case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.

- (3) Where an annuity is paid from a superannuation fund to which this section applies to a person who is not resident in the United Kingdom, income tax shall not be deducted from any payment of the annuity or accounted for under section 53 of dais Act (payments not out of profits or gains brought into charge) by the trustees or other persons having the control of the fund.
- (4) This section applies to any superannuation fund which—
- (a) is bona fide established under irrevocable trusts in connection with some trade or undertaking carried on wholly or partly outside the United Kingdom,
 - (b) has for its sole purpose the provision of superannuation benefits in respect of persons' employment in the trade or undertaking wholly outside the United Kingdom, and
 - (c) is recognised by the employer and employed persons in the trade or undertaking;

and for the purposes of this subsection duties performed in the United Kingdom the performance of which is merely incidental to the performance of other duties outside the United Kingdom shall be treated as performed outside the United Kingdom.

219 Social security benefits and contributions

- (1) The following payments shall be charged to income tax under Schedule E—
- (a) payments of benefit under the National Insurance Act 1965, or the National Insurance Act (Northern Ireland) 1966, except (within the meaning of those Acts) unemployment benefit, sickness benefit, maternity benefit and death grant, and
 - (b) payments on account of allowances under the Family Allowances Act 1965 or the Family Allowances Act (Northern Ireland) 1966.
- (2) Payments of benefit under the Ministry of Social Security Act 1966, or the Supplementary Benefits &c. Act (Northern Ireland) 1966, shall not be treated as income for any purpose of the Income Tax Acts.
- (3) No relief or deduction shall be given or allowed in respect of any contribution paid by any person under the National Insurance Act 1965 or the National Insurance Act (Northern Ireland) 1966:

Provided that nothing in this subsection shall apply to any employer's contribution within the meaning of the said Acts of 1965 and 1966 which is allowable as a deduction in computing profits or gains, in computing expenses of management under section 304 of this Act (investment companies) or that section as applied by section 305 of this Act (insurance companies), or in computing expenses of management or supervision under section 158 of this Act (owners of mineral rights).

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CHAPTER II

PENSION RIGHTS OF DIRECTORS AND EMPLOYEES

220 Taxation of provision for retirement benefits etc. for directors and employees of bodies corporate

- (1) Subject to section 221 below, where, pursuant to a scheme for the provision of future retirement or other benefits for persons consisting of or including directors or employees of a body corporate (in this Chapter referred to as " a retirement benefits scheme "), the (body corporate in any year of assessment pays a sum with a view to the provision of any such benefits for any director or employee thereof, then (whether or not the accrual of the benefits is dependent on any contingency)—
- (a) the sum paid, if not otherwise chargeable to income tax as income of the director or employee, shall be deemed for all the purposes of the Income Tax Acts to be income of that director or employee for that year of assessment and assessable to tax under Schedule E, and
 - (b) where the payment is made under such an insurance or contract as is mentioned in section 19 or 20 of this Act (relief for life insurance premiums and certain other payments) relief, if not otherwise allowable, shall be given to him under the said section 19 or 20, as the case may be, in respect of the payment to the extent, if any, to which such relief would have been allowable to him if the payment had been made by him and the insurance or contract under which the payment is made had been made with him.
- (2) Subject to section 221 below, where—
- (a) an agreement is in force between a body corporate and a director or employee of that body for the provision for the director or employee of any future retirement or other benefits afforded by a retirement benefits scheme, or a person is serving as a director or employee of a body corporate in connection with which there is a retirement benefits scheme relating to persons of the class within which he falls under which any such benefits will be provided for him, and
 - (b) the body corporate does not, or does not fully, secure the provision of the benefits by the payment of such sums as are mentioned in subsection (1) above, and
 - (c) the circumstances in which the benefits are to accrue are not such as will render the benefits assessable to income tax under Schedule E as emoluments of his office as a director or of his employment,
- then (whether or not the accrual of the benefits is dependent on any contingency), in each year of assessment in which the agreement is in force or the director or employee is serving as aforesaid, up to and including the year of assessment in which the benefits accrue or there ceases to be any possibility of the accrual thereof, a sum equal to the annual sum which the body corporate would have had to pay in that year under a contract with a third person which secured the provision by that third person of those benefits or, as the case may be, of those benefits so far as not already secured by the payment of such sums as are mentioned in subsection (1) above, shall be deemed for all the purposes of the Income Tax Acts to be income of the director or employee for that year and assessable to income tax under Schedule E.
- (3) Where the body corporate pays any sum as mentioned in subsection (1) above in relation to several directors or employees, the sum so paid shall, for the purpose of

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that subsection, be apportioned among them by reference to the separate sums which would have had to be paid to secure the separate benefits to be provided for them respectively, and the part of the sum apportioned to each of them shall be deemed for that purpose to have been paid separately in relation to that one of them.

221 Exemptions from charge to tax under s. 220

- (1) The following payments shall be exempted from the operation of section 220(1) above—
 - (a) payments made pursuant to a statutory superannuation scheme, or made to a superannuation fund approved (whether in whole or in part) by the Board for the purposes of section 208 above,
 - (b) payments made pursuant to an excepted provident fund or staff assurance scheme or other similar scheme (as defined in section 224 below), and
 - (c) payments made by way of premium pursuant to a scheme the benefits whereunder are secured by premiums payable by the body corporate, with or without contributions by the directors or employees affected, under life or endowment assurance or life annuity contracts, being a scheme which was in operation before 6th April 1947, and which is not confined, or substantially confined, to directors and persons who, not being directors, are remunerated at a rate exceeding £2,000 a year, or to directors or to such persons.
- (2) Neither subsection (1) nor subsection (2) of section 220 above shall apply so as to cause any sum to be deemed to be income as therein mentioned where the retirement benefits scheme in question is one under which the main benefit afforded to each of the persons to whom the scheme relates is the provision for him of a pension or annuity for his life, and either—
 - (a) that scheme was in operation before 6th April 1944, or
 - (b) that scheme is for the time being approved by the Board under section 222 below.
- (3) Where, in respect of the provision for a director or employee of any future retirement or other benefits, a sum has been deemed to be income of his by virtue either of subsection (1) or of subsection (2) of section 220 above, and subsequently the director or employee proves to the satisfaction of the Board that no payment in respect of, or in substitution for, the benefits has been made and that some event has occurred by reason of which no such payment will be made, and makes application for relief under this subsection within three years from the time when that event occurred, the Board shall give relief in respect of tax on that sum by repayment or otherwise as may be appropriate; and if the director or employee satisfies the Board as aforesaid in relation to some particular part of the benefits but not the whole thereof, they may give such relief as may seem to them just and reasonable.
- (4) Where, apart from this subsection, any sum would be deemed, by virtue either of subsection (1) or of subsection (2) of section 220 above, to be income of an employee for any year of assessment, but, by reason of his exercising his employment outside the United Kingdom, he is not assessable to tax under Case I or II of Schedule E in respect of the emoluments of his employment for that year, that subsection shall not apply so as to cause that sum to be deemed to be income of his for that year.

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222 Approval of retirement benefits schemes

- (1) Subject to section 223 below, the Board shall approve a retirement benefits scheme for the purpose of subsection (2) of section 221 above unless it appears to them that the scheme does not fall within the said subsection (2) by reason of the fact that the main benefit afforded thereby is not such as is therein mentioned, or that, although the main benefit is such as aforesaid, the scheme fails to satisfy some one or more of the following conditions, that is to say—
- (a) that that benefit will accrue only on retirement at a specified age or on earlier retirement through incapacity or on death,
 - (b) that the nature of the benefits afforded by the scheme is the same in relation to all the persons to whom the scheme relates,
 - (c) that the proportion between the value of the pensions or annuities provided for by the scheme, in so far as they are not commutable, and the value of all other benefits afforded thereby, including the value of so much, if any, of the said pensions or annuities as is commutable, is reasonably comparable to the proportion between the values of such benefits respectively as are usually afforded by statutory superannuation schemes,
 - (d) that the aggregate value of the benefits, of whatever nature, afforded by the scheme is reasonably comparable to the aggregate value of the benefits usually afforded by statutory superannuation schemes in like circumstances,
 - (e) that the pensions or annuities provided for by the scheme are not assignable, either in whole or in part, and
 - (f) that no service of a person, in whatever capacity, rendered by him while he is a controlling director of the body corporate is taken into account for any of the purposes of the scheme:

Provided that the Board may, if they think fit, having regard to the facts of the particular case, approve a scheme, the main benefit afforded whereby is such as is mentioned in subsection (2) of section 221 above notwithstanding that it may not, in one or more respects, satisfy the whole of the aforesaid conditions.

- (2) Where the Board have given their approval to a scheme, they may at any time, by notice in writing to the body corporate in question, withdraw their approval on such grounds, and as from such date, as may be specified in the notice.

223 Aggregation and severance of schemes

- (1) References in this Chapter to a retirement benefits scheme shall be construed in accordance with the following provisions, that is to say—
- (a) references to such a scheme shall, in relation to a deed, agreement, series of agreements, or other arrangements providing for retirement or other benefits for persons of two or more classes, be construed as references to so much thereof as relates to persons of a single class, and accordingly a deed, agreement, series of agreements, or other arrangements so providing shall be treated for the purposes of this Chapter as constituting two or more retirement benefits schemes relating respectively to the different classes, and
 - (b) references to such a scheme include references to a deed, agreement, series of agreements, or other arrangements providing for retirement or other benefits for persons consisting of or including a director or employee, or directors or employees, of a body corporate (or, in a case falling within paragraph (a) above, to so much thereof as relates to a person or persons of any one class),

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notwithstanding that it or they relates or relate only to a small number of directors or employees, or to a single director or employee.

(2) For the purpose—

- (a) of determining, in the case of a retirement benefits scheme which was in operation before 6th April 1944, whether the scheme falls within subsection (2) of section 221 above as respects the nature of the main benefit afforded thereby, and
- (b) of determining, in the case of a retirement benefits scheme submitted for the approval of the Board, whether the scheme so falls, and whether the conditions specified in subsection (1) of section 222 above are satisfied,

the scheme shall be considered in conjunction with any other retirement benefits scheme or schemes subsisting in connection with the body corporate and relating to persons of the class to which the scheme in question relates, and—

- (i) if the main benefit afforded by all those schemes taken together is such as is mentioned in subsection (2) of the said section 221, each of them shall be taken to fall within that subsection as respects the nature of the main benefit afforded thereby, and, if it is not, none of them shall be taken so to fall, and
- (ii) if the said conditions are satisfied in the case of all of them taken together, those conditions shall be taken to be satisfied in the case of each of them, and, if not, those conditions shall be taken to be satisfied in the case of none of them.

(3) The Board may, if they think fit—

- (a) approve a part of a retirement benefits scheme, or
- (b) approve such a scheme notwithstanding that, having regard to another such scheme subsisting in connection with the body corporate, the scheme in question is to be treated by virtue of subsection (2) above as not falling within subsection (2) of the said section 221 or as not satisfying the conditions aforesaid,

and where, under this subsection, the Board approve a part of a scheme, neither subsection (1) nor subsection (2) of section 220 above shall apply so as to cause any sum to be deemed to be income of a director or employee by reference to the provision for him of benefits afforded by that part of the scheme or of any part of such benefits.

224 Supplementary provisions

(1) In this Chapter, except where the context otherwise requires—

"controlling director" means a director of a company, the directors whereof have a controlling interest therein, who is the beneficial owner of, or able either directly or through the medium of other companies or by any other indirect means to control, more than 5 per cent. of the ordinary share capital of the company ("company" meaning, for the purposes of this definition, one within the Companies Act 1948 or the Companies Act (Northern Ireland) 1960);

"director" means—

- (a) in relation to a body corporate the affairs whereof are managed by a board of directors or similar body, a member of that board or similar body,
- (b) in relation to a body corporate the affairs whereof are managed by a single director or similar person, that director or person,

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(c) in relation to a body corporate the affairs whereof are managed by the members themselves, a member of the body corporate, and includes any person who is to be or has been a director;

" employee ", in relation to a body corporate, includes any person taking part in the management of the affairs of the body corporate who is not a director, and includes a person who is to be or has been an employee ;

" excepted provident fund or staff assurance scheme or other similar scheme " means so much as relates to persons remunerated at a rate of £2,000 a year, or at a less rate, of any retirement benefits scheme as to which the following conditions are satisfied, that is to say—

(a) that the sums paid by the body corporate pursuant to the scheme in question in respect of any person for any period do not exceed ten per cent. of his remuneration for that period, and do not exceed £100 in the case of a period of a year or a correspondingly less or greater amount in the case of a shorter or longer period, and

(b) that no other retirement benefits scheme which relates to employees of the body corporate who are of the class to which the scheme in question relates, and who are remunerated as aforesaid, is subsisting for the time being, or, if there is any such other scheme subsisting, that it (so far as it relates to persons remunerated as aforesaid) and the scheme in question taken together satisfy the requirement specified in paragraph (a) of this definition ;

" retirement or other benefit " means any pension, annuity, lump sum, gratuity or other like benefit to be given on retirement, or in anticipation of retirement, or, in connection with past service, after retirement, or to be given on or in anticipation of or in connection with any change in the nature of the service of the person in question, except that it does not include any pension, annuity, lump sum, gratuity or other like benefit which is to be afforded solely by reason of the death or disability of a person occurring during his service, and for no other reason ;

" service " means service as an employee or director of the body corporate in question, and "retirement" shall be construed accordingly;

" statutory superannuation scheme " means a scheme set up by or approved under any enactment relating to superannuation or set up by or approved under any regulations relating to superannuation made under any enactment by any Minister or Government Department (including a Northern Ireland Minister and a Northern Ireland Government Department).

(2) Where an alteration has been made in a retirement benefits scheme at any time after 5th April 1947, the scheme shall, for the purposes of this Chapter, be deemed to have become a new scheme coming into being on the date of the alteration:

Provided that this subsection shall not apply to an alteration approved by the Board.

(3) Any reference in this Chapter to the provision for a person of retirement or other benefits includes a reference to the provision of benefits payable to that person's spouse, children, dependants or personal representatives, and any reference therein to the provision for a person of a pension or annuity for his life includes a reference to the provision (either in addition or as an alternative to the pension or annuity payable for his life) of a pension or annuity payable to that person's spouse or to any child or dependant of that person, for the life of the spouse, child or dependant.

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- (4) Any reference in this Chapter to the provision of retirement or other benefits, or of a pension or annuity, by a body corporate includes a reference to the provision thereof by means of a contract with a third person.
- (5) It shall be the duty of a body corporate—
- (a) to deliver to the inspector, within the three months beginning with the date on which the scheme comes into being, particulars of any retirement benefits scheme other than a scheme referred to in section 221(1) above, and
 - (b) when required to do so by notice given by the inspector, to furnish within the time limited by the notice such further particulars as he may require with regard to any retirement benefits scheme subsisting in connection with the body corporate or to the persons to whom it relates.

225 Application to unincorporated societies, etc.

This Chapter shall apply in relation to unincorporated societies or other bodies as it applies in relation to bodies corporate :

Provided that the reference in this section to unincorporated societies or other bodies shall be deemed not to include a reference to individuals in partnership.

CHAPTER III

RETIREMENT ANNUITIES

226 Approval of retirement annuity contracts and trust schemes

- (1) Where, in any year of assessment, an individual—
- (a) is (or would but for an insufficiency of profits or gains be) chargeable to income tax in respect of relevant earnings from any trade, profession, vocation, office or employment carried on or held by him, and
 - (b) pays a premium or other consideration under an annuity contract for the time being approved by the Board as having for its main object the provision for the individual of a life annuity in old age (hereafter in this Chapter referred to as " a qualifying premium "),
- then relief from income tax may be given in respect of the qualifying premium under section 227 below, and any annuity payable to the same or another individual shall be treated as earned income of the annuitant to the extent to which it is payable in return for any amount on which relief is so given.
- (2) Subject to subsection (3) below, the Board shall not approve a contract unless it appears to them to satisfy the conditions that it is made by the individual with a person lawfully carrying on in the United Kingdom the business of granting annuities on human life, and that it does not—
- (a) provide for the payment by that person during the life of the individual of any sum except sums payable by way of annuity to the individual, or
 - (b) provide for the annuity payable to the individual to commence before he attains the age of sixty or after he attains the age of seventy, or
 - (c) provide for the payment by that person of any other sums except sums payable by way of annuity to the individual's widow or widower and any sums which,

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- in the event of no annuity becoming payable either to the individual or to a widow or widower, are payable to the individual's personal representatives by way of return of premiums, by way of reasonable interest on premiums or by way of bonuses out of profits, or
- (d) provide for the annuity, if any, payable to a widow or widower of the individual to be of a greater annual amount than that paid or payable to the individual, or
 - (e) provide for the payment of any annuity otherwise than for the life of the annuitant,
- and that it does include provision securing that no annuity payable under it shall be capable in whole or in part of surrender, commutation or assignment.
- (3) The Board may, if they think fit, and subject to any conditions they think proper to impose, approve a contract otherwise satisfying the preceding conditions, notwithstanding that the contract provides for one or more of the following matters—
- (a) for the payment after the individual's death of an annuity to a dependant not the widow or widower of the individual,
 - (b) for the payment to the individual of an annuity commencing before he attains the age of sixty, if the annuity is payable on his becoming incapable through infirmity of body or mind of carrying on his own occupation or any occupation of a similar nature for which he is trained or fitted,
 - (c) if the individual's occupation is one in which persons customarily retire before attaining the age of sixty, for the annuity to commence before he attains that age (but not before he attains the age of fifty),
 - (d) for the annuity payable to any person to continue for a term certain (not exceeding ten years), notwithstanding his death within that term, or for the annuity payable to any person to terminate, or be suspended, on marriage (or re-marriage) or in other circumstances,
 - (e) in the case of an annuity which is to continue for a term certain, for the annuity to be assignable by will, and in the event of any person dying entitled to it, for it to be assignable by his personal representatives in the distribution of the estate so as to give effect to a testamentary disposition, or to the rights of those entitled on intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.
- (4) So much of subsection (1) above as provides that an annuity shall be treated, in whole or in part, as earned income of the annuitant shall apply only in relation to the annuitant to whom the annuity is made payable by the terms of the contract.
- (5) The preceding provisions of this section shall apply in relation to a contribution under a trust scheme approved by the Board as they apply in relation to a premium under an annuity contract so approved, with the modification that, for the condition as to the person with whom the contract is made, there shall be substituted a condition that the scheme—
- (a) is established under the law of any part of, and administered in, the United Kingdom, and
 - (b) is established for the benefit of individuals engaged in or connected with a particular occupation (or one or other of a group of occupations), and for the purpose of providing retirement annuities for them, with or without subsidiary benefits for their families or dependants, and
 - (c) is so established under irrevocable trusts by a body of persons comprising or representing a substantial proportion of the individuals so engaged in the

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United Kingdom, or of those so engaged in England, Wales, Scotland or Northern Ireland,

and with the necessary adaptations of other references to the contract or the person with whom it is made.

- (6) Exemption from income tax shall be allowed in respect of income derived from investments or deposits of any fund maintained for the purpose mentioned in subsection (5)(b) above under a scheme for the time being approved under that subsection ; and a gain accruing to a person from his acquisition and disposal of assets held by him as part of any such fund shall be exempt from tax chargeable under Case VII of Schedule D, and shall not be a chargeable gain for the purposes of capital gains tax.
- (7) The Board may at any time, by notice in writing given to the persons by and to whom premiums are payable under any contract for the time being approved under this section, or to the trustees or other persons having the management of any scheme so approved, withdraw that approval on such grounds and from such date as may be specified in the notice.
- (8) For the purposes of this Chapter, a married woman's relevant earnings shall not be treated as her husband's relevant earnings, notwithstanding that her income chargeable to tax is treated as his income.
- (9) Subject to subsection (8) above, " relevant earnings", in relation to any individual, means for the purposes of this Chapter any income of his chargeable to tax for the year of assessment in question, being either—
- (a) income arising in respect of remuneration from an office or employment held by him other than a pensionable office or employment, or
 - (b) income from any property which is attached to or forms part of the emoluments of any such office or employment held by him, or
 - (c) income which is chargeable under Schedule A, Schedule B or Schedule D and is immediately derived by him from the carrying on or exercise by him of his trade, profession or vocation either as an individual or, in the case of a partnership, as a partner personally acting therein, or
 - (d) income treated as earned income by virtue of section 383 of this Act (patent rights),

but does not include any remuneration as director of a company whose income consists wholly or mainly of investment income (construed in accordance with section 292(1) of this Act), being a company of which he is a controlling director (as defined in section 224(1) above).

- (10) For the purposes of this Chapter, an office or employment is a pensionable office or employment if, and only if, service in it is service to which a sponsored superannuation scheme relates (not being a scheme under which the benefits provided in respect of that service are limited to a lump sum payable on the termination of the service through death or disability before the age of seventy or some lower age); but references to a pensionable office or employment apply whether or not the duties are performed wholly or partly in the United Kingdom or the holder is chargeable to tax in respect of it.

Service in an office or employment shall not for the purposes of this definition be treated as service to which a sponsored superannuation scheme relates by reason only of the fact that the holder of the office or employment might (though he does not)

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participate in the scheme by exercising or refraining from exercising an option open to him by virtue of that service.

- (11) In subsection (10) above "a sponsored superannuation scheme" means a scheme or arrangement relating to service in particular offices or employments and having for its object or one of its objects to make provision in respect of persons serving therein against future retirement or partial retirement, against future termination of service through death or disability, or against similar matters, being a scheme or arrangement under which any part of the cost of the provision so made is or has been borne otherwise than by those persons by reason of their service (whether it is the cost or part of the cost of the benefits provided, or of paying premiums or other sums in order to provide those benefits, or of administering or instituting the scheme or arrangement); but for this purpose a person shall be treated as bearing by reason of his service the cost of any payment made or agreed to be made in respect of his service, if that payment or the agreement to make it is treated under the Income Tax Acts as increasing his income, or would be so treated if he were chargeable to tax under Case I of Schedule E in respect of his emoluments from that service.
- (12) Nothing in sections 4 and 6 of the Policies of Assurance Act 1867 (which put on assurance companies certain obligations in relation to notices of assignment of policies of life assurance) shall be taken to apply to any contract approved under this section.
- (13) For the purposes of any provision applying this subsection " approved annuities" means annuities under contracts approved by the Board under this section, being annuities payable wholly in return for premiums or other consideration paid by a person who (when the premiums or other consideration are or is payable) is, or would but for an insufficiency of profits or gains be, chargeable to tax in respect of relevant earnings from a trade, profession, vocation, office or employment carried on or held by him.

227 Nature and amount of relief for qualifying premiums

- (1) Relief shall be given under this section in respect of a qualifying premium paid by an individual only on a claim made for the purpose, and where relief is to be so given, the amount of that premium shall be deducted from or set off against his relevant earnings for the year of assessment in which the premium is paid:

Provided that the amount which may be deducted or set off in any year of assessment (whether in respect of one or more qualifying premiums) shall not be more than the sum of £750, nor more than one-tenth of his net relevant earnings for that year, and, where the condition in section 226(1)(a) above is satisfied as respects part only of that year, then for the said sum of £750 there shall be substituted the sum which bears to it the same proportion as that part bears to the whole year, but so that in the case of individuals holding a pensionable office or employment, and of individuals born in or before the year 1915, this proviso shall have effect subject to the provisions of section 228 below.

- (2) If in any year of assessment a reduction or a greater reduction would be made under this section in the relevant earnings of an individual but for an insufficiency of net relevant earnings, the amount of the reduction which would be made but for that insufficiency, less the amount of any reduction which is made in that year, shall be carried forward to the next following year, and shall be treated for the purposes of relief under this section as the amount of a qualifying premium paid in that following year, and so on for succeeding years (if necessary).

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- (3) Where, on the making of an assessment for any year on an individual's relevant earnings or on the profits or gains of a partnership from which he derives relevant earnings, notice of assessment is given after or within six months before the end of the year of assessment, and the individual pays a qualifying premium after the end of that year but within the period beginning with the end of that year and ending six months after the date on which the assessment becomes final and conclusive, he may within that period elect that for the purposes of relief under this section the premium shall be treated as paid in that year and not in the year in which it is paid, and where he does so elect, any relief given in consequence of the election for the earlier year shall be given by repayment of tax:

Provided that where either—

- (a) the amount of that premium, together with any qualifying premiums paid by him in the year to which the assessment relates (or treated as so paid by virtue of any previous election under this subsection), exceeds the maximum amount of the reduction which may be made under this section in his relevant earnings for that year, or
- (b) the amount of that premium itself exceeds the increase in that maximum amount which is due to taking into account the income on which the assessment is made,

then the election shall have no effect as respects the excess.

- (4) For the purposes of relief under this section, an individual's relevant earnings are those earnings before giving effect to any capital allowances, other than deductions allowable in computing profits or gains, but after taking into account the amounts on which charges fall to be made under the Capital Allowances Act 1968 (including the enactments which under this Act are to be treated as contained in Part I of that Act); and references to income in the following provisions of this section (other than references to total income) shall be construed similarly.
- (5) Subject to the following provisions of this section, " net relevant earnings" means, in relation to an individual, the amount of his relevant earnings for the year of assessment in question, less the amount of any deductions falling to be made from the relevant earnings in computing for the purposes of income tax at the standard rate his total income for that year, being either—
- (a) deductions in respect of payments made by him, or
 - (b) deductions in respect of losses or of capital allowances, being losses or allowances arising from activities profits or gains of which would be included in computing relevant earnings of the individual or of the individual's wife or husband for the year 1956-57 or a later year of assessment.
- (6) Where, in any year of assessment for which an individual claims and is allowed relief under this section, there falls to be made in computing the total income of the individual or that of the individual's wife or husband a deduction in respect of any such loss or allowance of the individual as is mentioned in subsection (5)(b) above, and the deduction or part of it falls to be so made from income other than relevant earnings, the amount of the deduction made from that other income shall be treated as reducing the individual's net relevant earnings for subsequent years of assessment (being deducted as far as may be from those of the immediately following year, whether or not he claims or is entitled to claim relief under this section for that year, and so far as it cannot be so deducted, then from those of the next year, and so on).

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- (7) Where an individual's income for any year of assessment consists partly of relevant earnings and partly of other income, then as far as may be any deductions which fall to be made in computing his total income, and which may be treated in whole or in part either as made from relevant earnings or as made from other income, shall be treated for the purposes of this section as being made from those relevant earnings in so far as they are deductions in respect of any such loss or allowance as is mentioned in subsection (5)(b) above, and otherwise as being made from that other income.
- (8) An individual's net relevant earnings for any year of assessment are to be computed without regard to any relief which falls to be given for that year under this section either to the individual or to the individual's wife or husband.
- (9) An individual's relevant earnings, in the case of partnership profits, shall be taken to be his share of the partnership income, estimated in accordance with the Income Tax Acts, but the amount to be included in respect of those earnings in arriving at his net relevant earnings shall be his share of that income after making therefrom all such deductions (if any) in respect of payments made by the partnership, or in respect of capital allowances falling to be made to the partnership for chargeable periods after the year 1955-56, as would be made in computing the tax payable in respect of that income.
- (10) Where relief under this section for any year of assessment is claimed and allowed (whether or not relief then falls to be given for that year), and afterwards there is made any assessment, alteration of an assessment, or other adjustment of the claimant's liability to tax, there shall be made also such adjustments, if any, as are consequential thereon in the relief allowed or given under this section for that or any subsequent year of assessment.
- (11) Where relief under this section is claimed and allowed for any year of assessment in respect of any payment, relief shall not be given in respect of it under any other provision of the Income Tax Acts for the same or a later year of assessment nor (in the case of a payment under an annuity contract) in respect of any other premium or consideration for an annuity under the same contract; and references in the Income Tax Acts to relief in respect of life assurance premiums shall not be taken to include relief under this section.
- (12) The allowances mentioned in subsections (5)(b) and (9) above shall not be treated as including amounts carried forward from a year of assessment earlier than the year 1956-57.
- (13) If any person, for the purpose of obtaining for himself or any other person any relief from or repayment of tax under this section, knowingly makes any false statement or false representation, he shall be liable to a penalty not exceeding £500.

228 Application of the proviso to s. 227(1) to holders of pensionable offices, etc. and persons born in or before 1915

- (1) Subject to the provisions of this section, in the case of an individual who is the holder of a pensionable office or employment, the proviso to section 227(1) of this Act shall have effect with the substitution for references to £750 of references to £750 less one-tenth of his pensionable emoluments for the year of assessment.
- (2) Where an individual is the holder of a pensionable office or employment during part only of the year of assessment, then—

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- (a) subsection (1) above shall not apply if the condition in section 226(1)(a) above is not satisfied at any time during that part of the year, but
 - (b) if that condition is satisfied at such a time and is also satisfied at a time during the remainder of the year, subsection (1) above shall apply, but for one-tenth of his pensionable emoluments there shall be substituted therein such less proportion thereof as may be just.
- (3) For the purposes of this subsection and subsections (1) and (2) above, an individual's pensionable emoluments for any year of assessment shall be taken to be the amount, estimated in accordance with the provisions applicable to Case I of Schedule E, of any income of his for the year (but not including in the case of a married man income of his wife), being either—
- (a) income arising in respect of remuneration from any pensionable office or employment, or
 - (b) income from any property which is attached to or forms part of the emoluments of any pensionable office or employment.
- (4) Subject to subsection (5) below, in the case of an individual born at a time specified in the first column of the Table set out below, the proviso to section 227(1) of this Act and subsections (1) and (2) above shall have effect with the substitution for references to £750 and to the fraction one-tenth of references respectively to such sum and to such percentage as are specified for his case in the second and third columns of the Table.

TABLE

<i>Year of birth</i>	<i>Sum</i>	<i>Percentage</i>
1914 or 1915	£825	11%
1912 or 1913	£900	12%
1910 or 1911	£975	13%
1908 or 1909	£1,050	14%
1907 or any earlier year	£1,125	15%

- (5) Subsection (4) above shall not apply in relation to any year of assessment in which the individual, in respect of his past services in any office or employment formerly held by him (not being one in which he served part-time only), either—
- (a) receives any income in respect of a pension payable under or in pursuance of a sponsored superannuation scheme or otherwise purchased or provided for him by another person, or
 - (b) has a right under a sponsored superannuation scheme to a pension which is not presently payable, whether because it is suspended or because it is to become payable only at a future time or on the happening of some contingency (but not including a right dependent also on service in an office or employment for the time being held by him).

In this subsection " pension " includes any superannuation or other allowance or deferred pay.

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229 Annuity premiums of Ministers and other officers

- (1) For the purposes of this Chapter, so much of the salary of the holder of any office to which this subsection applies who is also a Member of the House of Commons as is equal to the difference between the remuneration payable under any resolution of the House of Commons to a Member who is, and the remuneration so payable to a Member who is not, the holder of such an office shall be treated as remuneration from the office of Member and not from the office to which this subsection applies, and shall accordingly be treated for the purposes of section 228(1) to (3) of this Act as pensionable emoluments from the office of Member.

This subsection applies to any Ministerial office within the meaning of section 2 of the House of Commons Disqualification Act 1957, the offices of Chairman and Deputy Chairman of Ways and Means and the offices of Leader, and Chief Whip, of the Opposition in the House of Commons within the meaning of section 4 of the Ministerial Salaries Consolidation Act 1965.

- (2) For the purposes of this Chapter, so much of the salary of the holder of any office to which this subsection applies who is also a Member of the House of Commons of Northern Ireland as is equal to the salary to which, pursuant to any Resolution of that House relating to the remuneration of Members, he would be entitled if he did not hold that office shall be treated as remuneration from the office of Member, and not from the office to which this subsection applies, and shall accordingly be treated for the purposes of section 228(1) to (3) of this Act as pensionable emoluments from the office of Member.

The offices to which this subsection applies are those of Chairman of Ways and Means of the House of Commons of Northern Ireland and Attorney General for Northern Ireland.

CHAPTER IV

PURCHASED LIFE ANNUITIES

230 Purchased life annuities, other than retirement annuities

- (1) A purchased life annuity (not being of a description excepted by subsection (7) below) shall, for the purposes of the provisions of the Tax Acts relating to tax on annuities and other annual payments, be treated as containing a capital element and, to the extent of the capital element, as not being an annual payment or in the nature of an annual payment; but the capital element in such an annuity shall be taken into account in computing profits or gains or losses for other purposes of the Tax Acts in any circumstances in which a lump sum payment would be taken into account.
- (2) In the case of any purchased life annuity to which this section applies—
- (a) the capital element shall be determined by reference to the amount or value of the payments made or other consideration given for the grant of the annuity, and
 - (b) the proportion which the capital element in any annuity payment bears to the total amount of that payment shall be constant for all payments on account of the annuity, and
 - (c) where neither the term of the annuity nor the amount of any annuity payment depends on any contingency other than the duration of a human life or lives,

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that proportion shall be the same proportion which the total amount or value of the consideration for the grant of the annuity bears to the actuarial value of the annuity payments as determined in accordance with the next following subsection, and

- (d) where paragraph (c) above does not apply, the said proportion shall be such as may be just, having regard to that paragraph and to the contingencies affecting the annuity.
- (3) For the purposes of subsection (2) above—
- (a) any entire consideration given for the grant of an annuity and for some other matter shall be apportioned as appears just (but so that a right to a return of premiums or other consideration for an annuity shall not be treated for this purpose as a distinct matter from the annuity),
 - (b) where it appears that the amount or value of the consideration purporting to be given for the grant of an annuity has affected, or has been affected by, the consideration given for some other matter, the aggregate amount or value of those considerations shall be treated as one entire consideration given for both and shall be apportioned under paragraph (a) above accordingly, and
 - (c) the actuarial value of any annuity payments shall be taken to be their value as at the date when the first of those payments begins to accrue, that value being determined by reference to the prescribed tables of mortality and without discounting any payment for the time to elapse between that date and the date it is to be made.
- (4) Where a person making a payment on account of any life annuity has been notified in the prescribed manner of any decision as to its being or not being a purchased life annuity to which this section applies or as to the amount of the capital element (if any), and has not been notified of any alteration of that decision, the notice shall be conclusive as to those matters for the purpose of determining the amount of income tax which he is entitled or required to deduct from the payment, or for which he is chargeable in respect of it.
- (5) Where a person making a payment on account of a purchased life annuity to which this section applies has not been notified in the prescribed manner of the amount of the capital element, the amount of income tax which he is entitled or required to deduct from the payment, or for which he is chargeable in respect of it, shall be the same as if the annuity were not a purchased life annuity to which this section applies.
- (6) For the purposes of this section, " life annuity " means an annuity payable for a term ending with (or at a time ascertainable only by reference (a) the end of a human life, whether or not there is provision for the annuity to end during the life on the expiration of a fixed term or on the happening of any event or otherwise, or to continue after the end of the life in particular circumstances, and " purchased life annuity " means a life annuity granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life.
- (7) This section shall not apply—
- (a) to any annuity which would, apart from this section, be treated for the purposes of the provisions of the Tax Acts relating to tax on annuities and other annual payments as consisting to any extent in the payment or repayment of a capital sum, or
 - (b) to any annuity where the whole or part of the consideration for the grant of the annuity consisted of sums satisfying the conditions for relief from income

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- tax under section 19 or 20 of this Act (relief for life insurance premiums and certain other payments) or under section 227 above (retirement annuities), or
- (c) to any annuity purchased in pursuance of any direction in a will, or to provide for an annuity payable by virtue of a will or settlement out of income of property disposed of by the will or settlement (whether with or without resort to capital), or
 - (d) to any annuity purchased under or for the purposes of any sponsored superannuation scheme (as defined in section 226(11) above) or any scheme approved under that section or in pursuance of any obligation imposed, or offer or invitation made, under or in connection with any such scheme or to any other annuity purchased by any person in recognition of another's services (or past services) in any office or employment.

231 Supplementary

- (1) Any question whether an annuity is a purchased life annuity to which section 230 above applies, or what is the capital element in such an annuity, shall be determined by the inspector; but a person aggrieved by the inspector's decision on any such question may appeal within the prescribed time to the Special Commissioners.
- (2) Save as otherwise provided in this Chapter, the procedure to be adopted in giving effect thereto shall be such as may be prescribed.
- (3) The Board may by statutory instrument make regulations for prescribing anything which is to be prescribed under this Chapter, and the regulations may apply for the purposes of this Chapter or of the regulations any provision of the Income Tax Acts, with or without modifications.
- (4) Regulations under subsection (3) above may in particular make provision as to the time limit for making any claim for relief from or repayment of tax under this Chapter and as to all or any of the following matters, that is to say—
 - (a) as to the information to be furnished in connection with the determination of any question whether an annuity is a purchased life annuity to which section 230 above applies, or what is the capital element in an annuity, and as to the persons who may be required to furnish any such information,
 - (b) as to the manner of giving effect to the decision on any such question, and (notwithstanding anything in section 52 of this Act) as to the making of assessments for the purpose on the person entitled to the annuity,
 - (c) as to the extent to which the decision on any such question is to be binding, and the circumstances in which it may be reviewed.
- (5) If any person, for the purpose of obtaining for himself or for any other person any relief from or repayment of tax under this Chapter, knowingly makes any false statement or false representation, he shall be liable to a penalty not exceeding £500.