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SCHEDULES :

SCHEDULE 2

LIFE POLICIES, LIFE ANNUITIES AND CAPITAL REDEMPTION POLICIES

PART IV

CHARGES IN CONNECTION WITH POLICIES OF LIFE INSURANCE, CONTRACTS FOR LIFE ANNUITIES AND CAPITAL REDEMPTION POLICIES

- 9 (1) In section 394(1)(a)—
- (a) in sub-paragraph (iii) the words " or in part" and in sub-paragraph (iv) the words " or of any share therein " shall be omitted ; and
 - (b) after sub-paragraph (iv) there shall be added—
 - “(v) an excess of the reckonable aggregate value mentioned in sub-paragraph (6) of paragraph 9 of Schedule 2 to the Finance Act 1975 over the allowable aggregate amount mentioned in sub-paragraph (7) of that paragraph, being an excess occurring at the end of any year (as defined in sub-paragraph (9) of that paragraph), except, if it ends with another chargeable event, the final year; and”
- (2) In section 394(1)(b)(ii) after the word " assignment " there shall be added the words " or such an excess as is mentioned in paragraph (a)(v) above " and after the word " effected " there shall be inserted the words " or occurs ".
- (3) In section 396(1) the words " or in part", where they first occur, and the words " or of any share therein " shall be omitted and after the words " of those rights " there shall be inserted the words " or an excess of the reckonable aggregate value mentioned in sub-paragraph (6) of paragraph 9 of Schedule 2 to the Finance Act 1975 over the allowable aggregate amount mentioned in sub-paragraph (7) of that paragraph, being an excess occurring at the end of any year (as defined in sub-paragraph (9) of that paragraph), except, if it ends with another chargeable event, the final year ".
- (4) In section 398(1)—
- (a) the words "or in part" and the words "or of any share therein " shall be omitted ; and
 - (b) at the end of paragraph (iii) there shall be inserted “and
 - (iv) an excess of the reckonable aggregate value mentioned in sub-paragraph (6) of paragraph 9 of Schedule 2 to the Finance Act 1975 over the allowable aggregate amount mentioned in sub-paragraph (7) of that paragraph, being an excess occurring at the end of any year (as defined in sub-

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paragraph (9) of that paragraph), except, if it ends with another chargeable event, the final year”,

- (5) For the purposes of sections 394, 396 and 398 as amended by the preceding sub-paragraphs there shall be calculated as at the end of each year, but subject to sub-paragraph (8) below.—
- (a) the value, as at the time of surrender or assignment, of any part of or share in the rights conferred by the policy or contract which has been assigned or surrendered up to the end of the year ; and
 - (b) the appropriate portion of any payment made up to the end of the year by way of premium or as a lump sum consideration;
- and the appropriate portion of any payment shall be one-twentieth for the year in which it is made, increased by a further one-twentieth for each of the subsequent nineteen years, but subject to sub-paragraph (8) below.
- (6) The reckonable aggregate value referred to in those sections shall be—
- (a) the sum of the values calculated under sub-paragraph (5) above; less
 - (b) the sum of the values so calculated for a previous year and brought into account on the previous happening of a chargeable event.
- (7) The allowable aggregate amount referred to in those sections shall be—
- (a) the aggregate of the appropriate portions calculated under sub-paragraph (5) above ; less
 - (b) the aggregate of the appropriate portions so calculated for a previous year and brought into account on the previous happening of a chargeable event.
- (8) In making the calculations required by sub-paragraph (5) above there shall be excluded—
- (a) from the value mentioned in paragraph (a) thereof, the value of any part of or share in the rights conferred by the policy or contract which has been assigned or surrendered before the commencement of the first year which falls wholly after the passing of this Act; and
 - (b) from the appropriate portion mentioned in paragraph (b) thereof, the one-twentieth mentioned therein for any year before that first year.
- (9) In this paragraph "year" means the twelve months beginning with the making of the insurance or contract and any subsequent period of twelve months ; except that—
- (a) death, the maturity of the policy or the surrender of the whole of the rights conferred by the policy or contract shall be treated as ending the final year; and
 - (b) if the final year would by virtue of paragraph (a) above begin and end in the same year of assessment, the final year and the year preceding it shall together be one year.