



# Finance Act 1977

## 1977 CHAPTER 36

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

#### **48 Annual payments for non-taxable consideration**

- (1) Any payment to which this subsection applies shall be made without deduction of income tax, shall not be allowed as a deduction in computing the income or total income of the person by whom it is made and shall not be a charge on income for the purposes of corporation tax.
- (2) Subject to the following provisions of this section, subsection (1) above applies to any payment which—
  - (a) is an annuity or other annual payment charged with tax under Case III of Schedule D, not being interest; and
  - (b) is made under a liability incurred for consideration in money or money's worth all or any of which is not required to be brought into account in computing for the purposes of income tax or corporation tax the income of the person making the payment.
- (3) Subsection (1) above does not apply to—
  - (a) any payment which in the hands of the recipient is income falling within section 457(1)(a) or (c) or (2) of the Taxes Act (partnership agreements, transfers of businesses and maintenance agreements);
  - (b) any payment made to an individual under a liability incurred in consideration of his surrendering, assigning or releasing an interest in settled property to or in favour of a person having a subsequent interest;
  - (c) any annuity granted in the ordinary course of a business of granting annuities ;  
or
  - (d) any annuity charged on an interest in settled property and granted at any time before 30th March 1977 by an individual to a company whose business at that time consisted wholly or mainly in the acquisition of interests in settled

*Status: This is the original version (as it was originally enacted). This  
item of legislation is currently only available in its original format.*

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property or which was at that time carrying on life assurance business in the United Kingdom.

- (4) In the application of this section to Scotland the references in subsection (3) above to settled property shall be construed as references to property held in trust.
- (5) Subsection (1) above does not apply to any payment made on or before 29th March 1977 but applies to a payment made after that date irrespective of when the liability to make it was incurred.