



Finance Act 2002

2002 CHAPTER 23

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

OTHER PROVISIONS

Insurance

87 Life policies etc: chargeable events

- (1) Chapter 2 of Part 13 of the Taxes Act 1988 (life policies, life annuities and capital redemption policies) is amended in accordance with the following provisions of this section.
- (2) Section 541 (computation of gain in case of life policy or, as applied by section 545, capital redemption policy) is amended as follows.
- (3) In subsection (1)(c) (amounts and values to be brought into account in computing gain on an assignment) before “of any previously assigned share in the rights conferred by the policy” insert “, subject to subsection (3A) below,”.
- (4) After subsection (3) (assignments between connected persons) insert—
 - “(3A) the amount or value of such a previously assigned share as is mentioned in paragraph (c) of subsection (1) above falls to be brought into account for the purposes of that paragraph only where that share was so assigned—
 - (a) in a year (as defined in section 546(4)) beginning on or before 5th April 2001; or
 - (b) for money or money’s worth in a year (as so defined) beginning on or after 6th April 2001.”.

Status: This is the original version (as it was originally enacted).

- (5) Section 543 (life annuity contracts: computation of gain) is amended as follows.
- (6) In subsection (1)(b) (amounts and values to be brought into account in computing gain on an assignment) before “of any previously assigned share in the rights conferred by the contract” insert “, subject to subsection (2A) below.”.
- (7) After subsection (2) (which applies section 541(3): assignments between connected persons) insert—
- “(2A) The amount or value of such a previously assigned share as is mentioned in paragraph (b) of subsection (1) above falls to be brought into account for the purposes of that paragraph only where that share was so assigned—
- (a) in a year (as defined in section 546(4)) beginning on or before 5th April 2001; or
- (b) for money or money’s worth in a year (as so defined) beginning on or after 6th April 2001.”.
- (8) Section 546B (special provision in respect of certain section 546 excesses) is amended as follows.
- (9) In subsection (1) (application of section) after paragraph (b) add—
- “This subsection is subject to subsection (1A) below.”.
- (10) After subsection (1) insert—
- “(1A) In the case of a policy which is a qualifying policy (whether or not the premiums under the policy are eligible for relief under section 266) this section applies only if—
- (a) the section 546 excess occurs within the time described in section 540(1)(b)(i); or
- (b) the policy has been converted into a paid-up policy within that time.”.
- (11) The amendments made by subsections (2) to (7) have effect in relation to any assignment on or after 6th April 2002 of the rights conferred by a policy or contract.
- (12) The amendments made by subsections (8) to (10) have effect and shall be taken always to have had effect, in relation to any policy, in relation to any year (as defined in section 546(4) of the Taxes Act 1988) beginning on or after 6th April 2001.