

*These notes refer to the Income Tax (Trading and Other Income)
Act 2005 (c.5) which received Royal Assent on 24 March 2005*

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 4: Savings and investment income

Chapter 9: Gains from contracts for life insurance etc.

Part surrenders and assignments: periodic calculations and excess events

Overview

1964. [Sections 498 to 509](#) perform the same function for chargeable events which are excess events as do sections 491 to 496 for the chargeable events those sections relate to. They set out when this type of part surrender or assignment (including something treated as a part surrender) gives rise to a chargeable event, and how to calculate the amount of the gain arising on that event. The calculation of the gain is made by reference to the history of the policy or contract from when the insurance or contract was made up to the end of the insurance year in which the surrender or assignment occurred. This is the more commonly occurring type of chargeable event arising on a part surrender and assignment.
1965. The sections introduce further expressions, such as “periodic calculations” (this term is not defined but refers to situations where sections require calculations and the incidence of chargeable events is linked to the result of the calculation).
1966. The meaning of “insurance year” and “final insurance year” is provided by section 499. These terms are widely used in this Chapter in calculating gains and in determining when a gain arises and when a chargeable event occurs.