



Finance Act 1920

1920 CHAPTER 18

PART II

INCOME TAX

26 Amendment of s.32 of 8 & 9 Geo.5 c.40

Section thirty-two of the Income Tax Act, 1918 (which relates to relief in respect of life insurance premiums), shall be amended as follows :—

- (1) For the words in subsection (1) from "(b) who is " to the end of the subsection there shall be substituted the following words :—

“(b) who is under any Act of Parliament or under the terms or conditions of his employment liable to the payment of any sum or to the deduction from his salary or stipend of any sum for the purpose of securing a deferred annuity to his widow or provision for his children after his death;

shall, subject as hereinafter provided, be entitled to have the amount of tax payable by him reduced by a sum representing tax at the appropriate rate on the amount of the premium paid by him for any such insurance or contract or on the amount of the sum paid by him or deducted from his salary or stipend.”

For the purposes of this section, the expression ' appropriate rate ' means—

- “(i) where the total income of the claimant from all sources estimated in accordance with the provisions of the Income Tax Acts does not exceed one thousand pounds, half the standard rate of tax :
- (ii) where the total income of the claimant from all sources estimated as aforesaid exceeds one thousand pounds but does not exceed two thousand pounds, three-fourths of the standard rate of tax :

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- (iii) where the total income of the claimant from all sources estimated as aforesaid exceeds two thousand pounds, the standard rate of tax.”
- (2) At the end of subsection (2) there shall be inserted the words " at the appropriate rate.
- (3) In paragraph (c) of subsection (3) after the words " or not " there shall be inserted the words " the amount of the tax calculated at the appropriate rate on an " amount equal to."
- (4) In paragraph (d) of subsection (3) for the words " exceed one hundred pounds in all " there shall be substituted the words " in any case exceed the amount of the tax " calculated at the appropriate rate on one hundred " pounds."
- (5) In paragraph (e) of subsection (3) for the words " three shillings in the pound " there shall be substituted the words " half the standard rate of tax. "
- (6) In the proviso to paragraph (e) of subsection (3) after the word " business " there shall be inserted the words " or for the benefit of the wife or widow of any such " employee or person or of his children or other " dependants."
- (7) At the end of the section there shall be inserted the following new subsections :—
- “(8) Where a premium is paid by a wife out of her separate income in respect of an insurance on her own life or the life of her husband or a contract for any deferred annuity on her own life or the life of her husband, the same allowance of tax shall be made as if the premium were a premium paid by her husband for an insurance on his own life or for a contract for a deferred annuity on his own life, and this section shall apply accordingly.
- (9) " Where the tax ultimately payable by any person after deducting the allowance under this section is greater than the amount of tax which would be payable if the total income of that person exceeded one thousand pounds or two thousand pounds, as the case may be, the allowance under this section shall be increased by a sum representing the amount by which tax at one-fourth of the standard rate on the amount of the premiums or payment in respect of which the allowance is made exceeds the amount of the tax at the standard rate on the amount by which the total income falls short of one thousand pounds or two thousand pounds, as the case may be.”