



# Finance Act 1930

## 1930 CHAPTER 28

### PART II

#### INCOME TAX

##### *Miscellaneous*

- 13 Interest on loans used for payment of premiums, & c, not to be allowed as deduction for supertax purposes**
- (1) Subject to the provisions of this section, in computing for the purposes of sur-tax the total income for any year of an individual who has entered into a contract of assurance, no deduction shall be allowed in respect of any interest on any borrowed money which has been applied directly or indirectly to or towards the payment of any premium under that contract, or of any sum paid in lieu of any such premium.
- (2) Where the benefit of a contract of assurance entered into by any person has become vested in another person, being an individual, subsection (1) of this section shall apply in relation to that individual—
- (a) as if the contract had been a contract entered into by him; and
  - (b) in a case where the benefit of the contract became vested in him by virtue of an assignment and any payment was made by him in consideration of the assignment, as if that payment were the payment of a premium under the contract; and
  - (c) in a case where, either as being the person in whom the said benefit is vested, or by reason of any agreement under or in pursuance of which the said benefit became vested in him, he pays any interest on any borrowed money, as if that money had been applied to the payment of a premium under the contract.
- (3) This section shall not, where the interest is payable at a rate not exceeding ten per cent. per annum, apply to—
- (a) interest on borrowed money applied to or towards the payment of any premium under a contract of assurance entered into before the fifteenth day of

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April, nineteen hundred and thirty which assures a fixed capital sum payable either—

- (i) on death only; or
  - (ii) on the expiration of a period of not less than ten years from the date of the commencement of the contract or on earlier death;
- (b) interest on money borrowed before the sixth day of April, nineteen hundred and twenty-nine, unless
- (i) the money was borrowed from an assurance company; and
  - (ii) the repayment thereof was secured on a contract of assurance; and
  - (iii) the premium in question was a premium under that contract;
- (c) interest on money borrowed mainly on the security of property other than a contract of assurance, if the premium in question either—
- (i) is payable under a contract of assurance entered into in order to provide against the failure of a contingent interest in any property, and to serve as additional security for the loan and for no other purpose; or
  - (ii) is the first of a series of premiums payable under a contract of assurance entered into solely in order to provide for the repayment of the money borrowed and does not exceed ten per cent. of the sum assured under that contract;
- (d) interest on borrowed money applied to or towards the payment of premiums under a contract of assurance which assures throughout the term of the contract a capital sum payable on death, if neither the amount of the first premium under the contract nor the amount subsequently payable by way of premiums thereunder in respect of any period of twelve months exceeds one-eighth of the capital sum payable on death;
- (e) interest on borrowed money applied to or towards the payment of premiums (not being premiums such as those specified in the preceding paragraphs of this subsection) each of which is one of a series of equal premiums payable at equal intervals of not more than one year, except so far as such interest exceeds in the year of assessment one hundred pounds in all.
- (4) The provisions of section twenty-two of the Finance Act, 1922, with regard to the delivery of particulars as to deductions claimed to be allowed, shall be extended so as to enable the special commissioners to require such particulars with respect to deductions and otherwise as they may consider necessary for the purpose of carrying this section into effect.
- (5) In this section—
- (a) the expression " contract of assurance " means a contract of assurance or a contract similar in character to a contract of assurance, being in either case a contract under which a capital sum is expressed to be payable in the future in return for one or more antecedent payments, and the expression " premium " means any such antecedent payment;
  - (b) the expression " interest" includes any sum payable in respect of any borrowed money;
  - (c) any reference to borrowed money applied to or towards any payment shall be deemed to include a reference to borrowed money applied directly or indirectly to or towards the replacement of any money so applied;
  - (d) any reference to a capital sum payable on death under a contract of assurance shall be construed as a reference to the actual capital sum assured on death, exclusive of any addition which has arisen or may arise from any bonus, share

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of profits, return of premiums or otherwise, and in the case of a contract under which different capital sums are payable on death in different events, as a reference to the least of those sums.