

## SCHEDULES

### SCHEDULE 14

#### LIFE POLICIES, LIFE ANNUITIES AND CAPITAL REDEMPTION POLICIES

##### *Foreign institution policies: no reduction under section 553*

- 4 (1) Section 553 of the Taxes Act 1988 (non-resident policies and capital redemption policies) shall be amended as follows.
- (2) In subsection (3) (which, subject to subsection (5), provides for the gain to be reduced by reference to the policy holder's time of residence in the United Kingdom) for "subsection (5)" there shall be substituted "subsections (5) and (5A)".
- (3) After subsection (5) there shall be inserted—
- “(5A) If, on the happening of the chargeable event referred to in subsection (3) above or at any time during the period referred to in that subsection, the policy is or was held by a foreign institution, no reduction shall be made under that subsection unless—
- (a) the policy was issued in respect of an insurance made on or before 16th March 1998; and
- (b) on that date the policy was held by a foreign institution.”
- (4) In subsection (10) (definitions) there shall be inserted at the appropriate place—
- ““foreign institution” has the same meaning as in section 547;”.