

*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

Schedule 2: Transitionals and savings etc.

Part 6: Savings and investment income: insurance contracts and policies made before certain dates

Paragraph 110: Certain pre-17th March 1998 policies: application of section 529(1)

3622. This paragraph deals with a similar circumstance to that in paragraph 106 (certain pre-20th March 1985 policies: application of section 529(1)). It is based on section 553(5A) of ICTA.
3623. FA 1998 introduced an exception which limits the availability of the reduction of a gain for periods of non-UK residence on the part of the policy holder (see section 528), where the policy of life assurance or capital redemption policy is held by a foreign institution (see the definition of that term in section 468(5)).
3624. The paragraph reverses the exception made by section 529 if the policy was held by a foreign institution on 16 March 1998 and the policy was issued in respect of an insurance (for a policy of life insurance) or contract (for a capital redemption policy) made on or before that date.
3625. As in paragraph 106 (certain pre-20th March 1985 policies: application of section 529(1)), this paragraph repairs an omission in the source legislation which would exclude a capital redemption policy from the benefit of the paragraph.