

# **INCOME TAX (TRADING AND OTHER INCOME) ACT 2005**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 4: Savings and investment income**

#### **Chapter 9: Gains from contracts for life insurance etc.**

#### **Section 464: Person liable for tax: introduction**

1860. This section and the following three sections determine who is liable for tax charged under this Chapter. (Sections 466(3) and 468 indicate when a gain arising under this Chapter is not charged under the Chapter but may instead be taken into account for certain other income tax charges.) The section is based on section 547 of ICTA.
1861. The source legislation does not preclude an overlap between the attribution of liability to one “person liable” and to another (say, both to an individual who placed a policy in trust and to the trustees who hold the legal rights in the policy). In practice, liability of a UK resident individual normally prevails over other liability and the gain is not doubly charged to tax. See also the commentary on section 467 as it applies where the rights are held by trustees on charitable trusts (when liability falls on the trustees rather than the settlor).
1862. *Subsection (3)* provides that references in sections 464 to 467 to a surrender or assignment of rights refer, where appropriate, to a surrender or assignment of a part of, or share of, the rights. A *part* of the rights means one or more discrete rights provided by the policy or contract. A *share* in the rights means part of the ownership, where there are multiple owners, of such a discrete right or rights or of all the rights in the policy or contract. (The rule applied in this subsection is also found elsewhere in the Chapter. See in particular section 469(7) (two or more persons interested in policy or contract).)