



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART VII

#### GENERAL PROVISIONS RELATING TO TAXATION OF INCOME OF INDIVIDUALS

### CHAPTER I

#### PERSONAL RELIEFS

##### *The reliefs*

#### 256 General.

<sup>F1</sup> .....

##### Textual Amendments

**F1** S. 256 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(a)**

#### [<sup>F2</sup>256A Meaning of “adjusted net income”

<sup>F3</sup> .....

##### Textual Amendments

**F2** Ss. 256A, 256B inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 28** (with Sch. 2)

**F3** S. 256A omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(b)**

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

## 256B Meaning of “the minimum amount”

<sup>F4</sup> .....

### Textual Amendments

- F2** Ss. 256A, 256B inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 28](#) (with [Sch. 2](#))
- F4** S. 256B omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 2\(c\)](#)

## 257 Personal allowance.

<sup>F5</sup> .....

### Textual Amendments

- F5** S. 257 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 2\(d\)](#)

## [<sup>F6</sup>257AA Children’s tax credit.

<sup>F7</sup> .....

### Textual Amendments

- F6** S. 257AA inserted (with effect in accordance with s. 30(5) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [s. 30\(1\)](#)
- F7** S. 257AA repealed (6.4.2003) by [Tax Credits Act 2002 \(c. 21\)](#), s. 61, [Sch. 6](#); S.I. 2003/962, art. 2(3) (e), [Sch. 1](#) (with arts. 3, 5)

## 257A Married couple’s allowance[<sup>F8</sup>(pre-5th December 2005 marriages)].

<sup>F9</sup> .....

### Textual Amendments

- F8** Words in s. 257A heading inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), [regs. 1\(1\), 51\(5\)](#)
- F9** Ss. 257A-257BB omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 2\(e\)](#)

## [<sup>F10</sup>257AB Married couple's allowance (post-5th December 2005 marriages and civil partnerships etc.)

<sup>F11</sup> .....

**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

### Textual Amendments

- F10** S. 257AB inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1)**, 52
- F11** Ss. 257A-257BB omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 2(e)**

## [<sup>F12</sup>257B Elections as to transfer of relief under section 257A [<sup>F13</sup>or 257AB].

<sup>F14</sup> .....

### Textual Amendments

- F12** Ss. 257BA, 257BB substituted for s. 257B (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 20, **Sch. 5 paras.2, 10**.
- F13** Words in s. 257BA heading inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1)**, 53(9)
- F14** Ss. 257A-257BB omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 2(e)**

## <sup>F16</sup>257B Transfer of relief under section 257A where relief exceeds income [<sup>F15</sup> or 257AB].

<sup>F17</sup> .....

### Textual Amendments

- F15** Words in s. 257BB heading inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1)**, 54(6)
- F16** Ss. 257BA, 257BB substituted for s. 257B (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 20, **Sch. 5 paras.2, 10**.
- F17** Ss. 257A-257BB omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 2(e)**

## 257C Indexation of amounts in [<sup>F22</sup>sections 256B, 257][<sup>F23</sup>, 257A and 257AB].

<sup>F24</sup> .....

### Textual Amendments

- F22** Words in s. 257C sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 34(3)** (with Sch. 2)
- F23** Words in s. 257C sidenote substituted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1)**, 55(d)
- F24** S. 257C omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 2(f)**

---

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

---

### **257D Transitional relief: husband with excess allowances.**

F25 .....

#### **Textual Amendments**

**F25** Ss. 257D-257F repealed (with effect in accordance with s. 32(4), Sch. 20 Pt. 3(3) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 32(2), **Sch. 20 Pt. 3(3)**

### **257E Transitional relief: the elderly.**

F26 .....

#### **Textual Amendments**

**F26** Ss. 257D-257F repealed (with effect in accordance with s. 32(4), Sch. 20 Pt. 3(3) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 32(2), **Sch. 20 Pt. 3(3)**

### **257F Transitional relief: separated couples.**

F27 .....

#### **Textual Amendments**

**F27** Ss. 257D-257F repealed (with effect in accordance with s. 32(4), Sch. 20 Pt. 3(3) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 32(2), **Sch. 20 Pt. 3(3)**

### **F28 258 Widower's or widow's housekeeper.**

.....

#### **Textual Amendments**

**F28** S. 258 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), **Sch.14 Part IV**

### **259 Additional relief in respect of children.**

F29 .....

#### **Textual Amendments**

**F29** Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

### **260 Apportionment of relief under section 259.**

F30 .....

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

**Textual Amendments**

**F30** Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

**261 Claims under section 259 for year of marriage.**

**F31** .....

**Textual Amendments**

**F31** Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

**[<sup>F32</sup>261A Additional relief in respect of children for year of separation.**

**F33** .....]

**Textual Amendments**

**F32** S. 261A inserted (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by Finance (No. 2) Act 1992 (c. 48), s. 20, Sch. 5 paras.6, 10.  
**F33** Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

**262 Widow's bereavement allowance.**

**F34** .....

**Textual Amendments**

**F34** S. 262 repealed (with effect in accordance with s. 34(2), Sch. 20 Pt. 3(5) Note 1 of the repealing Act) by Finance Act 1999 (c. 16), s. 34(1), **Sch. 20 Pt. 3(5)** (with s. 34(3))

**<sup>F35</sup>263 Dependent relatives.**

.....

**Textual Amendments**

**F35** S. 263 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), **Sch.14 Part IV**

**<sup>F36</sup>264 Claimant depending on services of a son or daughter.**

.....

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

#### Textual Amendments

**F36** S. 264 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), **Sch.14 Part IV**

### 265 Blind person's allowance.

**F37** . . . . .

#### Textual Amendments

**F37** S. 265 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(g)**

### 266 Life assurance premiums.

(1) <sup>M1</sup>Subject to the provisions of this section, [<sup>F38</sup>section 274 and Schedules 14 and 15 and sections 192 to 194 of the Finance Act 2004,] an [<sup>F39</sup>eligible individual] who pays any such premium as is specified in subsection (2) below <sup>F40</sup>. . . shall (without making any claim) be entitled to relief under this section.

[<sup>F41</sup>(1A) For the purposes of subsection (1) above an individual is an eligible individual if the individual—

- (a) is resident in the United Kingdom, or
- (b) meets the conditions in section 56(3) of ITA 2007.]

(2) <sup>M2</sup>The premiums referred to in subsection (1) above are any premiums paid by an individual under a policy of insurance or contract for a deferred annuity, where—

- (a) the payments are made to —
  - [<sup>F42</sup>(i) a person who has permission under [<sup>F43</sup>Part 4A] of the Financial Services and Markets Act 2000 or under paragraph 15 of Schedule 3 to that Act (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to effect or carry out contracts of long-term insurance; or
  - (ii) a member of the Society who effects or carries out contracts of long-term insurance in accordance with Part 19 of the Financial Services and Markets Act 2000;]
  - (iv) in the case of a deferred annuity, the National Debt Commissioners; and
- (b) the insurance or, as the case may be, the deferred annuity is on the life of the individual or on the life of his spouse [<sup>F44</sup>or civil partner]; and
- (c) the insurance or contract was made by him or his spouse [<sup>F44</sup>or civil partner].

(3) Subject to subsections <sup>F45</sup>. . . (10) and (11) below, no relief under this section shall be given—

- (a) <sup>M3</sup>except in respect of premiums payable under policies for securing a capital sum on death, whether in conjunction with any other benefit or not;
- (b) <sup>M4</sup>in respect of premiums payable under any policy issued in respect of an insurance made after 19th March 1968 unless the policy is a qualifying policy;
- (c) <sup>M5</sup>in respect of premiums payable under any policy issued in respect of an insurance made after 13th March 1984 <sup>F46</sup>. . . ;

---

**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

---

- (d) <sup>M6</sup>in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance.
- (4) <sup>M7</sup>Subject to [<sup>F47</sup>subsection] (8) below, relief under this section in respect of any premiums paid by an individual in a year of assessment shall be given by making good to the person to whom they are paid any deficiency arising from the deductions authorised under subsection (5) below; and this section and Schedule 14 shall have effect in relation to any premium or part of a premium which is paid otherwise than in the year of assessment in which it becomes due and payable as if it were paid in that year.
- (5) Subject to the provisions of Schedule 14—
- (a) an individual resident in the United Kingdom who is entitled to relief under this section in respect of any premium may deduct from any payment in respect of the premium and retain an amount equal to [<sup>F48</sup>12.5 per cent] of the payment; and
- (b) the person to whom the payment is made shall accept the amount paid after the deduction in discharge of the individual's liability to the same extent as if the deduction had not been made and may recover the deficiency from the Board.
- (6) <sup>F49</sup> .....
- (6A) <sup>F49</sup> .....
- (7) <sup>F50</sup> .....
- (8) <sup>M8</sup>Where the individual is not resident in the United Kingdom [<sup>F51</sup>(but is entitled to relief by virtue of subsection (1A)(b))], subsection (4) above shall not apply but <sup>F52</sup>... the like relief shall be given to him under paragraph 6 of Schedule 14.
- (9) <sup>M9</sup>Subsections (5) and (8) above shall apply in relation to an individual who is not resident in the United Kingdom but is a member of the armed forces of the Crown or the [<sup>F53</sup>spouse][<sup>F54</sup>or civil partner] of such a member as if the individual were so resident.
- (10) <sup>M10</sup>Subsection (3)(b) above shall not apply—
- (a) to any policy of life insurance having as its sole object the provision on an individual's death or disability of a sum substantially the same as any amount then outstanding under a mortgage of his residence, or of any premises occupied by him for the purposes of a business, being a mortgage the principal amount secured by which is repayable by instalments payable annually or at shorter regular intervals; or
- (b) to any policy of life insurance issued in connection with an approved scheme as defined in Chapter I of Part XIV.
- In the application of this subsection to Scotland, for any reference to a mortgage there shall be substituted a reference to a heritable security within the meaning of the <sup>M11</sup>Conveyancing (Scotland) Act 1924 (but including a security constituted by ex facie absolute disposition or assignation).
- (11) <sup>M12</sup>Subsection (3)(a) and (d) above shall not affect premiums payable—
- (a) under policies or contracts made in connection with any superannuation or bona fide pension scheme for the benefit of the employees of any employer, or of persons engaged in any particular trade, profession, vocation or business, or for the benefit of the [<sup>F55</sup>spouse, [<sup>F56</sup>civil partner,] widow, widower [<sup>F57</sup>,

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

surviving civil partner] or children or other dependants of any such employee or person,] or

- (b) under policies taken out by teachers in the schools known in the year 1918 as secondary schools, pending the establishment of a superannuation or pension scheme for those teachers.

(12) Schedule 14 shall have effect for the purpose of modifying, for certain cases, and supplementing the provisions of this section.

[<sup>F58</sup>(13) In <sup>F59</sup> . . . Schedule 14, “friendly society” means the same as in the Friendly Societies Act 1992 (and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society within the meaning of that Act).]

[<sup>F60</sup>(14) In subsection (2)(a)—

“contracts of long-term insurance” means contracts which fall within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; and

“member of the society” has the same meaning as in Lloyd’s Act 1982 <sup>M13</sup>.]

#### Textual Amendments

- F38** Words in s. 266(1) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), **Sch. 35 para. 9** (with [Sch. 36](#))
- F39** Words in s. 266(1) substituted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(2)(a)**
- F40** Words in s. 266(1) omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(2)(b)**
- F41** [S. 266\(1A\)](#) inserted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(3)**
- F42** [S. 266\(2\)\(a\)\(i\)\(ii\)](#) substituted for [s. 266\(2\)\(a\)-\(iii\)](#) (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 18(2)**
- F43** Words in [s. 266\(2\)\(a\)\(i\)](#) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **Sch. 18 para. 58(2)** (with [Sch. 20](#)); S.I. 2013/423, art. 3, **Sch.**
- F44** Words in [s. 266\(2\)\(b\)\(c\)](#) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1)**, 57(2)
- F45** Word in [s. 266\(3\)](#) omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(4)**
- F46** Words in [s. 266\(3\)\(c\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 36\(2\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F47** Words in [s. 266\(4\)](#) substituted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(5)**
- F48** Words in [s. 266\(5\)\(a\)](#) substituted (from 6.4.1989) by [Finance Act 1988 \(c. 39\)](#), s. 29
- F49** [S. 266\(6\)\(6A\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 36\(4\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F50** [S. 266\(7\)](#) omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(6)**
- F51** Words in [s. 266\(8\)](#) substituted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(7)**
- F52** Words in [s. 266\(8\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 36\(6\)\(c\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F53** Words in [s. 266\(9\)](#) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 35, **Sch. 3 para. 9(a)**



**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- F54** Words in s. 266(9) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 57(3)**
- F55** Words in s. 266(11)(a) substituted (1990-91 and subsequent years) by Finance Act 1988 (c. 39), s. 35, **Sch. 3 para. 9(b)**
- F56** Words in s. 266(11)(a) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 57(4)(a)**
- F57** Words in s. 266(11)(a) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 57(4)(b)**
- F58** S. 266(13) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 paras. 2(3)**; S.I. 1993/236, **art.2**
- F59** Words in s. 266(13) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 36(7), Sch. 3 Pt. 1** (with Sch. 2)
- F60** S. 266(14) added (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 18(3)**

#### Modifications etc. (not altering text)

- C2** S. 266 relief abolished and s. 266 restricted by Finance Act 2012 (c. 14), **Sch 39 para. 23**

#### Marginal Citations

- M1** Source-1970 s.19(1); 1976 Sch.4 3(1)
- M2** Source-1970 s.19(2); 1976 s.36(5), Sch.4 3(2)
- M3** Source-1970 s.19(3)(a)
- M4** Source-1970 s.19(4)
- M5** Source-1984 s.72(1)
- M6** Source-1970 s.19(3)(b)
- M7** Source-1976 Sch.4 4(1) 5; 1978 Sch.3 2; 1980 s.29(2)(b)
- M8** Source-1976 Sch.4 4(2)
- M9** Source-1976 Sch.4 5A; 1978 Sch.3 5
- M10** Source-1970 s.19(4)(a), (c); 1971 Sch.3 11
- M11** 1924 c. 27.
- M12** Source-1970 s.19(3)(i)(ii)
- M13** 1982 c. xiv.

### [<sup>F61</sup>266A] Life assurance premiums paid by employer

- (1) This section applies if—
- pursuant to [<sup>F62</sup>an employer-financed] retirement benefits scheme, the employer in any year of assessment pays a sum with a view to the provision of any relevant benefits for or in respect of any employee of that employer, and
  - the payment is made under such an insurance or contract as is mentioned in section 266.

This section applies whether or not the accrual of the relevant benefits is dependent on any contingency.

- (2) Relief, if not otherwise allowable, shall be given to that employee under section 266 in respect of the payment to the extent, if any, to which such relief would have been allowable to him if—
- the payment had been made by him, and
  - the insurance or contract under which the payment is made had been made with him.

---

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

---

- [<sup>F63</sup>(3) For the purposes of subsection (1)(a) benefits are provided in respect of an employee if they are provided for the employee’s spouse, widow or widower, children, dependants or personal representatives.
- (4) If a sum within subsection (1) is paid with a view to the provision of benefits for or in respect of more than one employee of the employer, part of it is to be treated as paid for or in respect of each of them.
- (5) The amount treated as paid for or in respect of each employee is—

$$A \times \frac{B}{C}$$

where—

A is the sum paid,

B is the amount which would have had to be paid to secure the benefits to be provided for or in respect of the employee in question, and

C is the total amount which would have had to be paid to secure the benefits to be provided for or in respect of all the employees if separate payments had been made in the case of each of them.

- (6) This section does not apply if—
- (a) in the year of assessment in which the sum is paid the earnings from the employee’s employment are (or, if there are none, would be if there were any) earnings charged on remittance, or
  - (b) the employee is not domiciled in the United Kingdom in the tax year in which the sum is paid and the conditions in subsection (7) are met.
- (7) Those conditions are—
- (a) that the employment is with a foreign employer, and
  - (b) that, on a claim made by the employee, the Board are satisfied that the pension scheme corresponds to a registered pension scheme.
- (8) In subsection (6)(a) “earnings charged on remittance” means earnings which are taxable earnings under—
- (a) section 22 of ITEPA 2003 (chargeable overseas earnings for year when [<sup>F64</sup>remittance basis applies and employee outside section 26]), or
  - (b) section 26 of that Act (foreign earnings for year when [<sup>F65</sup>remittance basis applies and employee meets section 26A requirement]).
- [<sup>F66</sup>(8A) Section 835BA of ITA 2007 (deemed domicile) applies for the purposes of subsection (6)(b).]
- (9) In this section—
- “employer-financed retirement benefits scheme”, and
  - “relevant benefits”,
- have the same meaning as in Chapter 2 of Part 6 of ITEPA 2003 (see sections 393A and 393B of that Act).]

**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

### Textual Amendments

- F61** S. 266A inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 36](#) (with [Sch. 7](#))
- F62** Words in s. 266A(1) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 10\(2\)](#) (with [Sch. 36](#))
- F63** S. 266A(3)-(9) substituted for s. 266A(3)-(6) (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 10\(3\)](#) (with [Sch. 36](#))
- F64** Words in s. 266A(8)(a) substituted (with effect in accordance with [Sch. 46 para. 25](#) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 16\(a\)](#) (with [Sch. 46 para. 26](#))
- F65** Words in s. 266A(8)(b) substituted (with effect in accordance with [Sch. 46 para. 25](#) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 16\(b\)](#) (with [Sch. 46 para. 26](#))
- F66** S. 266A(8A) inserted (with effect in accordance with [Sch. 8 para 1\(2\)](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 1\(1\)](#)

## 267 Qualifying policies.

Schedule 15, Part I of which contains the basic rules for determining whether or not a policy is a qualifying policy, Part II of which makes provision for the certification etc. of policies as qualifying policies and Part III of which modifies Parts I and II in their application to certain policies issued by non-resident companies, shall have effect for the purpose of determining whether or not a policy is a qualifying policy; and, accordingly, any reference in this Act to a qualifying policy shall be construed in accordance with that Schedule.

## 268 Early conversion or surrender of life policies.

F67 .....

### Textual Amendments

- F67** Ss. 268-272 omitted (with effect in accordance with [Sch. 39 para. 31\(3\)](#) of the repealing Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 31\(1\)](#)

## 269 Surrender etc. of policies after four years.

F68 .....

### Textual Amendments

- F68** Ss. 268-272 omitted (with effect in accordance with [Sch. 39 para. 31\(3\)](#) of the repealing Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 31\(1\)](#)

## 270 Provisions supplementary to sections 268 and 269.

F69 .....

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

**Textual Amendments**

**F69** Ss. 268-272 omitted (with effect in accordance with Sch. 39 para. 31(3) of the repealing Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 31(1)**

**271 Deemed surrender in cases of certain loans.**

**F70** .....

**Textual Amendments**

**F70** Ss. 268-272 omitted (with effect in accordance with Sch. 39 para. 31(3) of the repealing Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 31(1)**

**272 Collection of sums payable under sections 268 and 269.**

**F71** .....

**Textual Amendments**

**F71** Ss. 268-272 omitted (with effect in accordance with Sch. 39 para. 31(3) of the repealing Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 31(1)**

**273 Payments securing annuities.**

**F72** .....

**Textual Amendments**

**F72** S. 273 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(h)**

**274 Limits on relief under <sup>F73</sup>section 266].**

- (1) <sup>M14</sup>The aggregate of the premiums <sup>F74</sup>. . . in respect of which relief is given to any person under section 266 shall not exceed £1,500 in any year of assessment or one-sixth of that person’s total income, whichever is the greater.
- (2) <sup>M15</sup>The aggregate of the relief given under [<sup>F75</sup>section 266] in respect of premiums <sup>F76</sup>. . . payable for securing any benefits other than capital sums on death shall not exceed the amount of the income tax calculated at [<sup>F77</sup>12.5%] on £100.
- (3) <sup>F78</sup> .....
- (4) <sup>M16</sup>War insurance premiums shall not be taken into account in calculating the limits of one-sixth of total income or of £100 mentioned in this section.

In this subsection “war insurance premiums” means any additional premium <sup>F79</sup>. . . paid in order to extend an existing life insurance policy to risks arising from war or war service abroad, and any part of any premium <sup>F79</sup>. . . paid in respect of a life insurance

---

**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

---

policy covering those risks, or either of them, which [<sup>F80</sup>is] attributable to those risks, or either of them.

#### Textual Amendments

- F73** Word in s. 274 heading substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 4(6)**
- F74** Words in s. 274(1) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(2)**
- F75** Words in s. 274(2) substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 4(3)(a)**
- F76** Words in s. 274(2) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(3)(b)**
- F77** Words in s. 274(2) substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 4(3)(c)**
- F78** S. 274(3) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(4)**
- F79** Words in s. 274(4) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(5)**
- F80** Word in s. 274(4) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 20**

#### Marginal Citations

- M14** Source-1970 s.21(1); 1976 Sch.4 21
- M15** Source-1970 s.21(3); 1975 Sch.2 6
- M16** Source-1970 s.21(5)

**Changes to legislation:**

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act Taxes Acts modified by 1970 c. 9, Sch. A1 para. 10(7) (as inserted) by [2017 c. 32 s. 60\(3\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8(7) (as inserted) by [2017 c. 32 Sch. 14 para. 3\(15\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8A(7) (as inserted) by [2017 c. 32 Sch. 14 para. 4\(12\)](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)