

SCHEDULES

SCHEDULE 14

Section 266(12).

PROVISIONS ANCILLARY TO SECTION 266

PART I

MODIFICATION OF SECTION 266 IN CERTAIN CASES

Husband and wife

- 1
- (1) The references in section 266 to an individual's spouse shall include any person who was that individual's spouse at the time the insurance or contract was made, unless the marriage was dissolved before 6th April 1979.
 - (2) Where an election under section 287 is in force, the relief to which either the husband or the wife is entitled under section 266 in respect of an insurance or contract on the life of the other or made by the other shall not be affected by section 287(4), (5) or (6).
 - (3) Where throughout a year of assessment a woman is a married woman living with her husband, then—
 - (a) if no election under section 283 is in force, section 274 and paragraph 6 below shall apply as if any relief to which the wife is entitled under section 266 were relief to which the husband is entitled; and
 - (b) if such an election is in force, section 274 and paragraph 6 below shall apply separately to the amounts paid by each of them, but as if for the limit specified in that section there were substituted, in relation to each of them, a limit of £750 or one-twelfth of their total income, whichever is the greater, plus any amount by which the payments in respect of which relief can be given to the other fall short of the limit so substituted.

Premiums payable to friendly societies and industrial assurance companies

- 2
- (1) This paragraph applies to—
 - (a) a policy issued in the course of an industrial assurance business; and
 - (b) a policy issued by a registered friendly society in the course of tax exempt life or endowment business (as defined in section 466).
 - (2) Subject to paragraph 3(2) below, if a policy to which this paragraph applies was issued before the passing of the Finance Act 1976 (29th July 1976), section 266 shall have effect in relation to it as if subsections (2)(b), (3)(a), (b) and (d) were omitted; and if a policy to which this paragraph applies was issued after the passing of that Act, subsection (2)(b) of that section shall have effect in relation to it as if it permitted the insurance to be on the life of the individual's parent or grandparent or, subject to sub-paragraph (3) below, on the life of the individual's child or grandchild.

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- (3) Relief may be given in respect of premiums under a policy of insurance on the life of an individual's child or grandchild which was or is issued after the passing of the Finance Act 1976 (29th July 1976), as if subsection (3)(d) of section 266 were omitted, but may be given only if the annual amount of the premiums, together with that of any relevant premiums, does not exceed £52 if the policy was issued in respect of an insurance made before 25th March 1982 or £64 in any other case.
- (4) For the purposes of sub-paragraph (3) above, a relevant premium, in relation to an insurance made at any time on the life of an individual's child or grandchild, is any premium under a policy of insurance on the same life, where the insurance is made at the same time or earlier, whether it is made by the individual or any other person.
- (5) In this paragraph "child" includes a step-child and an illegitimate child whose parents have married each other after his birth, and "grandchild", "parent" and "grandparent" have corresponding meanings.
- 3 (1) Where a policy is issued or a contract is made by a registered friendly society or a policy to which paragraph 2 above applies is issued by an industrial assurance company, section 266(4), (5) and (8) shall apply in relation to premiums payable under the policy or contract subject to the following provisions of this paragraph.
- (2) References to the deductions authorised under section 266(5) shall be construed as including references to any amount retained by or refunded to the person paying the premium under any scheme made by the society or company in accordance with regulations made under this paragraph.
- (3) The appropriate authority may make regulations authorising—
- (a) the adoption by registered friendly societies and industrial assurance companies of any prescribed scheme for securing that in the case of policies or contracts to which the scheme applies amounts equal to 15 per cent. of the premiums payable are retained by or refunded to the person paying the premiums or that, in the case of such policies or contracts issued or made before 6th April 1979, the amounts expressed as the amounts of the premiums payable are treated as amounts arrived at by deducting 15 per cent. from the amounts payable and that the amounts of the capital sums assured or guaranteed are treated as correspondingly increased; or
 - (b) the adoption by any such society or company of any special scheme for that purpose which may, in such circumstances as may be prescribed, be approved by the appropriate authority.
- (4) Increases treated as made in pursuance of regulations under this paragraph shall not be treated as variations of a policy or contract and shall be disregarded for the purposes of paragraph 2(3) above, sections 268(6), 460, 461(1) and 464 of, and paragraph 7 of Schedule 15 to, this Act and section 100 of the Stamp Act 1891 and the heading "Policy of Life Insurance" in Schedule 1 to that Act.
- (5) The regulations may include such adaptations and modifications of the enactments relating to friendly societies or industrial assurance companies and such other incidental and supplementary provisions as appear to the appropriate authority necessary or expedient for the purpose of enabling such societies or companies to adopt the schemes authorised by the regulations.
- (6) Subsections (4), (5) and (7) to (11) of section 6 of the Decimal Currency Act 1969 shall, with the necessary modifications, apply in relation to regulations made under this paragraph.

PART II

SUPPLEMENTARY PROVISIONS AS TO RELIEF UNDER SECTION 266

- 4 (1) Where it appears to the Board that the relief (if any) to which a person is entitled under section 266 has been exceeded or might be exceeded unless the premiums payable by him under any policy or contract were paid in full, they may, by notice to that person and to the person to whom the payments are made, exclude the application of subsection (5) of that section in relation to any payments due or made after such date as may be specified in the notice and before such date as may be specified in a further notice to those persons.
- (2) Where the application of section 266(5) is so excluded in relation to any payments, the relief (if any) to which the person by whom the payments are made is entitled under section 266 shall be given to him under paragraph 6 below.
- 5 Where a person is entitled to relief under section 266 in respect of a payment to which section 595 applies, section 266(5) shall not apply but the like relief shall be given to him under paragraph 6 below.
- 6 (1) Where in any year of assessment the relief to which a person is entitled under section 266, otherwise than in accordance with subsections (6) and (7) of that section, has not been fully given in accordance with that section and the preceding provisions of this Schedule, he may claim relief for the difference, and relief for the difference shall then be given by a payment made by the Board or by discharge or repayment of tax or partly in one such manner and partly in another; and where relief so given to any person exceeds that to which he is entitled under section 266, he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- (2) The Management Act shall apply to any assessment under this paragraph as if it were an assessment to tax for the year of assessment in which the relief was given and as if—
- (a) the assessment were among those specified in sections 55(1) (recovery of tax not postponed) and 86(2) (interest on overdue tax) of that Act; and
 - (b) the sum charged by the assessment were tax specified in paragraph 3 of the Table in section 86(4) of that Act (reckonable date).
- 7 (1) The Board may make regulations for carrying into effect section 266(4), (5), (8) and (9) and the preceding provisions of this Schedule and paragraphs 9 and 10 of Schedule 15 (“the relevant provisions”).
- (2) Regulations under this paragraph may, without prejudice to the generality of sub-paragraph (1) above, provide—
- (a) for the furnishing of such information by persons by whom premiums are payable as may be necessary for determining whether they are entitled to make deductions under section 266(5) and for excluding the operation of that subsection in relation to payments made by persons who fail to comply with the regulations;
 - (b) for rounding to a multiple of one penny any payment which, after a deduction authorised under section 266(5), is not such a multiple;
 - (c) for the manner in which claims for the recovery of any sum under section 266(5)(b) may be made;

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- (d) for the furnishing of such information by persons by or to whom premiums are payable as appears to the Board necessary for deciding such claims and for exercising their powers under paragraph 4 or 6 above; and
 - (e) for requiring persons to whom premiums are paid to make available for inspection by an officer authorised by the Board such books and other documents in their possession or under their control as may reasonably be required for the purposes of determining whether any information given by those persons for the purposes of the relevant provisions is correct and complete.
- (3) The following provisions of the Management Act, that is to say—
- (a) section 29(3)(c) (excessive relief);
 - (b) section 30 (recovery of tax repaid in consequence of fraud or negligence etc.);
 - (c) section 88 (interest); and
 - (d) section 95 (incorrect return or accounts);
- shall apply in relation to the payment of a sum claimed under section 266(5)(b) to which the claimant was not entitled as if it had been income tax repaid as a relief which was not due.
- 8 (1) A policy of life insurance issued in respect of an insurance made on or before 19th March 1968 shall be treated for the purposes of section 266(3)(b) as issued in respect of one made after that date if varied after that date so as to increase the benefits secured or to extend the term of the insurance.
- (2) A variation effected before the end of the year 1968 shall be disregarded for the purposes of sub-paragraph (1) above if its only effect was to bring into conformity with paragraph 2 of Schedule 9 to the Finance Act 1968 (qualifying conditions for endowment policies, and now re-enacted as paragraph 2 of Schedule 15 to this Act) a policy previously conforming therewith except as respects the amount guaranteed on death, and no increase was made in the premiums payable under the policy.
- (3) A policy which was issued in the course of industrial assurance business in respect of an insurance made after 13th March 1984 shall be treated for the purposes of section 266(3)(c) and this paragraph as issued in respect of an insurance made on or before that date if—
- (a) the proposal form for the policy was completed on or before that date; and
 - (b) on or before 31st March 1984 the policy was prepared for issue by the company or society concerned; and
 - (c) on or before 31st March 1984 and in accordance with the normal business practice of the company or society a permanent record of the preparation of the policy was made in any book or by any other means kept or instituted by the company or society for the purpose.
- (4) For the purposes of section 266(3)(c) a policy of life insurance which was issued in respect of an insurance made on or before 13th March 1984 shall be treated as issued in respect of an insurance made after that date if the policy is varied after that date so as to increase the benefits secured or to extend the term of the insurance.
- (5) If a policy of life insurance which was issued as mentioned in sub-paragraph (4) above confers on the person to whom it was issued an option to have another policy substituted for it or to have any of its terms changed, then, for the purposes of that

sub-paragraph and section 266(3)(c), any change in the terms of the policy which is made in pursuance of the option shall be deemed to be a variation of the policy.

(6) In any case where—

- (a) one policy is replaced by another in such circumstances that the provisions of paragraph 20 of Schedule 15 apply; and
- (b) the earlier policy was issued in respect of an insurance made on or before 13th March 1984; and
- (c) the later policy confers on the life or lives assured thereby benefits which are substantially equivalent to those which would have been enjoyed by the life or lives assured under the earlier policy, if that policy had continued in force;

then, for the purposes of section 266(3)(c), the insurance in respect of which the later policy is issued shall be deemed to have been made before 13th March 1984; and in this sub-paragraph “the earlier policy” and “the later policy” have the same meaning as in paragraph 20 of Schedule 15.

(7) In any case where—

- (a) there is a substitution of policies falling within paragraph 25(1) or (3) of Schedule 15; and
- (b) the old policy was issued in respect of an insurance made on or before 13th March 1984;

then, for the purposes of section 266(3)(c), the insurance in respect of which the new policy is issued shall be deemed to have been made before 13th March 1984; and in this sub-paragraph “the old policy” and “the new policy” have the same meaning as in paragraph 17 of Schedule 15.