

**Changes to legislation:** Finance Act 2004, Cross Heading: Exception to direct holding is up to date with all changes known to be in force on or before 04 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 29A

#### TAXABLE PROPERTY HELD BY INVESTMENT-REGULATED PENSION SCHEMES

##### Textual Amendments

**F1** Sch. 29A inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 158(2), [Sch. 21 para. 13](#)

### PART 3

#### ACQUISITION AND HOLDING OF TAXABLE PROPERTY

##### *Exception to direct holding*

- 15 (1) A person does not hold an interest in taxable property directly by virtue of paragraph 14(3) where Conditions A to C are met.
- (2) Condition A is that—
- (a) the person is entitled to receive the payments by virtue of a policy of life insurance, a contract for a life annuity or a capital redemption policy, and
  - (b) the policy or contract is issued by an insurance company.
- (3) Condition B is that the property—
- (a) does not constitute a linked asset, or
  - (b) has been appropriated by the insurance company to an internal linked fund.
- (4) Condition C is that—
- (a) where the person is an occupational pension scheme, the policy or contract, either by itself or taken together with one or more associated policies, does not entitle the pension scheme, either alone or together with one or more associated persons, to receive payments representing 10% or more of the market value of or the income from the property,
  - (b) where the person is a pension scheme other than an occupational pension scheme, the policy or contract, either by itself or taken together with one or more associated policies, does not entitle an arrangement under the pension scheme, either alone or together with one or more associated persons, to receive such payments, or
  - (c) otherwise, the policy or contract does not entitle the person to receive such payments.
- (5) But for the purposes of applying paragraph 14(3) for determining whether a pension scheme holds an interest in taxable property directly or indirectly, this paragraph does not apply if the purpose or one of the purposes for which the person holds rights

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under the policy or contract is to enable a member of the pension scheme or a person connected with such a member to occupy or use the property.

- (6) For the purposes of sub-paragraph (4) “associated policy” means a policy or contract which entitles an associated person to receive payments determined by reference to the value of or the income from the property.
- (7) For the definition of “associated person” see paragraph 30.
- (8) For the purposes of this paragraph—  
 “capital redemption policy” means a contract made in the course of a capital redemption business, as defined in section 458(3) of ICTA;  
 “internal linked fund” has the meaning given by—  
 (a) the Interim Prudential Sourcebook for Insurers made by the [F<sup>2</sup>Prudential Regulation Authority] under FISMA 2000, or  
 (b) rules made by the [F<sup>3</sup>Prudential Regulation Authority] under that Act and having effect for the time being in place of the Sourcebook; and  
 “linked asset” means an asset of the insurance company which is identified in its records as an asset by reference to the value of which benefits provided for under a policy or contract are to be determined.
- (9) For the purposes of this paragraph an annuity is a life annuity if it is—  
 (a) granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life, and  
 (b) payable for a term ending at a time ascertainable only by reference to the end of a human life,  
 and for this purpose it does not matter that the annuity may in some circumstances end before or after the life.]

#### Textual Amendments

- F2** Words in Sch. 29A para. 15(8) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments\) Order 2013 \(S.I. 2013/636\)](#), art. 1(2), [Sch. para. 7\(a\)](#)
- F3** Words in Sch. 29A para. 15(8) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments\) Order 2013 \(S.I. 2013/636\)](#), art. 1(2), [Sch. para. 7\(b\)](#)

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

- C1** Sch. 29A para. 15 modified by S.I. 2006/207, reg. 4C (as inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\)\(Amendment\) Regulations 2006 \(S.I. 2006/1960\)](#), [reg. 9](#))

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

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

- [s. 236ZA](#) inserted by [S.I. 2024/357 art. 2\(2\)](#)