



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 4

SAVINGS AND INVESTMENT INCOME

CHAPTER 9

GAINS FROM CONTRACTS FOR LIFE INSURANCE ETC.

Reductions from gains

527 Reduction for sums taken into account otherwise than under Chapter 9

- (1) This section applies if the whole or part of any receipt or other credit item is taken into account in calculating both—
 - (a) the amount of a gain treated as arising under this Chapter, and
 - (b) an amount on which income tax is charged otherwise than under this Chapter or on which corporation tax is charged.
- (2) The amount of the gain on which tax is charged under this Chapter is reduced by so much of the amount of that receipt or other credit item as is taken into account in both those calculations.

528 Reduction in amount charged: non-UK resident policy holders

- (1) The gain from a foreign policy of life insurance or foreign capital redemption policy is reduced for the purposes of this Chapter if the policy holder was not UK resident throughout the policy period.
- (2) The amount of the reduction is the appropriate fraction of the gain.

Status: This is the original version (as it was originally enacted).

(3) The appropriate fraction is—

$$\frac{A}{B}$$

where—

A is the number of days on which the policy holder was not UK resident in the policy period, and

B is the number of days in that period.

(4) In this section and section 529 (exceptions from this section), “the policy period” means the period for which the policy has run before the chargeable event occurs.

(5) If the gain is from a policy of life insurance which is a new policy in relation to another policy, for the purposes of subsection (4) the new policy is taken to have run—

(a) from the issue of the other policy, or

(b) if it also was a new policy in relation to an earlier policy, from the issue of the earlier policy,

and so on.

(6) In subsection (5) “new policy” has the meaning given in paragraph 17 of Schedule 15 to ICTA.

(7) This section is subject to section 529.

529 Exceptions to section 528

(1) Section 528 does not apply if, when the chargeable event occurs or at any time during the policy period, the policy is or was held—

(a) by a non-UK resident trustee,

(b) by non-UK resident trustees, or

(c) by a foreign institution.

(2) Section 110 of FA 1989 (residence of trustees) applies for the purposes of subsection (1)(b) despite section 110(6) of that Act (which provides that it only applies for 1989-90 and subsequent tax years).