
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2012, PART 4. (See end of Document for details)*

SCHEDULES

SCHEDULE 39

REPEAL OF MISCELLANEOUS RELIEFS ETC

PART 4

LIFE ASSURANCE

Abolition of income tax relief for life assurance premiums under section 266 of ICTA

- 23 Section 266 of ICTA (income tax relief for life assurance premiums paid by eligible individuals) applies in relation to a premium or part of a premium only if the premium or part of a premium—
- (a) becomes due and payable before 6 April 2015, and
 - (b) is actually paid before 6 July 2015.
- 24 No claim for relief may be made under paragraph 6 of Schedule 14 to ICTA (provisions ancillary to section 266) after 5 April 2016.
- 25 (1) The Income Tax (Life Assurance Premium Relief) Regulations 1978 (S.I. 1978/1159) (“the 1978 Regulations”) have effect in accordance with this paragraph.
- (2) Subject to sub-paragraph (3), an annual claim for the financial year of a life office must be made no later than—
- (a) the end of the six-year period allowed by regulation 9(1), or
 - (b) if earlier, the end of the relevant 6-month period,
- and regulation 9(8) has effect accordingly.
- (3) An annual claim which a life office is required to make under regulation 9(2) must be made no later than—
- (a) the end of the one-year period specified in regulation 9(2), or
 - (b) if earlier, the end of the relevant 6-month period,
- and regulation 9(6) has effect accordingly.
- (4) In sub-paragraphs (2) and (3) “the relevant 6-month period” means the period of 6 months after the end of the life office's first financial year to end after 5 April 2015.
- (5) The Board must decide all claims made under the 1978 Regulations no later than 5 April 2017.
- (6) Terms used in this paragraph have the same meaning as they have in the 1978 Regulations.
- 26 (1) In this paragraph—
- (a) “the 1980 Regulations” means the Friendly Societies (Life Assurance Premium Relief) (Change of Rate) Regulations 1980 (S.I. 1980/1947), and

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- (b) terms have the same meaning as they have in the 1980 Regulations.
- (2) This paragraph applies in relation to a friendly society which has adopted the prescribed scheme or an approved scheme in accordance with the provisions of the 1977 Regulations.
- (3) The prescribed scheme or the approved scheme, and the 1977 Regulations and the 1980 Regulations, have effect in relation to the friendly society on the following basis.
- (4) That basis is—
- (a) paragraph 23 above does not remove any person's entitlement to relief under section 266 of ICTA but does change the authorised percentage to 0%,
 - (b) the effective date in relation to that change is 6 April 2015,
 - (c) as well as having effect in relation to gross contributions due and payable on or after 6 April 2015, that change has effect in relation to gross contributions due and payable before that date so far as they are actually paid on or after 6 July 2015 (and, in particular, regulations 3(1) and 4(1) of the 1980 Regulations are to be read accordingly), and
 - (d) a resolution under regulation 3(1) of the 1980 Regulations may be passed in relation to that change at any time before 6 April 2015.
- (5) For regulation 5 of the 1980 Regulations substitute—
- “5 (1) This regulation applies if a gross contribution is amended under regulation 4.
- (2) The friendly society may notify the Financial Services Authority of a proposal to amend the sum assured or guaranteed by the contract by an amount determined in accordance with rules which have been certified by an actuary to be fair in relation to the gross contribution payable.
- (3) The proposed amendment may be made at any time after the expiry of the period of 3 months beginning with the day on which the proposal is notified to the Financial Services Authority.”
- (6) For regulation 8 of the 1980 Regulations substitute—
- “8 (1) This regulation applies if a friendly society adopted an approved scheme under regulation 7 of the 1977 Regulations.
- (2) The friendly society may notify the Financial Services Authority of a proposal to amend the approved scheme in consequence of any prospective change in the authorised percentage.
- (3) The proposed amendment—
- (a) may be made at any time after the expiry of the period of 3 months beginning with the day on which the proposal is notified to the Financial Services Authority, but
 - (b) must be made before 6 April 2015.”

27 (1) In this paragraph—

- (a) “the 1980 Regulations” means the Industrial Assurance (Life Assurance Premium Relief) (Change of Rate) Regulations 1980 (S.I. 1980/1948), and
- (b) terms have the same meaning as they have in the 1980 Regulations.

*Changes to legislation: There are currently no known outstanding effects
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- (2) This paragraph applies in relation to an industrial assurance company or collecting society which has adopted the prescribed scheme or an approved scheme in accordance with the provisions of the 1977 Regulations.
- (3) The prescribed scheme or the approved scheme, and the 1977 Regulations and the 1980 Regulations, have effect in relation to the industrial assurance company or collecting society on the following basis.
- (4) That basis is—
- (a) paragraph 23 above does not remove any person's entitlement to relief under section 266 of ICTA but does change the authorised percentage to 0%,
 - (b) the effective date in relation to that change is 6 April 2015,
 - (c) as well as having effect in relation to gross premiums due and payable on or after 6 April 2015, that change has effect in relation to gross premiums due and payable before that date so far as they are actually paid on or after 6 July 2015 (and, in particular, regulations 3(1) and 4(1) of the 1980 Regulations are to be read accordingly), and
 - (d) a resolution under regulation 3(1) of the 1980 Regulations may be passed in relation to that change at any time before 6 April 2015.
- (5) For regulation 5 of the 1980 Regulations substitute—
- “5 (1) This regulation applies if a gross premium is amended under regulation 4.
- (2) The industrial assurance company or collecting society may notify the Financial Services Authority of a proposal to amend the sum assured or guaranteed by the policy or contract by an amount determined in accordance with rules which have been certified by an actuary to be fair in relation to the gross premium payable.
- (3) The proposed amendment may be made at any time after the expiry of the period of 3 months beginning with the day on which the proposal is notified to the Financial Services Authority.”
- (6) For regulation 8 of the 1980 Regulations substitute—
- “8 (1) This regulation applies if an industrial assurance company or collecting society adopted an approved scheme under regulation 7 of the 1977 Regulations.
- (2) The industrial assurance company or collecting society may notify the Financial Services Authority of a proposal to amend the approved scheme in consequence of any prospective change in the authorised percentage.
- (3) The proposed amendment—
- (a) may be made at any time after the expiry of the period of 3 months beginning with the day on which the proposal is notified to the Financial Services Authority, but
 - (b) must be made before 6 April 2015.”

28 (1) The following repeals are made in consequence of the provision made by paragraph 23 above.

Act

Provision repealed

*Changes to legislation: There are currently no known outstanding effects
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ICTA	Sections 266, 266A and 274. Section 824(2D)(b) and (3)(ad). Schedule 14. In paragraph 8 of Schedule 15, the words from “but” (in the second place it occurs) to the end.
FA 1988	Section 29. Paragraph 9 of Schedule 3.
FA 1996	Section 167(5) and (6). Paragraph 11 of Schedule 18. Paragraph 20 of Schedule 20.
ITEPA 2003	Paragraphs 36 and 119 of Schedule 6.
FA 2004	Paragraphs 9 and 10 of Schedule 35.
ITA 2007	Section 811(6)(e) and the “and” before it. Paragraph 232 of Schedule 1.
FA 2009	Paragraphs 3 to 5 of Schedule 1. Paragraph 9D of Schedule 54.

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- (2) In section 989 of ITA 2007 (definitions for the purposes of the Income Tax Acts) for the definition of “qualifying policy” substitute—
- ““qualifying policy” is to be read in accordance with Schedule 15 to ICTA,”.
- (3) The amendments made by sub-paragraphs (1) and (2) come into force on the day appointed by the Treasury by order made by statutory instrument.
- (4) An order under sub-paragraph (3) may make transitional provision and savings.
- (5) A statutory instrument containing an order under sub-paragraph (3) is subject to annulment in pursuance of a resolution of the House of Commons.
- 29 (1) This paragraph applies if—
- (a) a policy which is a qualifying policy (within the meaning of the Income Tax Acts) is varied or another policy is substituted for such a policy, and
 - (b) the variation or substitution is made for the sole purpose of dealing with the consequences of the restrictions placed on relief under section 266 of ICTA by virtue of paragraph 23 above.
- (2) In the case of a variation, the variation does not itself affect the policy's status as a qualifying policy.
- (3) In the case of a substitution, the new policy is to be a qualifying policy.
- 30 (1) In this paragraph “relevant variation” means a variation made for the sole purpose of dealing with the consequences of the restrictions placed on relief under section 266 of ICTA by virtue of paragraph 23 above.
- (2) A relevant variation of a policy is not to be treated as a variation for the purposes of—
- (a) paragraph 8(1) or (4) of Schedule 14 to ICTA, or

*Changes to legislation: There are currently no known outstanding effects
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- (b) section 485(6) of ITTOIA 2005 (disregard of certain events in relation to qualifying policies).
- (3) A relevant variation of a policy or contract does not itself cause the breaching of a limit set out in—
 - (a) section 460(2)(c)(iii) or 464 of ICTA, or
 - (b) section 155(3) (so far as relating to contracts made before 14 March 1984) or 160 of this Act.

Removal of claw-backs on relief given under section 266 of ICTA

- 31 (1) In ICTA omit sections 268 to 272 (which provide for the “claw-back” of income tax relief given under section 266 of ICTA).
- (2) In consequence of the provision made by sub-paragraph (1), omit—
 - (a) section 824(2D)(a) of ICTA,
 - (b) paragraph 11 of Schedule 35 to FA 2004,
 - (c) paragraph 123 of Schedule 1 to ITTOIA 2005, and
 - (d) paragraph 21 of Schedule 39 to FA 2008.
- (3) The amendments made by this paragraph have effect in relation to events occurring in relation to policies on or after 6 April 2015.

*Abolition of income tax relief relating to certain
payments made for benefit of family members etc*

- 32 (1) In Chapter 6 of Part 8 of ITA 2007 omit section 459 (which provides income tax relief in relation to certain payments made by individuals for the benefit of family members).
- (2) In ITA 2007—
 - (a) in sections 26(1)(a) and 27(5) omit “section 459 of this Act or section 273 of ICTA (payments for benefit of family members),”,
 - (b) in section 423(5)—
 - (i) after paragraph (b) insert “ and ”, and
 - (ii) omit paragraph (d) (and the “and” before it),
 - (c) in section 460—
 - (i) omit subsection (1)(b) (and the “or” before it), and
 - (ii) in subsection (4) for “ , 458 or 459” substitute “ or 458 ”,
 - (d) in section 809G(2)(c) for “ , 458 or 459” substitute “ or 458 ”, and
 - (e) omit section 811(6)(d) (but not the “and” after it).
- (3) Section 609 of ITEPA 2003 (annuities for the benefit of dependants) is amended as follows.
- (4) In subsection (1), for the words from the second “which” to the end substitute “—
 - (a) which, in the tax year 2012-13 or an earlier tax year, satisfied the conditions for relief under section 273 of ICTA or section 459 of ITA 2007 (obligatory contributions to secure an annuity for the benefit of dependants), or
 - (b) which fall within subsection (3)”.

*Changes to legislation: There are currently no known outstanding effects
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(5) After subsection (2) insert—

“(3) A sum falls within this subsection if—

- (a) in the tax year 2013-14 or a later tax year, the sum is paid by an individual, or is deducted from an individual's earnings, under an Act or the individual's terms and conditions of employment,
- (b) the sum is for the purpose of—
 - (i) securing a deferred annuity after the individual's death for the individual's surviving spouse or civil partner, or
 - (ii) making provision after the individual's death for the individual's children, and
- (c) the individual—
 - (i) is UK resident for the tax year in which the sum is paid or deducted, or
 - (ii) at any time in that tax year, falls within any of paragraphs (a) to (f) of section 460(3) of ITA 2007 (matters relating to residence).

(4) Subsection (3)(a) does not cover contributions paid by a person under—

- (a) Part 1 of the Social Security Contributions and Benefits Act 1992, or
- (b) Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

(5) In subsection (3)(a) “earnings” has the meaning given by section 62.”

(6) The amendments made by this paragraph have effect for the tax year 2013-14 and subsequent tax years.

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