



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.

[^{F1}(1)] ^{M1}An individual who makes a claim in that behalf or, in the case of relief under section 266, who satisfies the conditions of that section, shall be entitled to such relief as is specified in sections 257 to 274, subject however to the provisions of sections 275 to 278 and [^{F2}287 and 288].

[^{F3}(2)] Where under any provision of this Chapter the relief to which a person is entitled for any year of assessment consists in an income tax reduction calculated by reference to a specified amount, the effect of that relief shall be that the amount of that person's liability for that year to income tax on his total income shall be the amount to which he would have been liable apart from that provision less whichever is the smaller of—

- (a) the amount equal to [^{F4}10 per cent.] of the specified amount; and
- (b) the amount which reduces his liability to nil.

(3) In determining for the purposes of subsection (2) above the amount of income tax to which a person would be liable apart from any provision providing for an income tax reduction, no account shall be taken—

- (a) where that provision is [^{F5}section 257AA], of any income tax reduction under any of the other provisions of this Chapter;
- (b) ^{F6} or

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- (c) whatever that provision—
- (i) of any relief by way of a reduction of liability to tax which is given in accordance with any arrangements having effect by virtue of section 788 or by way of a credit under section 790(1); or
 - (ii) of any tax at the basic rate on so much of that person's income as is income the income tax on which he is entitled to charge against any other person or to deduct, retain or satisfy out of any payment;

F7]

Textual Amendments

- F1** S. 256 renumbered as s. 256(1) (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 c. 9, s. 77(1)
- F2** “287 and 288”
repealed by 1988(F) Sch.14 Part. VIII for 1990-91 and subsequent years. And see 1970(M) ss.42 and 43—procedure on claims and appeals.
- F3** S. 256(2)(3) inserted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 c. 9, s. 77(2)
- F4** Words in s. 256(2)(a) substituted (1999-2000 and subsequent years of assessment) by Finance Act 1998 (c. 36), s. 27(1)(a)
- F5** Words in s. 256(3)(a) substituted (with effect in accordance with s. 35(2) of the amending Act) by Finance Act 1999 (c. 16), s. 35(1)(a)
- F6** S. 256(3)(b) repealed (with effect in accordance with s. 35(2) of the repealing Act) by Finance Act 1999 (c. 16), s. 35(1)(b), Sch. 20 Pt. 3(5), Note 2
- F7** S. 256(3): words after para. (c) repealed (with effect in accordance with s. 35(3) of the repealing Act) by Finance Act 1999 (c. 16), s. 35(1)(c), Sch. 20 Pt. 3(4), Note

Modifications etc. (not altering text)

- C1** S. 256(3) modified (2000-2001) by Finance Act 1999 (c. 16), s. 35(4)

Marginal Citations

- M1** Source-1970 s.5; 1971 Sch.4 3; 1975 (No.2) s.31(3); 1976 Sch.4 3(1), 18(1)

VALID FROM 06/04/2007

[^{F8}256A Meaning of “adjusted net income”

- (1) For the purposes of this Chapter an individual's adjusted net income for a year of assessment is calculated as follows.

Step 1

Take the amount of the individual's net income for the year of assessment.

Step 2

If in the year of assessment the individual makes, or is treated under section 426 of ITA 2007 as making, a gift that is a qualifying donation for the purposes of Chapter 2 of Part 8 of that Act (gift aid) deduct the grossed up amount of the gift.

Step 3

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If the individual is given relief in accordance with section 192 of FA 2004 (relief at source) in respect of any contribution paid in the year of assessment under a pension scheme, deduct the gross amount of the contribution.

Step 4

Add back any relief under section 266 of this Act given by virtue of subsection (7) of that section (payments for life insurance etc) that was deducted in calculating the individual's net income for the year of assessment.

The result is the individual's adjusted net income for the year of assessment.

- (2) The grossed up amount of a gift is the amount of the gift grossed up by reference to the basic rate for the year of assessment.
- (3) The gross amount of a contribution is the amount of the contribution before deduction of tax under section 192(1) of FA 2004.]

Textual Amendments

F8 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)

VALID FROM 06/04/2007

[^{F8}256B Meaning of “the minimum amount”

In this Chapter “the minimum amount” means £2,350.]

Textual Amendments

F8 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)

Modifications etc. (not altering text)

C2 S. 256B amended (2008-09) by S.I. 2008/673, **art. 2(2)**
S. 256B amended (2009-10) by S.I. 2008/3024, **art. 2(a)**

[^{F9}257 Personal allowance.

- (1) The claimant shall be entitled to a deduction from his total income of [^{F10}£3,005,].
- (2) If the claimant ^{F11}. . . is at any time within the year of assessment of the age of 65 or upwards, he shall be entitled to a deduction from his total income of [^{F10}£3,670] (instead of the deduction provided for by subsection (1) above).
- (3) If the claimant ^{F11}. . . is at any time within the year of assessment of the age of [^{F12}75] or upwards, he shall be entitled to a deduction from his total income of [^{F10}£3,820] (instead of the deduction provided for by subsection (1) or (2) above).

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- (4) For the purposes of subsections (2) and (3) above a person who would have been of or over a specified age within the year of assessment if he had not died in the course of it shall be treated as having been of that age within that year.
- (5) In relation to a claimant whose total income for the year of assessment exceeds [^{F10}£12,300], subsections (2) and (3) above shall apply as if the amounts specified in them were reduced by [^{F12}one half] of the excess (but not so as to reduce those amounts below that specified in subsection (1) above).]]

Textual Amendments

- F9** Ss. 257-257F substituted for s. 257 (1990-91 and subsequent years) by Finance Act 1988 (c. 39), s. 33
- F10** S.I. 1990 No.677, arts.2(1)(3) (in Part III Vol.5)for 1990-91.
- F11** Words in s. 257(2)(3) repealed (with effect as mentioned in s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 20 para. 13, Sch. 41 Pt. 5(10), Note
- F12** 1989 s.33 for 1990-91and subsequent years.

Modifications etc. (not altering text)

- C3** S. 257 amended (1991-92) by S.I. 1991/732, art. 2(3)
 S. 257 amended (1992-93) by S.I. 1992/622, art. 2(3)
 S. 257 amounts specified (1993-94) by 1993 c. 34, s. 52 (in place of S.I. 1993/755, art. 2(3))
 S. 257 amounts specified (1994-95) by 1994 c. 9, s. 76 (in place of S.I. 1993/2948, art. 2(3))
 S. 257(1)(5) amended (1995-96) by S.I. 1994/3012, art. 2(3)(a)(d)
 S. 257(2)(3) amended (1995-96) by 1995 c. 4, s. 36 (in place of S.I. 1994/3012, art. 2(3)(b)(c))
 S. 257(5) amended (1996-97) by S.I. 1995/3031, art. 2(3)(d)
 S. 257(1)(2)(3) amended (1996-97) by 1996 c. 8, s. 74(2) (in place of S.I. 1995/3031, art. 2(3)(a)-(c))
 S. 257(5) amended (1997-98) by S.I. 1996/2952, art. 2(3)(d)
 S. 257(1)(2)(3) amended (1997-98) by 1997 c. 16, s. 55(2) (in place of S.I. 1996/2952, art. 2(3)(a)-(c))
 S. 257 amended (1998-99) by S.I. 1998/755, art. 2(3)
 S. 257(1) amended (1999-00) by S.I. 1998/2704, art. 2
 S. 257(5) amended (1999-00) by S.I. 1999/597, art. 2(3)(c)
 S. 257(2)(3) amended (1999-00) by 1999 c. 16, s. 24(1) (in place of S.I. 1999/597, art. 2(3)(a)(b))
 S. 257(1) amended (2000-01) by S.I. 1999/3038, art. 2
 S. 257(2)(3)(5) amended (2000-01) by S.I. 2000/806, art. 2(3)
 S. 257 amended (2001-02) by S.I. 2000/2996, art. 2(2)
 S. 257 amended (2002-03) by S.I. 2001/3773, art. 2(2)
 S. 257(1) amended (2003-04) by 2002 c. 23, s. 28(1)
 S. 257(2)(3) amended (2003-04) by 2002 c. 23, s. 29(1)
 S. 257(5) amended (2003-04) by S.I. 2002/2930, art. 2(2)
 S. 257(1)(5) amended (2004-05) by S.I. 2003/3215, art. 2(2)(a)(d)
 S. 257(2)(3) amended (2004-05) by 2004 c. 12, s. 24(1) (in place of S.I. 2003/3215, art. 2(2)(b)(c))
 S. 257(1)(5) amended (2005-06) by S.I. 2004/3161, art. 2(2)(a)(d)
 S. 257(2)(3) amended (2005-06) by 2005 c. 7, s. 9(1) (in place of S.I. 2004/3161, art. 2(2)(b)(c))
 S. 257(1)(2)(3)(5) amended (2006-07) by S.I. 2005/3327, art. 2(2)
 S. 257(1)(2)(3)(5) amended (2007-08) by S.I. 2006/3241, art. 2(2)
 S. 257(5) amended (2008-09) by S.I. 2008/673, art. 2(3)(d)
 S. 257(1)(2)(3) amended (2008-09) by 2008 c. 9, ss. 2(1)(b), 3(1) (in place of S.I. 2008/673, art. 2(3)(a)-(c))
 S. 257(2)(3)(5) amended (2009-10) by S.I. 2008/3024, art. 2(b)(ii)-(iv)
 S. 257(1) amended (2009-10) by 2009 c. 10, s. 3(1)(b) (in place of S.I. 2008/3024, art. 2(b)(i))
- C4** S. 257(5) modified (6.4.2006) by Finance Act 2004 (c. 12), ss. 192(5), 284(1) (with Sch. 36)

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[^{F13}257A Children’s tax credit.

^{F14}]

Textual Amendments

F13 S. 257AA inserted (with effect in accordance with s. 30(5) of the amending Act) by Finance Act 1999 (c. 16), s. 30(1)

F14 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.

(1) ^{F15}

(2) [^{F16}If the claimant is, for the whole or any part of the year of assessment, a married man whose wife is living with him, and] either of them [^{F17}was born before 6th April 1935], he shall be entitled [^{F18}for that year to an income tax reduction calculated by reference to £2,665]. . . .

(3) [^{F16}If the claimant is, for the whole or any part of the year of assessment, a married man whose wife is living with him, and] either of them
[^{F19}(a) is at any time within that year of the age of [^{F20}75] or upwards, [^{F21} and
(b) was born before 6th April 1935,]
he shall be entitled [^{F22}for that year to an income tax reduction calculated by reference to £2,705 (instead of to the reduction] provided for by subsection ^{F23}. . . (2) above).

(4) For the purposes of [^{F24}subsection (3)] above a person who would have been of or over [^{F25}the age of 75] within the year of assessment if he had not died in the course of it shall be treated as having been of that age within that year.

(5) In relation to a claimant whose total income for the year of assessment exceeds [^{F26}£12,300], subsections (2) and (3) above shall apply as if the amounts specified in them were reduced by—
(a) [^{F20}one half] of the excess, less
(b) any reduction made in his allowance under section 257 by virtue of subsection (5) of that section,

^{F27}

[^{F28}(5A) The amounts specified in subsections (2) and (3) above shall not by virtue of subsection (5) above be treated as reduced below £1,970.]

(6) A man shall not be entitled by virtue of this section to more than one [^{F29}income tax reduction] for any year of assessment; and in relation to a claim by a man who becomes married in the year of assessment and has not previously in the year been entitled to relief under this section, this section shall have effect as if the amounts specified in [^{F30}subsections (2) and (3)] above were reduced by one twelfth for each month of the year ending before the date of the marriage.

In this subsection “month” means a month beginning with the 6th day of a month of the calendar year.

[^{F31}(7) ^{F32}

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- (8) ^{F32}
- (9) ^{F32}]

Textual Amendments

- F15** S. 257A(1) repealed (with effect as mentioned in s. 31(10), Sch. 20 Pt. 3(3) Note 2 of the repealing Act) by Finance Act 1999 (c. 16), s. 31(2), Sch. 20 Pt. 3(3)
- F16** Words in s. 257A(2)(3) substituted (with effect in as mentioned in s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), Sch. 20 para. 14(3)
- F17** Words in s. 257A(2) substituted (with effect as mentioned in s. 31(10) of the amending Act) by Finance Act 1999 (c. 16), s. 31(3)(a)
- F18** Words in s. 257A(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), s. 77(2)(b)
- F19** Word in s. 257A(3) inserted (with effect as mentioned in s. 31(10) of the amending Act) by Finance Act 1999 (c. 16), s. 31(4)(a)
- F20** 1989 s.33 for 1990-91 and subsequent years.
- F21** S. 257A(3)(b) and preceding word inserted (with effect as mentioned in s. 31(10) of the amending Act) by Finance Act 1999 (c. 16), s. 31(4)(b)
- F22** Words in s. 257A(3) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), s. 77(2)(c)
- F23** Words in s. 257A(3) repealed (with effect as mentioned in s. 31(10), Sch. 20 Pt. 3(3) Note 2 of the repealing Act) by Finance Act 1999 (c. 16), s. 31(4)(c), Sch. 20 Pt. 3(3)
- F24** Words in s. 257A(4) substituted (with effect as mentioned in s. 31(10) of the amending Act) by Finance Act 1999 (c. 16), s. 31(5)(a)
- F25** Words in s. 257A(4) substituted (with effect as mentioned in s. 31(10) of the amending Act) by Finance Act 1999 (c. 16), s. 31(5)(b)
- F26** S.I. 1990 No.677, arts.2(1)(4) (in Part III Vol.5) for 1990-91.
- F27** Words in s. 257A(5) repealed (with effect as mentioned in s. 31(11), Sch. 20 Pt. 3(3) Note 1 of the repealing Act) by Finance Act 1999 (c. 16), s. 31(6), Sch. 20 Pt. 3(3) (with s. 32(5))
- F28** S. 257A(5A) inserted (with effect as mentioned in s. 31(11) of the amending Act) by Finance Act 1999 (c. 16), s. 31(7) (with s. 32(5))
- F29** Words in s. 257A(6) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 1
- F30** Words in s. 257A(6) substituted (with effect as mentioned in s. 31(10) of the amending Act) by Finance Act 1999 (c. 16), s. 31(8)
- F31** S. 257A(7)-(9) inserted (with effect as mentioned in s. 31(12) of the amending Act) by Finance Act 1999 (c. 16), s. 31(9)
- F32** S. 257A(7)-(9) 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)

Modifications etc. (not altering text)

- C5** Ss. 257A-262 restricted (with effect as mentioned in s. 77(7) of the restricting Act) by Finance Act 1994 (c. 9), Sch. 8 para. 4(1)
- C6** S. 257A(2)(3)(5) amended (1991-92) by S.I. 1991/732, art. 2(4)(b)-(d)
 S. 257A(1) amended (1991-92) by 1991 c. 31, s. 22(2) (in place of S.I. 1991/732, art. 2(4)(a))
 S. 257A(2)(3)(5) amended (1992-93) by S.I. 1992/622, art. 2(4)(b)-(d)
 S. 257A(1) amended (1992-93) by 1992 c. 20, s. 10(3)(5) (in place of S.I. 1992/622, art. 2(4)(a))
 S. 257A amounts specified (1993-94) by 1993 c. 34, s. 52 (in place of S.I. 1993/755, art. 2(4))
 S. 257A(1)(2)(3) amended (1994-95) by S.I. 1993/2948, art. 2(4)(a)-(c)
 S. 257A(5) amount specified (1994-95) 1994 c. 9, s. 78 (in place of S.I. 1993/2948, art. 2(4)(d))
 S. 257A(1)(2)(3) amended (1995-96) by 1994 c. 9, s. 77(9)

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- S. 257A(5) amended (1995-96) by S.I. 1994/3012, **art. 2(4)**
- S. 257A amended (1996-97) by S.I. 1995/3031, **art. 2(4)**
- S. 257A amended (1997-98) by S.I. 1996/2952, **art. 2(4)**
- S. 257A amended (1998-99) by S.I. 1998/755, **art. 2(4)**
- S. 257A(2)(3) amended (1999-00) by 1998 c. 36, s. 27(2)
- S. 257A amended (1999-00) by S.I. 1999/597, **art. 2(4)**
- S. 257A amended (2000-01) by S.I. 2000/806, **art. 2(4)**
- S. 257A amended (2001-02) by S.I. 2000/2996, **art. 2(3)**
- S. 257A amended (2002-03) by S.I. 2001/3773, **art. 2(3)**
- S. 257A amended (2003-04) by S.I. 2002/2930, **art. 2(3)**
- S. 257A(2)(3)(5)(5A) amended (2004-05) by S.I. 2003/3215, **art. 2(3)**
- S. 257A(2)(3)(5)(5A) amended (2005-06) by S.I. 2004/3161, **art. 2(3)**
- S. 257A(2)(3)(5)(5A) amended (2006-07) by S.I. 2005/3327, **art. 2(3)**
- S. 257A(2)(3)(5)(5A) amended (2007-08) by S.I. 2006/3241, **art. 2(3)**
- S. 257A(2)(3)(5) amended (2008-09) by S.I. 2008/673, **art. 2(4)**
- S. 257A(2)(3)(5) amended (2009-10) by S.I. 2008/3024, **art. 2(c)**

VALID FROM 05/12/2005

[^{F33}257A Married couple's allowance (post-5th December 2005 marriages and civil partnerships etc.)

- (1) This section applies if —
- (a) the claimant is, for the whole or any part of the year of assessment, living with his spouse or civil partner,
 - (b) either the claimant or his spouse or civil partner was born before 6th April 1935,
 - (c) the marriage or civil partnership was entered into on or after 5th December 2005 or, if the marriage was entered into before that date, an election for this section to apply has effect for that year, and
 - (d) the claimant's total income for that year exceeds that of his spouse or civil partner or, if they have the same amount of total income for that year, the claimant is specified in an election as the person to be entitled to relief under this section for that year.
- (2) The claimant shall be entitled for that year to an income tax reduction —
- (a) calculated by reference to £5,975 (if either the claimant or his spouse or civil partner is at any time within that year of the age of 75 or upwards), or
 - (b) calculated by reference to £5,905 (in any other case).
- (3) For the purposes of subsection (2)(a) above an individual who would have been of or over the age of 75 within the year of assessment if he had not died in the course of it shall be treated as having been of that age within that year.
- (4) In relation to a claimant whose total income for the year of assessment exceeds £19,500, subsection (2) above applies as if the amounts specified in it were reduced by—
- (a) one half of the excess, less
 - (b) any reduction made in his allowance under section 257 by virtue of subsection (5) of that section.

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- (5) The amounts specified in subsection (2) above shall not by virtue of subsection (4) above be treated as reduced below £2,280.
- (6) An individual shall not be entitled by virtue of this section to more than one income tax reduction for any year of assessment.
- (7) In relation to a claim by an individual who —
- (a) becomes a spouse or civil partner in the year of assessment, and
 - (b) has not previously in the year been entitled to relief under this section,
- this section shall have effect as if the amounts specified in subsection (2) above were reduced by one twelfth for each month of the year ending before the date of the marriage or civil partnership.
- In this subsection “month” means a month beginning with the 6th day of a month of the calendar year.
- (8) An election under subsection (1)(c) —
- (a) shall be made jointly by the parties to the marriage,
 - (b) shall be made before the first year of assessment for which it is to have effect,
 - (c) shall have effect for that and each succeeding year of assessment for which any party to the marriage is entitled to relief under this section, and
 - (d) shall be irrevocable.
- (9) An election under subsection (1)(d) —
- (a) shall be made jointly by the parties to the marriage or civil partnership, and
 - (b) shall be made on or before the 5th anniversary of the 31st January next following the end of the year of assessment to which the election relates.]

Textual Amendments

F33 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

Modifications etc. (not altering text)

C7 S. 257AB(2)(4)(5) amended (2006-07) by [S.I. 2005/3327](#), **art. 2(4)**
 S. 257AB(2)(4)(5) amended (2007-08) by [S.I. 2006/3241](#), **art. 2(4)**
 S. 257AB(2)(4) amended (2008-09) by [S.I. 2008/673](#), **art. 2(5)**
 S. 257AB(2)(4) amended (2009-10) by [S.I. 2008/3024](#), **art. 2(d)**

^{F34}**257B Elections as to transfer of relief under section 257A.**

- (1) A woman may elect that for any year of assessment for which her husband is entitled to relief under section 257A—
- (a) she shall be entitled (on making a claim) [^{F35}to an income tax reduction calculated by reference to] one half of the amount specified in [^{F36}section 257A(5A)] for that year, and
 - (b) the amount [^{F37}by reference to which the calculation of the income tax reduction to which he is entitled under section 257A is to be made] shall be reduced accordingly.

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- (2) A husband and wife may jointly elect that for any year of assessment for which the husband is entitled to relief under section 257A—
- (a) she shall be entitled (on making a claim) [^{F35}to an income tax reduction calculated by reference to] the amount specified in [^{F36}section 257A(5A)] for that year, and
 - (b) the amount that [^{F37}by reference to which the calculation of the income tax reduction to which he is entitled under section 257A is to be made] shall be reduced accordingly ^{F38}
- (3) A man may elect that for any year of assessment for which his wife is entitled to relief by virtue of an election under subsection (2) above—
- (a) he shall be entitled (on making a claim) to [^{F39}to an income tax reduction calculated by reference to] one half of the amount specified in [^{F36}section 257A(5A)] for that year (in addition to [^{F40}any income tax reduction to which he is already entitled] under section 257A), and
 - (b) the amount [^{F41}by reference to which the calculation of the income tax reduction to which she is entitled by virtue of that election is to be made] shall be reduced accordingly.
- (4) An election under this section shall be made by giving notice to the inspector in such form as the Board may determine and—
- (a) subject to subsections (5) and (7) below, shall be made before the first year of assessment for which it is to have effect, and
 - (b) shall have effect for that and each succeeding year of assessment for which the husband is entitled to relief under section 257A, subject to its withdrawal under subsection (8) below or a subsequent election under this section.
- (5) An election may be made during the first year of assessment for which it is to have effect if that is the year of assessment in which the marriage takes place.
- (6) Where subsection (5) above applies, the references in subsections (1)(a), (2)(a) and (3)(a) above to the amount specified for the year of assessment in [^{F36}section 257A(5A)] shall be read as references to that amount reduced in accordance with section 257A(6).
- (7) An election may be made within the first thirty days of the first year of assessment for which it is to have effect if before that year the inspector has been given written notification that it is intended to make the election.
- (8) The person or persons by whom an election was made may withdraw it by giving notice to the inspector in such form as the Board may determine; but the withdrawal shall not have effect until the year of assessment after the one in which the notice is given.
- (9) A woman shall not be entitled by virtue of an election under this section to more than one [^{F42}income tax reduction] for any year of assessment.]

Textual Amendments

F34 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.

F35 Words in s. 257BA(1)(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 2(1)(a) (with Sch. 8 para. 2(3))

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- F36** Words in s. 257BA(1)(a)(2)(a)(3)(a)(6) substituted (with effect as mentioned in s. 32(3) of the amending Act) by Finance Act 1999 (c. 16), s. 32(1)(a)
- F37** Words in s. 257BA(1)(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 2(1)(b) (with Sch. 8 para. 2(3))
- F38** Words in s. 257BA(2) repealed (with effect as mentioned in s. 32(4), Sch. 20 Pt. 3(3) Note 2 of the repealing Act) by Finance Act 1999 (c. 16), s. 32(1)(b), Sch. 20 Pt. 3(3)
- F39** Words in s. 257BA(3) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 2(2)(a) (with Sch. 8 para. 2(3))
- F40** Words in s. 257BA(3) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 2(2)(b) (with Sch. 8 para. 2(3))
- F41** Words in s. 257BA(3) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 2(2)(c) (with Sch. 8 para. 2(3))
- F42** Words in s. 257BA(9) substituted (with effect as mentioned in s. 32(3) of the amending Act) by Finance Act 1999 (c. 16), s. 32(1)(c)

Modifications etc. (not altering text)

- C8** S. 257B-262 restricted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 4(1)

^{F43}257BB **Transfer of relief under section 257A where relief exceeds income.**

(1) Where—

- (a) a man is entitled to relief under section 257A, but
- ^{F44}(b) the amount of the reduction to which he is entitled is determined in accordance with section 256(2)(b) [^{F45} (read with section 25(6)(c) of the ^{M2}Finance Act 1990 where applicable)] or, by virtue of his having no income tax liability to which that reduction is applicable, is nil,

his wife shall be entitled (in addition to any reduction to which she is entitled by virtue of an election under section 257BA) to an income tax reduction calculated by reference to an amount equal to the unused part of the amount by reference to which her husband's income tax reduction fell to be calculated in pursuance of section 257A and any election under section 257BA.]

(2) Subsection (1) above shall not apply for a year of assessment unless the claimant's husband gives notice to the inspector that it is to apply.

(3) Where—

- (a) a woman is entitled to relief by virtue of an election under section 257BA, but
- ^{F46}(b) the amount of the reduction to which she is entitled is determined in accordance with section 256(2)(b) [^{F45} (read with section 25(6)(c) of the ^{M2}Finance Act 1990 where applicable)] or, by virtue of her having no income tax liability to which that reduction is applicable, is nil,

her husband shall be entitled (in addition to any other reduction to which he is entitled by virtue of section 257A) to an income tax reduction calculated by reference to an amount equal to the unused part of the amount by reference to which his wife's income tax reduction fell to be calculated in pursuance of that election.]

^{F47}(3A) In this section references, in relation to such an amount as is mentioned in subsection (1)(b) or (3)(b), to the unused part of an amount by reference to which any income tax reduction fell to be calculated are references to so much of it (including, where the amount so mentioned is nil, all of it) as has no practical effect on the determination of the amount so mentioned.]

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- (4) Subsection (3) above shall not apply for a year of assessment unless the claimant's wife gives notice to the inspector that it is to apply.
- (5) Any notice under subsection (2) or (4) above—
- (a) shall be given [^{F48}on or before the fifth anniversary of the 31st January next following] the end of the year of assessment to which it relates,
 - (b) shall be in such form as the Board may determine, and
 - (c) shall be irrevocable.
- (6) ^{F49}

Textual Amendments

- F43** 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.
- F44** S. 257BB(1)(b) and words substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 3(1)
- F45** Words in s. 257BB(1)(b)(3)(b) inserted (with effect in accordance with s. 39(10) of the amending Act) by Finance Act 2000 (c. 17), s. 39(8)
- F46** S. 257BB(3)(b) and words substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 3(2)
- F47** S. 257BB(3A) inserted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 3(3)
- F48** Words in s. 257BB(5)(a) substituted (with effect in accordance with s. 135(2) of the amending Act) by Finance Act 1996 (c. 8), Sch. 21 para. 4
- F49** S. 257BB(6) repealed (with effect as mentioned in s. 77(7) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 8 para. 3(4), Sch. 26 Pt. 5(1), Note

Modifications etc. (not altering text)

- C9** S. 257B-262 restricted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 4(1)
- C10** S. 257BB(5) modified (1992-93, 1993-94 and 1994-5) by The Lloyd's Underwriters (Tax) (1992-93 to 1996-97) Regulations 1995 (S.I. 1995/352), regs. 1, 14, 15, Sch.

Marginal Citations

- M2** 1990 c. 29.

257C Indexation of amounts in sections 257 and 257A.

- (1) If the retail prices index for the month of [^{F54}September] preceding a year of assessment is higher than it was for the previous [^{F54}September], then, unless Parliament otherwise determines, [^{F55}sections 257 [^{F56F57}. . .] and 257A] shall apply for that year as if for each amount specified in them as they applied for the previous year (whether by virtue of this section or otherwise) there were substituted an amount arrived at by increasing the amount for the previous year by the same percentage as the percentage increase in the retail prices index, and—
- (a) if in the case of an amount specified in sections 257(5) and 257A(5) the result is not a multiple of £100, rounding it up to the nearest amount which is such a multiple;

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- (b) if in the case of any other amount the increase is not a multiple of £10, rounding the increase up to the nearest amount which is such a multiple.

^{F58}(2)

[^{F59}(2A) Subsection (1) above shall not require any change to be made in the amounts deductible or repayable under [^{F60}PAYE regulations] during the period beginning with 6th April and ending with 17th May in the year of assessment.]

- (3) The Treasury shall in each year of assessment make an order specifying the amounts which by virtue of subsection (1) above will be treated as specified for the following year of assessment in [^{F55}sections 257 [^{F56F57}. . .] and 257A].

[^{F61}(4) *This section shall have effect in relation to reliefs for the year 1990-91 (as well as for later years); and for that purpose it shall be assumed that sections 257 and 257A applied for the year 1989-90 as they apply, apart from this section, for the year 1990-91.*]

Textual Amendments

- F54** Words in s. 257C(1) substituted (27.7.1993 with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 107(3)(a)(8)
- F55** Words in s. 257C(1)(3) substituted (2002-03 and subsequent years of assessment) by Finance Act 1999 (c. 16), s. 30(3)(6)
- F56** Words in s. 257C(1)(3) substituted (2003-04 and subsequent years of assessment in accordance with s. 53(7) of the amending Act) by Finance Act 2001 (c. 9), s. 53(4)
- F57** Words in s. 257C(1)(3) 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)
- F58** S. 257C(2) repealed (27.7.1993 with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, ss. 107(3)(b)(8), 213, Sch. 23 Pt.III
- F59** S. 257C(2A) inserted (1999-00 and subsequent years of assessment) by Finance Act 1999 (c. 16), s. 25(3)(4)
- F60** Words in s. 257C(2A) substituted (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. 35 (with Sch. 7)
- F61** Repealed by 1990 s.132 and Sch.19 Part IV.

Modifications etc. (not altering text)

- C12** S. 257B-262 restricted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 4(1)
- C13** S. 257C applied (2000-01 and subsequent years of assessment) by Finance Act 1999 (c. 16), s. 32(5)
- C14** S. 257C(1) excluded (1991-92) by Finance Act 1991 (c. 31, SIF 63:1), s. 22(1)
 S. 257C(1) excluded (1992-93) by Finance Act 1992 (c. 20), s. 10(3)(5)
 S. 257C(1) excluded (1993-94) by Finance Act 1993 c. 34, s. 52
 S. 257C(1) excluded (1994-95) by Finance Act 1994 (c. 9), s. 76
 S. 257C(1) excluded (1994-95, 1995-96) by Finance Act 1994 (c. 9), s. 77(10)
 S. 257C(1) excluded (1994-95) by Finance Act 1994 (c. 9), s. 78
 S. 257C(1) excluded (1995-96) by Finance Act 1995 (c. 4), s. 36
 S. 257C(1) excluded (1996-97) by Finance Act 1996 (c. 8), s. 74(1)
 S. 257C(1) excluded (1997-98) by Finance Act 1997 (c.16), s. 55(1)
 S. 257C(1) excluded (1999-00) by Finance Act 1999 (c. 16), s. 24(2)
 S. 257C(1) excluded (2003-04) by Finance Act 2002 (c. 23), ss. 28(2), 29(2)
 S. 257C(1) excluded (2004-05) by Finance Act 2004 (c. 12), s. 24(2)
 S. 257C(1) excluded (2005-06) by Finance Act 2005 (c. 7), s. 9
 S. 257C excluded (2008-09) by Finance Act 2008 (c. 9), ss. 2(2)(b), 3(2)(b)

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- S. 257C excluded (2009-10) by [Finance Act 2009 \(c. 10\), s. 3\(2\)\(b\)](#)
- C15** S. 257C(2A) modified (2002-03) by [Finance Act 2002 \(c. 23\), s. 27\(b\)](#)
- C16** See S.I. 1990 No.677 in Part III Vol.5 for 1990-91.

257D Transitional relief: husband with excess allowances.

F62

Textual Amendments

- F62** 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.

F63

Textual Amendments

- F63** 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.

F64

Textual Amendments

- F64** 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\(3\)](#)

^{F65}258 Widower's or widow's housekeeper.

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Textual Amendments

- F65** 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.

F66

Textual Amendments

- F66** 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\(4\)](#)

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260 Apportionment of relief under section 259.

F67

Textual Amendments

F67 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.

F68

Textual Amendments

F68 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)**

[^{F69}261A Additional relief in respect of children for year of separation.

F70]

Textual Amendments

F69 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.

F70 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.

F71

Textual Amendments

F71 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))

^{F72}263 Dependent relatives.

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Textual Amendments

F72 S. 263 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), **Sch.14 Part IV**

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^{F73}264 Claimant depending on services of a son or daughter.

Textual Amendments

F73 S. 264 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), Sch.14 Part IV

^{F74}265 Blind person’s allowance.

(1) If the claimant ^{F75} . . . is a registered blind person for the whole or any part of the year of assessment, he shall be entitled to a deduction of [^{F76}£1,280] from his total income.

^{F77}(1A) [Section 257C (indexation) shall have effect (using the rounding up rule in subsection (1)(b) of that section) for the application of this section for the year 1998-99 and any subsequent year of assessment as it has effect for the application of sections 257 and 257A.]

(2) Where—

- (a) a person entitled to relief under subsection (1) above is a married man whose wife is living with him for the whole of any part of the year of assessment, but
- (b) the amount which he is entitled to deduct from his total income by virtue of that subsection exceeds what is left of his total income after all other deductions have been made from it,

his wife shall be entitled to a deduction from her total income of an amount equal to the excess.

(3) In determining for the purposes of subsection (2)(b) above the amount that is left of a person’s total income for a year of assessment after other deductions have been made from it, there shall be disregarded any deduction made—

- (a) ^{F78}
- (b) under ^{F79} . . . section 289 [^{F80} or
- (c) on account of any payments to which section 593(2) or 639(3) applies,][^{F81} or
- (d) ^{F82}][^{F83F84} . . .
- (e) ^{F84}]

(4) Subsections (2) and (3) above shall have effect where a wife is entitled to relief under subsection (1) above as they have effect where the husband is entitled to that relief, but with the appropriate modifications ^{F85} . . .

(5) Subsections (2) to (4) above shall not apply for a year of assessment unless the person entitled to relief under subsection (1) has given to the inspector written notice that they are to apply; and any such notice—

- (a) shall be given [^{F86} on or before the fifth anniversary of the 31st January next following] the end of the year of assessment to which it relates,
- (b) shall be in such form as the Board may determine, and
- (c) shall be irrevocable.

(6) A notice given under subsection (5) above in relation to a year of assessment by a husband shall have effect also as a notice under [^{F87}section 257BB(2)].

(7) In this section “registered blind person” means a person registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948 or, in the

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case of a person ordinarily resident in Scotland or Northern Ireland, a person who is a blind person within the meaning of section 64(1) of that Act].

Textual Amendments

- F74** 1988(F) s.35 and Sch.3 para.8 for 1990-91 and subsequent years. *Previously* “Relief for blind persons.**265.**—(1) Subject to subsection (3) below, if the claimant proves—(a) that he is a married man who for the year of assessment has his wife living with him, and that one of them was, and the other was not, a registered blind person for the whole or part of the year; or (b) that, not being such a married man, he was a registered blind person for the whole or part of the year, he shall be entitled to a deduction of £540 from his total income. (2) Subject to subsection (3) below, if the claimant proves—(a) that he is a married man who for the year of assessment has his wife living with him, and (b) that he was a registered blind person for the whole or part of the year and his wife was also a registered blind person for the whole or part of the year, he shall be entitled to a deduction of £1,080 from his total income. (3) *Unless a claimant who is entitled to relief for the year of assessment under section 264 in respect of the services of a son or daughter relinquishes his claim to that relief, he shall not be allowed relief under this section for that year (Repealed by 1988(F) ss.25(3), 148 and Sch.14 Part IV for 1988-89 and subsequent years.)*. (4) In this section “registered blind person” means a person registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948 or, in the case of a person ordinarily resident in Scotland or in Northern Ireland, a person who is a blind person within the meaning of section 64(1) of that Act.”. *And see Table E Vol.1 for previous years.*
- F75** Words in s. 265(1) repealed (with effect as mentioned in s. 134(2) of the repealing Act) by Finance Act 1996, Sch. 20 para. 19, Sch. 41 Pt. 5(10), Note
- F76** Words in s. 265(1) substituted (with effect in accordance with s. 56(3) of the amending Act) by Finance Act 1997 (c. 16), s. 56(1)
- F77** S. 265(1A) inserted (19.3.1997) by Finance Act 1997 (c. 16), s. 56(2)
- F78** S. 265(3)(a) repealed (with effect in accordance with s. 81(6) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 26 Pt. 5(2), Note
- F79** Words in s. 265(3)(b) repealed (with effect as mentioned in s. 77(7) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 8 para. 10, Sch. 26 Pt. 5(1), Note
- F80** 1989 s.33(10).
- F81** 1989 s.57(4)
- F82** S. 265(3)(d) repealed (with effect as mentioned in Sch. 10 para. 3(2) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 10 para. 3(1), Sch. 26 Pt. 5(3), Note 1
- F83** S. 265(3)(e) and ' ,or' preceding it inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 33(4)
- F84** S. 265(3)(e) and preceding word repealed (with effect in accordance with s. 59(3)(b) of the repealing Act) by Finance Act 1999 (c. 16), s. 139, Sch. 20 Pt. 3(15), Note; S.I. 2000/2004, art. 2
- F85** Words in s. 265(4) repealed (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), ss. 20, 82, Sch. 5 paras. 8(3), 10, Sch. 18 Pt.VII.
- F86** Words in s. 265(5)(a) substituted (with effect as mentioned in s. 135(2) of the amending Act) by Finance Act 1996, Sch. 21 para. 6
- F87** Words in s. 265(6) substituted (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. 8(4), 10.

Modifications etc. (not altering text)

- C17** S. 265(1) amended (1999-00) by S.I. 1999/597, art. 2(5)
 S. 265(1) amended (2000-01) by S.I. 2000/806, art. 2(5)
 S. 265(1) amended (2001-02) by S.I. 2001/638, art. 2(3)
 S. 265(1) amended (2002-03) by S.I. 2002/707, art. 2(4)
 S. 265(1) amended (2003-04) by S.I. 2002/2930, art. 2(4)

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- S. 265(1) amended (2004-05) by S.I. 2003/3215, **art. 2(4)**
- S. 265(1) amended (2005-06) by S.I. 2004/3161, **art. 2(4)**
- S. 265(1) amended (2006-07) by S.I. 2005/3327, **art. 2(5)**
- S. 265(1) amended (2007-08) by S.I. 2006/3241, **art. 2(5)**
- S. 265(1) amended (2008-09) by S.I. 2008/673, **art. 3**
- S. 265(1) amended (2009-10) by S.I. 2008/3024, **art. 3**
- C18** S. 265(5) modified (1990-91) by The Lloyd's Underwriters (Tax) (1990-91) Regulations 1993 (S.I. 1993/415), regs. 1, 9, **Sch. 2**
- C19** S. 265(5) modified (1991-92) by The Lloyd's Underwriters (Tax) (1991-92) Regulations 1994 (S.I. 1994/728), regs. 1, 9, **Sch. 2**
- S. 265(5) modified (1992-93, 1993-94 and 1994-5) by The Lloyd's Underwriters (Tax) (1992-93 to 1996-97) Regulations 1995 (S.I. 1995/352), regs. 1, 14, 15, **Sch.**

266 Life assurance premiums.

- (1) ^{M3}Subject to the provisions of this section, sections 274 and 619(6) and Schedules 14 and 15, an individual who pays any such premium as is specified in subsection (2) below or makes a payment falling within subsection (7) below shall (without making any claim) be entitled to relief under this section.
- (2) ^{M4}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 —
 - [^{F88}(i) a person who has permission under Part 4 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; and
 - (c) the insurance or contract was made by him or his spouse.
- (3) Subject to subsections (7), (10) and (11) below, no relief under this section shall be given—
 - (a) ^{M5}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) ^{M6}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) ^{M7}in respect of premiums payable under any policy issued in respect of an insurance made after 13th March 1984, except where the relief relates to part only of any such payment as falls within subsection (6) below;
 - (d) ^{M8}in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance.
- (4) ^{M9}Subject to subsections (6) to (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

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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 [^{F89}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) ^{M10}Where—

- (a) a person is entitled to relief under this section in respect of part only of a payment made to a [^{F90}friendly society]; and
- (b) the insurance or contract was made by the society in the course of tax exempt life or endowment business (as defined in section 466(2)), [^{F91}and
- (c) the insurance or contract is not excluded by subsection (6A) below,]

subsection (4) above shall not apply with respect to that relief but there shall be deducted from his total income an amount equal to one-half of that part of the payment.

[^{F92}(6A) For the purposes of subsection (6)(c) above, an insurance or contract is excluded by this subsection if it is made on or after 1st September 1996 and affords provision for sickness or other infirmity (whether bodily or mental), unless—

- (a) it also affords assurance for a gross sum independent of sickness or other infirmity;
- (b) not less than 60 per cent. of the amount of the premiums is attributable to the provision afforded during sickness or other infirmity; and
- (c) there is no bonus or addition which may be declared or accrue upon the assurance of the gross sum.]

(7) ^{M11}Where a person makes a payment to a trade union as defined in section 28(1) of the ^{M12}Trade Union and Labour Relations Act 1974, and part of that payment is attributable to the provision of superannuation, life insurance or funeral benefits, he shall be entitled to relief under this section in respect of that part of the payment, but—

- (a) subsection (4) above shall not apply; and
- (b) there shall be deducted from his total income an amount equal to one-half of that part of the payment.

This subsection shall also apply in relation to any payment made to an organisation of persons in police service but only where the annual amount of the part of the payment attributable to the provision of the benefits in question is £20 or more.

(8) ^{M13}Where the individual is not resident in the United Kingdom but is entitled to relief by virtue of section 278(2), subsection (4) above shall not apply but (subject to section 278(3)) the like relief shall be given to him under paragraph 6 of Schedule 14.

(9) ^{M14}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 [^{F93}spouse] of such a member as if the individual were so resident.

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- (10) ^{M15}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 ^{M16}Conveyancing (Scotland) Act 1924 (but including a security constituted by ex facie absolute disposition or assignment).

- (11) ^{M17}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 [^{F94}spouse, widow, widower 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.

[^{F95}(13) In this section and 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).]

[^{F96}(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 ^{M18}.]

Textual Amendments

- F88** 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\(2\)](#)
- F89** Words in s. 266(5)(a) substituted (from 6.4.1989) by [Finance Act 1988 \(c. 39\)](#), [s. 29](#)
- F90** Words in s. 266(2)(a)(iii)(6)(a) substituted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), [s. 56](#), [Sch. 9 paras. 2\(2\)](#); [S.I. 1993/236](#), [art. 2](#)
- F91** S. 266(6)(c) and preceding word inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(3\)](#)
- F92** S. 266(6A) inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(4\)](#)
- F93** Words in s. 266(9) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), [s. 35](#), [Sch. 3 para. 9\(a\)](#)
- F94** Words in s. 266(11)(a) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), [s. 35](#), [Sch. 3 para. 9\(b\)](#)

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- F95** 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**
- F96** 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)**

Marginal Citations

- M3** Source-1970 s.19(1); 1976 Sch.4 3(1)
- M4** Source-1970 s.19(2); 1976 s.36(5), Sch.4 3(2)
- M5** Source-1970 s.19(3)(a)
- M6** Source-1970 s.19(4)
- M7** Source-1984 s.72(1)
- M8** Source-1970 s.19(3)(b)
- M9** Source-1976 Sch.4 4(1) 5; 1978 Sch.3 2; 1980 s.29(2)(b)
- M10** Source-1978 Sch.3 11
- M11** Source-1978 Sch.3 12; 1981 s.33
- M12** 1974 c. 52.
- M13** Source-1976 Sch.4 4(2)
- M14** Source-1976 Sch.4 5A; 1978 Sch.3 5
- M15** Source-1970 s.19(4)(a), (c); 1971 Sch.3 11
- M16** 1924 c. 27.
- M17** Source-1970 s.19(3)(i)(ii)
- M18** 1982 c. xiv.

[^{F97}266A] Life assurance premiums paid by employer

- (1) This section applies if—
- (a) pursuant to a non-approved 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
 - (b) 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—
- (a) the payment had been made by him, and
 - (b) the insurance or contract under which the payment is made had been made with him.
- (3) For the purposes of subsection (1)(a)—
- (a) a retirement benefits scheme is “non-approved” unless it is—
 - (i) an approved scheme,
 - (ii) a relevant statutory scheme, or
 - (iii) a scheme set up by a government outside the United Kingdom for the benefit of its employees or primarily for their benefit, and
 - (b) 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.

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- (4) Sections 611, 611A and 612 apply for the purposes of this section as they apply for the purposes of Chapter 1 of Part 14.
- (5) Section 388 of ITEPA 2003 (apportionment of payments in respect of more than one employee) applies in relation to a sum within subsection (1) as it applies in relation to a sum within section 386 of that Act (charge on payments to non-approved retirement benefits schemes).
- (6) This section does not apply in any case where either of the following provisions of ITEPA 2003 provides for section 386 of that Act not to apply—
 - (a) section 389 (employments where earnings charged on remittance basis), and
 - (b) section 390 (non-domiciled employees with foreign employers).]

Textual Amendments

- F97** 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)

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.

- ^{M19}(1) Where a policy of life insurance to which this section applies has been issued and, within four years from the making of the insurance in respect of which it was issued, any of the following events happens, that is to say—

- (a) the surrender of the whole or part of the rights conferred by the policy;
- (b) the falling due (otherwise than on death) of a sum payable in pursuance of a right conferred by the policy to participate in profits; and
- (c) the conversion of the policy into a paid-up or partly paid-up policy;

the body by whom the policy was issued shall pay to the Board, out of the sums payable by reason of the surrender or, as the case may be, out of the sum falling due or out of the fund available to pay the sums which will be due on death or on the maturity of the policy, a sum determined in accordance with the following provisions of this section, unless the body is wound up and the event is a surrender or conversion effected in connection with the winding-up.

- (2) The sum payable under subsection (1) above shall, subject to the following provisions of this section, be equal to the lower of the following, that is to say—
 - (a) the appropriate percentage of the premiums payable under the policy up to the happening of the event; and
 - (b) the surrender value of the policy at the time of the happening of the event less the complementary percentage of the premiums mentioned in paragraph (a) above.

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- (3) If the event is one of those mentioned below, the sum payable to the Board shall not exceed the following limit, that is to say—
- (a) if it is the surrender of part of the rights conferred by the policy, the value of the rights surrendered at the time of the surrender;
 - (b) if it is the conversion of the policy into a partly paid-up policy, the surrender value at the time of the conversion, of so much of the policy as is paid up; and
 - (c) if it is the falling due of a sum, that sum.
- (4) If the event was preceded by the happening of such an event as is mentioned in subsection (1) above, subsection (2) above shall apply—
- (a) as if the lower of the amounts mentioned therein were reduced by the sum paid under this section in respect of the earlier event; and
 - (b) if the earlier event was such an event as is mentioned in paragraph (a) or (c) of subsection (3) above, as if the surrender value of the policy were increased by the amount which, under that paragraph, limited or might have limited the sum payable under this section in respect of the earlier event.
- (5) For the purposes of this section the appropriate percentage, in relation to any event, is the percentage equal to the following fraction of the percentage found by doubling that mentioned in section 266(5)(a) as in force for the year of assessment in which the event happened, that is to say—
- (a) if the event happens in the first two of the four years mentioned in subsection (1) above, three-sixths;
 - (b) if it happens in the third of those years, two-sixths; and
 - (c) if it happens in the last of those years, one-sixth;
- and the complementary percentage, in relation to any event, is 100 per cent. less the appropriate percentage.
- (6) Where the annual amount of the premiums payable under a policy of life insurance is at any time increased (whether under the policy or by any contract made after its issue) so as to exceed by more than 25 per cent.—
- (a) if the insurance was made on or before 26th March 1974, the annual amount as at that date, or
 - (b) in the case of any other insurance, the first annual amount so payable,
- the additional rights attributable to the excess shall be treated for the purposes of this section as conferred by a new policy issued in respect of an insurance made at that time, and the excess shall be treated as premiums payable under the new policy.
- (7) This section applies to any policy of life insurance which is a qualifying policy unless—
- (a) it is a policy in respect of the premiums on which relief under section 266 is not available by virtue of subsection (3)(c) of that section; or
 - (b) it is a policy of life insurance issued in connection with an approved scheme, as defined in Chapter I of Part XIV;
- and in relation to a policy of life insurance issued in respect of an insurance made before 27th March 1974 applies only in accordance with subsection (6) above.

Marginal Citations

M19 Source-1975 s.7; 1976 Sch.4 19(1); 1984 s.72(5)

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269 Surrender etc. of policies after four years.

^{M20}(1) Where a policy of life insurance to which this section applies has been issued and, in the fifth or any later year from the making of the insurance in respect of which it was issued, either of the following events happens, that is to say—

- (a) the surrender of the whole or part of the rights conferred by the policy; and
- (b) the falling due (otherwise than on death or maturity) of a sum payable in pursuance of a right conferred by the policy to participate in profits;

then, if either of those events has happened before, the body by whom the policy was issued shall pay to the Board, out of the sums payable by reason of the surrender, or, as the case may be, out of the sum falling due, a sum determined in accordance with the following provisions of this section.

(2) The sum payable under subsection (1) above shall, subject to the following provisions of this section, be equal to the applicable percentage of the lower of the following—

- (a) the total of the premiums which are payable in that year under the policy; and
- (b) the sums payable by reason of the surrender or, as the case may be, the sum falling due;

and the percentage to be applied for this purpose shall be a percentage equal to that mentioned in section 266(5)(a) as in force for the year of assessment in which the event happens.

(3) Where, after a sum has become payable under subsection (1) above, and within the same year from the making of the insurance, another such event happens as is mentioned therein, the sums payable under that subsection in respect of both or all of the events shall not exceed the applicable percentage of the total mentioned in subsection (2)(a) above.

(4) Where, on the happening of an event in the fifth or any later year from the making of the insurance, any sum is payable under subsection (1) of section 268 as applied by subsection (6) of that section as well as under subsection (1) above, subsection (2) above shall apply as if the sums or sum mentioned in paragraph (b) thereof were reduced by the sum payable under that section.

(5) This section applies to any policy of life insurance which is a qualifying policy unless—

- (a) it is a policy in respect of the premiums on which relief under section 266 is not available by virtue of subsection (3)(c) of that section; or
- (b) it is a policy issued in the course of an industrial insurance business; or
- (c) it was issued in respect of an insurance made before 27th March 1974.

Marginal Citations

M20 Source-1975 s.8; 1976 Sch.4 19(2); 1984 s.72(5)

270 Provisions supplementary to sections 268 and 269.

^{M21}(1) Where on the happening of an event in relation to a policy of life insurance a sum is payable under section 268 or 269, relief under section 266 in respect of the relevant premiums paid under the policy shall be reduced by the sum so payable or, as the case may be, by so much of the sum as does not exceed the amount of that relief (or as

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does not exceed so much of that amount as remains after any previous reduction under this section).

- (2) For the purposes of this section the relevant premiums are—
- (a) in relation to a sum payable under section 268, the premiums payable under the policy up to the happening of the event by reason of which the sum is payable; and
 - (b) in relation to a sum payable under section 269, the premiums payable in the year (from the making of the insurance) in which the event happens by reason of which the sum is payable.
- (3) Where the relevant premiums are payable in more than one year of assessment the reduction in relief under this section shall, so far as possible, reduce relief for an earlier year of assessment before reducing relief for a later one.
- (4) Any sum paid under section 268 or 269 by reason of any event shall be treated—
- (a) as between the parties, as received by the person by whom the premiums under the policy were paid; and
 - (b) for the purposes of section 266, as a sum paid by that person in satisfaction of his liability resulting from the reduction of relief under this section;

and where that sum exceeds that liability he shall be entitled, on a claim made by him not later than six years after the end of the year of assessment in which the event happens, to repayment of the excess.

Marginal Citations

M21 Source-1975 s.9(1)-(4); 1976 Sch.4 19(3)

271 Deemed surrender in cases of certain loans.

^{M22}(1) Where—

- (a) under section 547 a gain arising in connection with a policy ^{F98} . . . would be treated as forming part of an individual's total income; and
- (b) the policy was issued in respect of an insurance made after 26th March 1974 ^{F99} . . . ; and
- (c) any sum is at any time after the making of the insurance ^{F98} . . . lent to or at the direction of that individual by or by arrangement with the body issuing the policy ^{F100} . . . ;

then, subject to subsection (2) below, the same results shall follow under sections 268 to 270 as if at the time the sum was lent there had been a surrender of part of the rights conferred by the policy ^{F98} . . . and the sum had been paid as consideration for the surrender (and if the policy is a qualifying policy, whether or not the premiums under it are eligible for relief under section 266, those results shall follow under section 269, whether or not a gain would be treated as arising on the surrender).

- (2) Subsection (1) above does not apply—
- (a) in relation to a policy if—
 - (i) it is a qualifying policy; and
 - (ii) either interest at a commercial rate is payable on the sum lent or the sum is lent to a full-time employee of the body issuing the policy

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for the purpose of assisting him in the purchase or improvement of a dwelling used or to be used as his only or main residence; ^{F101} . . .

^{F101}(b)

Textual Amendments

F98 Words in s. 271(1) repealed (retrospectively) by Finance Act 1994 (c. 9), Sch. 17 para. 2(1)(a), Sch. 26 Pt. 5(22)

F99 Words in s. 271(1)(b) repealed (retrospectively) by Finance Act 1994 (c. 9), Sch. 17 para. 2(1)(b), Sch. 26 Pt. 5(22)

F100 Words in s. 271(1)(c) repealed (retrospectively) by Finance Act 1994 (c. 9), Sch. 17 para. 2(1)(c), Sch. 26 Pt. 5(22)

F101 S. 271(2)(b) and preceding word repealed (retrospectively) by Finance Act 1994 (c. 9), Sch. 17 para. 2(2), Sch. 26 Pt. 5(22)

Marginal Citations

M22 Source-1975 Sch.2 16(1), (3); 1976 s.35

272 Collection of sums payable under sections 268 and 269.

- ^{M23}(1) Any body by whom a policy to which section 268 or 269 applies has been issued shall, within 30 days of the end of each period of 12 months ending with 31st March in every year, make a return to the collector of the sums which, in that period, have become payable by it under either of those sections.
- (2) Any sum which is to be included in a return made under subsection (1) above shall be due at the time by which the return is to be made and shall be paid without being demanded.
- (3) Where any sum which was or ought to have been included in such a return is not paid by the end of the period for which the return was to be made, it may be recovered by an assessment as if it were income tax for the year of assessment in which that period ends; and where it appears to the inspector that a sum which ought to have been so included had not been included or that a return is not correct he may make such an assessment to the best of his judgment.
- (4) All the provisions of the Income Tax Acts relating to the assessment and collection of tax, interest on unpaid tax, appeals and penalties shall, with the necessary modifications, apply in relation to sums due under this section; and for the purposes of those provisions so far as they relate to interest on unpaid tax, a sum assessed in pursuance of this section shall be treated as having been payable when it would have been payable had it been included in a return under subsection (1) above.
- (5) Where, on an appeal against an assessment made in pursuance of this section, it is determined that a greater sum has been assessed than was payable, the excess, if paid, shall be repaid.
- (6) Where a body has paid a sum which is payable under section 268 or 269 it shall give within 30 days to the person by whom the sum is, under section 270(4), treated as received a statement specifying that sum and showing how it has been arrived at.
- (7) The Board or an inspector may, by notice served on the body by whom a policy to which section 268 or 269 applies has been issued, require the body, within such time, not being less than 30 days, as may be specified in the notice—

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- (a) to furnish such particulars; or
 - (b) to make available for inspection by an officer authorised by the Board such books and other documents in the possession or under the control of the body;
- as the Board or officer may reasonably require for the purposes of those sections or this section.

Marginal Citations

M23 Source-1975 Sch.1

[^{F102}273 Payments securing annuities.

Subject to sections 274, 617(3) and 619(6), if the claimant is, under any Act of Parliament or under any terms and conditions of employment, liable to the payment of any sum, or to the deduction from any salary or stipend of any sum, for the purpose of securing a deferred annuity to a widow or widower of the claimant or provision for the claimant's children after the claimant dies, the claimant shall be entitled to a deduction from the amount of income tax on which he or she is chargeable equal to income tax at the basic rate on the amount of the sum which he or she has paid or which has been deducted from his or her salary or stipend.]

Textual Amendments

F102 1988(F) s.35 and Sch.3 para.10 for 1990-91 and subsequent years. *Previously* “Payments securing widows' and children's annuities. **273.** Subject to sections 274, 617(3) and 619(6), if the claimant is, under any Act of Parliament or under the terms or conditions of his employment, liable to the payment of any sum, or to the deduction from his salary or stipend of any sum, for the purpose of securing a deferred annuity to his widow or provision for his children after his death, he shall be entitled to a deduction from the amount of income tax with which he is chargeable equal to income tax at the basic rate on the amount of the sum paid by him or deducted from his salary or stipend.”

274 Limits on relief under sections 266 and 273.

- (1) ^{M24}The aggregate of the premiums or other sums 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) ^{M25}The aggregate of the relief given under sections 266 and 273 in respect of premiums or sums payable for securing any benefits other than capital sums on death shall not exceed the amount of the income tax calculated at the appropriate rate on £100.
- (3) ^{M26}In subsection (2) above “the appropriate rate”—
 - (a) in relation to premiums to which section 266 applies, means [^{F103}12.5 per cent.];
 - (b) in relation to other payments, means the basic rate of income tax.
- (4) ^{M27}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.

Status: Point in time view as at 28/09/2004. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: The reliefs is up to date with all changes known to be in force on or before 12 September 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)

In this subsection “war insurance premiums” means any additional premium or other sum 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 or other sum paid in respect of a life insurance policy covering those risks, or either of them, which [^{F104}is] attributable to those risks, or either of them.

Textual Amendments

F103 1988(F) s.29—*from 6 April 1989. Previously*

“15 per cent.”.

F104 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

M24 Source-1970 s.21(1); 1976 Sch.4 21

M25 Source-1970 s.21(3); 1975 Sch.2 6

M26 Source-1970 s.21(4); 1975 Sch.2 6; 1980 s.29; 1976 Sch.4 21; 1987 Sch.15 2(5)

M27 Source-1970 s.21(5)

Status:

Point in time view as at 28/09/2004. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation:

Income and Corporation Taxes Act 1988, Cross Heading: The reliefs is up to date with all changes known to be in force on or before 12 September 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.