

*Status: Point in time view as at 15/09/2016.*

**Changes to legislation:** *Income and Corporation Taxes Act 1988, SCHEDULE 14 is up to date with all changes known to be in force on or before 14 July 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)*

## SCHEDULES

### SCHEDULE 14

Section 266(12).

#### PROVISIONS ANCILLARY TO SECTION 266

#### PART I

#### MODIFICATION OF SECTION 266 IN CERTAIN CASES

*[<sup>F1</sup>Spouses and civil partners]*

##### Textual Amendments

**F1** Cross-heading preceding Sch. 14 para. 1 substituted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), [regs. 1\(1\), 101\(3\)](#)

1 [<sup>F2</sup>(1) In section 266—

- (a) references to an individual's spouse include any person who—
  - (i) was that individual's spouse at the time the insurance or contract was made, or
  - (ii) became that individual's spouse after the insurance or contract was made,unless the marriage was dissolved before 6th April 1979, and
- (b) references to an individual's civil partner include any person who—
  - (i) was that individual's civil partner at the time the insurance or contract was made, or
  - (ii) became that individual's civil partner after the insurance or contract was made.]

[<sup>F3</sup>(1A) But an individual is entitled to relief by virtue of sub-paragraph (1)(a)(ii) or (b)(ii) only in respect of premiums payable after the date on which the person in question became that individual's spouse or civil partner.]

<sup>F4</sup>(2) .....

<sup>F4</sup>(3) .....

##### Textual Amendments

**F2** [Sch. 14 para. 1\(1\)](#) substituted (1.4.2011 with effect in accordance with art. 6(3) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2011 \(S.I. 2011/1037\)](#), [arts. 1, 6\(1\)](#)

**F3** [Sch. 14 para. 1\(1A\)](#) inserted (1.4.2011 with effect in accordance with art. 6(3) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2011 \(S.I. 2011/1037\)](#), [arts. 1, 6\(2\)](#)

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**F4** Sch. 14 para. 1(2)(3) repealed by Finance Act 1988 (c. 39), **Sch.14 Part VIII**, Note 6

*Premiums payable to friendly societies and industrial assurance companies*

- 2 (1)<sup>M1</sup> This paragraph applies to—
- (a) a policy issued in the course of an industrial assurance business; and
  - (b) a policy issued by a [<sup>F5</sup>friendly society] in the course of tax exempt life or endowment business (as defined in section 466).
- [<sup>F6</sup>(1A) In sub-paragraph (1)(a) “industrial assurance business” means any industrial assurance business within the meaning given by—
- (a) section 1(2) of the Industrial Assurance Act 1923, or
  - (b) Article 3(1) of the Industrial Assurance (Northern Ireland) Order 1979, which was carried on before 1 December 2001.]
- (2) Subject to paragraph 3(2) below, if a policy to which this paragraph applies was issued before the passing of the Finance Act 1976 (29th July 1976), section 266 shall have effect in relation to it as if subsections (2)(b), (3)(a), (b) and (d) were omitted; and if a policy to which this paragraph applies was issued after the passing of that Act, subsection (2)(b) of that section shall have effect in relation to it as if it permitted the insurance to be on the life of the individual’s parent or grandparent or, subject to sub-paragraph (3) below, on the life of the individual’s child or grandchild.
- (3) Relief may be given in respect of premiums under a policy of insurance on the life of an individual’s child or grandchild which was or is issued after the passing of the Finance Act 1976 (29th July 1976), as if subsection (3)(d) of section 266 were omitted, but may be given only if the annual amount of the premiums, together with that of any relevant premiums, does not exceed £52 if the policy was issued in respect of an insurance made before 25th March 1982 or £64 in any other case.
- (4) For the purposes of sub-paragraph (3) above, a relevant premium, in relation to an insurance made at any time on the life of an individual’s child or grandchild, is any premium under a policy of insurance on the same life, where the insurance is made at the same time or earlier, whether it is made by the individual or any other person.
- (5) In this paragraph “child” includes a step-child and an illegitimate child whose parents have married each other after his birth, and “grandchild”, “parent” and “grandparent” have corresponding meanings.

**Textual Amendments**

- F5** Words in Sch. 14 para. 2(1)(b) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 18(2)**; S.I. 1993/236, **art.2**
- F6** Sch. 14 para. 2(1A) 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. 232(2)** (with Sch. 2)

**Marginal Citations**

- M1** Source—1976 Sch.4 11; 1979/1576; 1982 s.35(2), (4); 1970 s.10

- 3 (1)<sup>M2</sup> Where a policy is issued or a contract is made by a [<sup>F7</sup>friendly society] or a policy to which paragraph 2 above applies is issued by an industrial assurance company,

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- section 266(4), (5) and (8) shall apply in relation to premiums payable under the policy or contract subject to the following provisions of this paragraph.
- (2) References to the deductions authorised under section 266(5) shall be construed as including references to any amount retained by or refunded to the person paying the premium under any scheme made by the society or company in accordance with regulations made under this paragraph.
  - (3) The appropriate authority may make regulations authorising—
    - (a) the adoption by [<sup>F7</sup>friendly societies] and industrial assurance companies of any prescribed scheme for securing that in the case of policies or contracts to which the scheme applies amounts equal to [<sup>F8</sup>12.5 per cent.] of the premiums payable are retained by or refunded to the person paying the premiums or that, in the case of such policies or contracts issued or made before 6th April 1979, the amounts expressed as the amounts of the premiums payable are treated as amounts arrived at by deducting [<sup>F8</sup>12.5 per cent.] from the amounts payable and that the amounts of the capital sums assured or guaranteed are treated as correspondingly increased; or
    - (b) the adoption by any such society or company of any special scheme for that purpose which may, in such circumstances as may be prescribed, be approved by the appropriate authority.
  - (4) Increases treated as made in pursuance of regulations under this paragraph shall not be treated as variations of a policy or contract and shall be disregarded for the purposes of paragraph 2(3) above, sections 268(6), 460, 461(1) and 464 of, and paragraph 7 of Schedule 15 to, this Act <sup>F9</sup> . . . .
  - (5) The regulations may include such adaptations and modifications of the enactments relating to friendly societies or industrial assurance companies and such other incidental and supplementary provisions as appear to the appropriate authority necessary or expedient for the purpose of enabling such societies or companies to adopt the schemes authorised by the regulations.
  - (6) Subsections (4), (5) and (7) to (11) of section 6 of the <sup>M3</sup>Decimal Currency Act 1969 shall, with the necessary modifications, apply in relation to regulations made under this paragraph.

#### Textual Amendments

- F7** Words in Sch. 14 para. 3(1)(3)(a) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 18(2)(3); S.I. 1993/236, art.2
- F8** Words in Sch. 14 para. 3(3)(a) substituted (6.4.1989) by Finance Act 1988 (c. 39), s. 29
- F9** Words in Sch. 14 para. 3(4) repealed (with effect in accordance with s. 173 of the repealing Act) by Finance Act 1989 (c. 26), Sch. 17 Pt. 9, Note

#### Marginal Citations

- M2** Source—1976 Sch.4 13; 1978 Sch.3 7; 1980 s.29(2)(c); 1987 Sch.15 9
- M3** 1969 c.19.

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## PART II

### SUPPLEMENTARY PROVISIONS AS TO RELIEF UNDER SECTION 266

- 4 (1) <sup>M4</sup>Where it appears to the Board that the relief (if any) to which a person is entitled under section 266 has been exceeded or might be exceeded unless the premiums payable by him under any policy or contract were paid in full, they may, by notice to that person and to the person to whom the payments are made, exclude the application of subsection (5) of that section in relation to any payments due or made after such date as may be specified in the notice and before such date as may be specified in a further notice to those persons.
- (2) Where the application of section 266(5) is so excluded in relation to any payments, the relief (if any) to which the person by whom the payments are made is entitled under section 266 shall be given to him under paragraph 6 below.

#### Marginal Citations

**M4** Source—1976 Sch.4 14; 1978 Sch.3 2, 8

- 5 <sup>M5</sup>Where a person is entitled to relief under section 266 in respect of a payment to which [<sup>F10</sup>section 386 of ITEPA 2003 (payments to non-approved retirement benefits schemes)] applies, section 266(5) shall not apply but the like relief shall be given to him under paragraph 6 below.

#### Textual Amendments

**F10** Words in [Sch. 14 para. 5](#) 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. 119](#) (with [Sch. 7](#))

#### Marginal Citations

**M5** Source—1976 Sch.4 14A; 1978 Sch.3 9

- 6 (1) <sup>M6</sup>Where in any year of assessment the relief to which a person is entitled under section 266 <sup>F11</sup>. . . has not been fully given in accordance with that section and the preceding provisions of this Schedule, he may claim relief for the difference, and relief for the difference shall then be given by a payment made by the Board or by discharge or repayment of tax or partly in one such manner and partly in another; and where relief so given to any person exceeds that to which he is entitled under section 266, he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- (2) The Management Act shall apply to any assessment under this paragraph as if it were an assessment to tax for the year of assessment in which the relief was given <sup>F12</sup>. . . .

#### Textual Amendments

**F11** Words in [Sch. 14 para. 6\(1\)](#) omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 5](#)

**F12** Words in [Sch. 14 para. 6\(2\)](#) repealed (with effect in accordance with [Sch. 18 para. 17\(5\)](#) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 18 para. 11\(2\)](#), [Sch. 41 Pt. 5\(8\)](#), Note

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

**C1** Sch. 14 para. 6 restricted by Finance Act 2012 (c. 14), Sch. 39 para. 24

**Marginal Citations**

**M6** Source—1976 Sch.4 15

- 7 (1) <sup>M7</sup>The Board may make regulations for carrying into effect section 266(4), (5), (8) and (9) and the preceding provisions of this Schedule [<sup>F13</sup>and paragraphs 9 and 10 of Schedule 15] (“the relevant provisions”).
- (2) Regulations under this paragraph may, without prejudice to the generality of sub-paragraph (1) above, provide—
- (a) for the furnishing of such information by persons by whom premiums are payable as may be necessary for determining whether they are entitled to make deductions under section 266(5) and for excluding the operation of that subsection in relation to payments made by persons who fail to comply with the regulations;
  - (b) for rounding to a multiple of one penny any payment which, after a deduction authorised under section 266(5), is not such a multiple;
  - (c) for the manner in which claims for the recovery of any sum under section 266(5)(b) may be made;
  - (d) for the furnishing of such information by persons by or to whom premiums are payable as appears to the Board necessary for deciding such claims and for exercising their powers under paragraph 4 or 6 above; and
  - (e) for requiring persons to whom premiums are paid to make available for inspection by an officer authorised by the Board such books and other documents in their possession or under their control as may reasonably be required for the purposes of determining whether any information given by those persons for the purposes of the relevant provisions is correct and complete.
- (3) The following provisions of the Management Act, that is to say—
- <sup>F14</sup>(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;]
  - (b) section 30 (recovery of tax repaid in consequence of fraud or negligence etc.) [<sup>F15</sup>apart from subsection (1B)];
  - (c) [<sup>F16</sup>section 86] (interest); and
  - (d) section 95 (incorrect return or accounts);
- <sup>F17</sup>shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 266(5)(b) but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.]
- <sup>F18</sup>(4) In the application of section 86 of the Management Act by virtue of sub-paragraph (3) above in relation to sums due and payable by virtue of an assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that sub-paragraph, the relevant date—

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- (a) is 1st January in the relevant year of assessment in a case where the person falling within section 266(5)(b) has made a relevant interim claim; and
- (b) in any other case, is the later of the following dates, that is to say—
  - (i) 1st January in the relevant year of assessment; or
  - (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(5) In this paragraph—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year;

“the relevant regulations” means regulations made under sub-paragraph (1) above.]

#### Textual Amendments

- F13** Words in [Sch. 14 para. 7\(1\)](#) repealed (with effect in accordance with s. 55(1)-(5) of the repealing Act) by [Finance Act 1995 \(c. 4\), Sch. 29 Pt. 8\(7\)](#), Note (as s. 55 of that repealing Act is amended (29.4.1996) by [Finance Act 1996 \(c. 8\), s. 162\(1\)](#)); S.I. 2013/759, [art. 2](#)
- F14** [Sch. 14 para. 7\(3\)\(a\)](#) substituted (with effect in accordance with [Sch. 18 para. 17\(1\)\(2\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 18 para. 11\(3\)\(a\)](#)
- F15** Words in [Sch. 14 para. 7\(3\)\(b\)](#) inserted (with effect in accordance with [Sch. 18 para. 17\(1\)\(2\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 18 para. 11\(3\)\(b\)](#)
- F16** Words in [Sch. 14 para. 7\(3\)\(c\)](#) substituted (with effect in accordance with [Sch. 18 para. 17\(3\)\(4\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 18 para. 11\(3\)\(c\)](#)
- F17** Words in [Sch. 14 para. 7\(3\)](#) substituted (with effect in accordance with [Sch. 18 para. 17\(8\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 18 para. 11\(3\)\(d\)](#)
- F18** [Sch. 14 para. 7\(4\)\(5\)](#) added (with effect in accordance with [Sch. 18 para. 17\(3\)\(4\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 18 para. 11\(4\)](#)

#### Marginal Citations

- M7** Source—1976 Sch.4 16; 1978 Sch.3 10

- 8
- (1) <sup>M8</sup>A policy of life insurance issued in respect of an insurance made on or before 19th March 1968 shall be treated for the purposes of section 266(3)(b) as issued in respect of one made after that date if varied after that date so as to increase the benefits secured or to extend the term of the insurance.
  - (2) A variation effected before the end of the year 1968 shall be disregarded for the purposes of sub-paragraph (1) above if its only effect was to bring into conformity with paragraph 2 of Schedule 9 to the Finance Act 1968 (qualifying conditions for endowment policies, and now re-enacted as paragraph 2 of Schedule 15 to this Act) a policy previously conforming therewith except as respects the amount guaranteed on death, and no increase was made in the premiums payable under the policy.
  - (3) <sup>M9</sup>A policy which was issued in the course of industrial assurance business in respect of an insurance made after 13th March 1984 shall be treated for the purposes of

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section 266(3)(c) and this paragraph as issued in respect of an insurance made on or before that date if—

- (a) the proposal form for the policy was completed on or before that date; and
- (b) on or before 31st March 1984 the policy was prepared for issue by the company or society concerned; and
- (c) on or before 31st March 1984 and in accordance with the normal business practice of the company or society a permanent record of the preparation of the policy was made in any book or by any other means kept or instituted by the company or society for the purpose.

[<sup>F19</sup>(3A) In sub-paragraph (3) “industrial assurance business” means any industrial assurance business within the meaning given by—

- (a) section 1(2) of the Industrial Assurance Act 1923, or
- (b) Article 3(1) of the Industrial Assurance (Northern Ireland) Order 1979,

which was carried on before 1 December 2001.]

(4) [<sup>F20</sup>Subject to sub-paragraph (8) below,] for the purposes of section 266(3)(c) a policy of life insurance which was issued in respect of an insurance made on or before 13th March 1984 shall be treated as issued in respect of an insurance made after that date if the policy is varied after that date so as to increase the benefits secured or to extend the term of the insurance.

(5) If a policy of life insurance which was issued as mentioned in sub-paragraph (4) above confers on the person to whom it was issued an option to have another policy substituted for it or to have any of its terms changed, then, for the purposes of that sub-paragraph and section 266(3)(c), any change in the terms of the policy which is made in pursuance of the option shall be deemed to be a variation of the policy.

(6) In any case where—

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

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

(7) In any case where—

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

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

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- [<sup>F21</sup>(8) Sub-paragraph (4) above does not apply in the case of a variation so as to increase the benefits secured, if the variation is made—
- (a) on or after such day as the Board may by order appoint, and
  - (b) in consideration of a change in the method of payment of premiums from collection by a person collecting premiums from house to house to payment by a different method.]

#### **Subordinate Legislation Made**

**P1** Sch. 14 para. 8(8)(a) power exercised: 1.12.2001 appointed by S.I. 2001/3643, **art. 2(b)**

#### **Textual Amendments**

**F19** Sch. 14 para. 8(3A) 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. 232(4)** (with Sch. 2)

**F20** Words in Sch. 14 para. 8(4) inserted (29.4.1996) by *Finance Act 1996 (c. 8)*, **s. 167(5)**

**F21** Sch. 14 para. 8(8) inserted (29.4.1996) by *Finance Act 1996 (c. 8)*, **s. 167(6)**

#### **Marginal Citations**

**M8** Source—1970 s.19(5)

**M9** Source—1984 s.72(2)-(4), (6), (7)



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