

Status: Point in time view as at 22/08/2014.

Changes to legislation: Income and Corporation Taxes Act 1988, General rules applicable to endowment assurances 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 15

QUALIFYING POLICIES

Modifications etc. (not altering text)

- C1 Sch. 15 modified by Finance Act 1991 (c. 31, SIF 63:1), s. 50, Sch. 9 para. 5 (2)
- C1 Sch. 15 modified (1.5.1995) by Finance Act 1995 (c. 4), Sch. 10 para. 4(2)(3)

PART I

QUALIFYING CONDITIONS

GENERAL RULES APPLICABLE TO ENDOWMENT ASSURANCES

- 2 (1)^{M1} Subject to the following provisions of this Part of this Schedule, a policy which secures a capital sum payable either on survival for a specified term or on earlier death, or earlier death or disability, including a policy securing the sum on death only if occurring after the attainment of a specified age not exceeding 16, is a qualifying policy if it satisfies the following conditions—
- (a) the term must be one ending not earlier than ten years after the making of the insurance;
 - (b) premiums must be payable under the policy at yearly or shorter intervals, and—
 - (i) until the happening of the event in question; or
 - (ii) until the happening of that event, or the earlier expiry of a specified period shorter than the term but also ending not earlier than ten years after the making of the insurance; or
 - (iii) if the policy is to lapse on the death of a specified person, until one of those times or the policy's earlier lapse;
 - (c) the total premiums payable under the policy in any period of 12 months must not exceed—
 - (i) twice the amount of the total premiums payable in any other such period, or
 - (ii) one-eighth of the total premiums which would be payable if the policy were to run for the specified term;
 - (d) the policy—
 - (i) must guarantee that the capital sum payable on death, or on death occurring after the attainment of a specified age not exceeding 16, will, whenever that event may happen, be equal to 75 per cent. at least of the total premiums which would be payable if the policy were to run for that term, disregarding any amounts included in those premiums by reason of their being payable otherwise than annually,

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- except that if, at the beginning of that term, the age of the person concerned exceeds 55 years, the capital sum so guaranteed may, for each year of the excess, be less by 2 per cent. of that total than 75 per cent. thereof, the person concerned being, if the capital sum is payable on the death of the first to die of two persons, the older of them, if on the death of the survivor of them, the younger of them and in any other case the person on whose death it is payable; and
- (ii) if it is a policy which does not secure a capital sum in the event of death before the attainment of a specified age not exceeding 16, must not provide for the payment in that event of an amount exceeding the total premiums previously paid thereunder; and
- (e) the policy must not secure the provision (except by surrender in whole or in part of the rights conferred by the policy) at any time before the happening of the event in question of any benefit of a capital nature other than a payment falling within paragraph (d)(ii) above, or benefits attributable to a right to participate in profits or arising by reason of a person's disability.
- (2) For the purposes of sub-paragraph (1)(d)(i) above, 10 per cent. of the premiums payable under any policy [^{F1}that provides for the payment of premiums otherwise than annually without providing for the amount of the premiums if they are paid annually,] shall be treated as attributable to the fact that they are not paid annually.
- (3) Sub-paragraphs (8) and (9) of paragraph 1 above shall, with any necessary modifications, have effect for the purposes of this paragraph as they have effect for the purposes of that paragraph.
- (4) ^{M2} In relation to any policy issued in respect of an insurance made before 1st April 1976 this paragraph shall have effect with the omission in sub-paragraph (1)(d)(i) of the words from “except that if” to the end, and in sub-paragraph (1)(e) of the words “in whole or in part of the rights conferred by the policy”.

Textual Amendments

- F1** Words in [Sch. 15 para. 2\(2\)](#) substituted (with effect as mentioned in [s. 167\(12\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 167\(7\)\(b\)](#); [S.I. 2001/3643, art. 2\(a\)](#)

Marginal Citations

- M1** Source—1970 Sch.1 2; 1975 Sch.2 4(7), (8)
M2 Source—1975 Sch.2 4(1)

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