



# 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.

[<sup>F1</sup>(1)] <sup>M1</sup>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 [<sup>F2</sup>287 and 288].

[<sup>F3</sup>(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 [<sup>F4</sup>15 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 section 259 or 261A, of any income tax reduction under any of the other provisions of this Chapter;
- (b) where that provision is section 262(1), of any income tax reduction under any of the other provisions of this Chapter except section 259 or 261A; 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;

but paragraph (a) above, so far as it relates to any income tax reduction under section 261A, is without prejudice to the provisions of subsection (2) of that section.]

#### 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*repealed by 1988(F) Sch.14 Part.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 (1995-96 and subsequent years of assessment) by Finance Act 1994 (c. 9), s. 77(8)

#### 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

#### [<sup>F5</sup>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*

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.

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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

**F5** 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

#### [<sup>F5</sup>256B Meaning of “the minimum amount”

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

#### Textual Amendments

**F5** 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)

**C1** 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)

#### [<sup>F6</sup>257 Personal allowance.

- (1) The claimant shall be entitled to a deduction from his total income of [<sup>F7</sup>£3,005,].
- (2) If the claimant <sup>F8</sup> . . . 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 [<sup>F7</sup>£3,670] (instead of the deduction provided for by subsection (1) above).
- (3) If the claimant <sup>F8</sup> . . . is at any time within the year of assessment of the age of [<sup>F9</sup>75] or upwards, he shall be entitled to a deduction from his total income of [<sup>F7</sup>£3,820] (instead of the deduction provided for by subsection (1) or (2) above).
- (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 [<sup>F7</sup>£12,300], subsections (2) and (3) above shall apply as if the amounts specified in them were reduced by [<sup>F9</sup>one half] of the excess (but not so as to reduce those amounts below that specified in subsection (1) above).]]

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### Textual Amendments

- F6** Ss. 257-257F substituted for s. 257 (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), [s. 33](#)
- F7** [S.I. 1990 No.677](#), [arts.2\(1\)\(3\)](#) (in Part III Vol.5)for 1990-91.
- F8** 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
- F9** 1989 s.33 for 1990-91and subsequent years.

### Modifications etc. (not altering text)

- C2** [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\(b\)\(i\)](#))
- C3** [S. 257\(5\)](#) modified (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [ss. 192\(5\)](#), [284\(1\)](#) (with [Sch. 36](#))

VALID FROM 27/07/1999

### [<sup>F10</sup>257A] Children's tax credit.

- (1) If a qualifying child (or more than one) is resident with the claimant during the whole or part of the year of assessment, the claimant shall be entitled to an income tax reduction, to be known as a children's tax credit.

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- (2) The reduction shall be calculated by reference to £4,160.
- (3) Where any part of the claimant's income for the year of assessment falls within section 1(2)(b), his children's tax credit for the year shall be calculated as if the amount specified in subsection (2) above were reduced by £2 for every £3 of that part of his income.
- (4) In this section "qualifying child" means, in relation to a person—
  - (a) a child of his who has not attained the age of 16, or
  - (b) a child who has not attained the age of 16 and who is maintained by, and at the expense of, the person for any part of the year of assessment;
 and "child" includes illegitimate child and stepchild.
- (5) Schedule 13B (which modifies this section where a child lives with more than one adult during a year of assessment) shall have effect.]

#### Textual Amendments

- F10** S. 257AA inserted (with effect in accordance with s. 30(5) of the amending Act) by Finance Act 1999 (c. 16), s. 30(1)

#### 257A Married couple's allowance.

- (1) [<sup>F11</sup>If the claimant is, for the whole or any part of the year of assessment,] a married man whose wife is living with him, he shall be entitled [<sup>F12</sup>for that year to an income tax reduction calculated by reference to £1,720].
- (2) [<sup>F13</sup>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 is at any time within that year of the age of 65 or upwards, he shall be entitled [<sup>F14</sup>for that year to an income tax reduction calculated by reference to £2,665 (instead of to the reduction] provided for by subsection (1) above).
- (3) [<sup>F13</sup>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 is at any time within that year of the age of [<sup>F15</sup>75] or upwards, he shall be entitled [<sup>F16</sup>for that year to an income tax reduction calculated by reference to £2,705 (instead of to the reduction] provided for by subsection (1) or (2) above).
- (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 [<sup>F17</sup>£12,300], subsections (2) and (3) above shall apply as if the amounts specified in them were reduced by—
  - (a) [<sup>F15</sup>one half] of the excess, less
  - (b) any reduction made in his allowance under section 257 by virtue of subsection (5) of that section,
 (but not so as to reduce amounts so specified below the amount specified in subsection (1) above).

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- (6) A man shall not be entitled by virtue of this section to more than one [<sup>F18</sup>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 subsections (1) to (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.

#### Textual Amendments

- F11** Words in s. 257A(1) substituted (with effect in as mentioned in s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 14(2)**
- F12** Words in s. 257A(1) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), s. 77(2)(a)
- F13** 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)**
- F14** 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)
- F15** 1989 s.33 for 1990-91 and subsequent years.
- F16** 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)
- F17** S.I. 1990 No.677, **arts.2(1)(4)** (in Part III Vol.5) for 1990-91.
- F18** 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**

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

- C4** 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)**
- C5** 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)  
 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)**

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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

### **[<sup>F19</sup>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.
- (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.

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- (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

**F19** 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)

**C6** 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)**

#### **[<sup>F20</sup>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) [<sup>F21</sup>to an income tax reduction calculated by reference to] one half of the amount specified in section 257A(1) for that year, and
  - (b) the amount [<sup>F22</sup>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.
- (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) [<sup>F21</sup>to an income tax reduction calculated by reference to] the amount specified in section 257A(1) for that year, and
  - (b) the amount that [<sup>F22</sup>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 (to nil, unless section 257A(2) or (3) applies to him).
- (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 [<sup>F23</sup>to an income tax reduction calculated by reference to] one half of the amount specified in section 257A(1) for that year (in addition to [<sup>F24</sup>any income tax reduction to which he is already entitled] under section 257A), and



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- (b) the amount [<sup>F25</sup>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 section 257A(1) 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 deduction for any year of assessment.]

#### Textual Amendments

- F20** 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.
- F21** 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))
- F22** 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))
- F23** 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))
- F24** 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))
- F25** 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))

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

- C7** 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)

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**F26 257BB Transfer of relief under section 257A where relief exceeds income.**

(1) Where—

- (a) a man is entitled to relief under section 257A, but
- [<sup>F27</sup>(b) the amount of the reduction to which he is entitled is determined in accordance with section 256(2)(b) 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
- [<sup>F28</sup>(b) the amount of the reduction to which she is entitled is determined in accordance with section 256(2)(b) 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.]

[<sup>F29</sup>(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.]

(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 [<sup>F30</sup>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) <sup>F31</sup> .....

**Textual Amendments**

- F26** 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.
- F27** 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)
- F28** 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)

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**F29** 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)

**F30** 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

**F31** 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)

**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)

**C9** 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.

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

- (1) If the retail prices index for the month of [<sup>F36</sup>September] preceding a year of assessment is higher than it was for the previous [<sup>F36</sup>September], then, unless Parliament otherwise determines, sections 257 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—
- 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;
  - 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.

<sup>F37</sup>(2) .....

- (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 sections 257 and 257A.

[<sup>F38</sup>(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

**F36** 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)

**F37** 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

**F38** Repealed by 1990 s.132 and Sch.19 Part IV.

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

**C11** 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)

**C12** S. 257C applied (2000-01 and subsequent years of assessment) by Finance Act 1999 (c. 16), s. 32(5)

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- C13** 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)**  
 S. 257C excluded (2009-10) by [Finance Act 2009 \(c. 10\)](#), **s. 3(2)(b)**
- C14** See S.I. 1990 No.677 in Part III Vol.5 for 1990-91.

## **257D Transitional relief: husband with excess allowances.**

(1) Where—

- (a) a husband and wife are living together for the whole or any part of the year 1990-91 and section 279 (but not section 287) applied in relation to them for the whole or any part of the year 1989-90, and
- (b) the deductions which the husband was entitled to make from his total income for the year 1989-90 under this Chapter exceed the aggregate mentioned in subsection (2) below,

the wife shall be entitled to a deduction from her total income for the year 1990-91 of an amount equal to the excess.

(2) The aggregate referred to in subsection (1) above is the aggregate of—

- (a) the husband's total income for the year 1990-91, and
- (b) the deductions which the wife is entitled to make from her total income for that year under this Chapter (apart from this section).

(3) Where—

- (a) a husband and wife are living together for the whole or any part of the year 1990-91 and for part of the year 1989-90 but section 279 did not apply in relation to them for any part of the year 1989-90, and
- (b) the deductions which the husband was entitled to make from his total income for the year 1989-90 under this Chapter, apart from section 257(6), exceed his total income for the year 1990-91,

then, subject to subsection (4) below, the wife shall be entitled to a deduction from her total income for the year 1990-91 of an amount equal to the excess.

(4) If the deductions which the wife is entitled to make from her total income for the year 1990-91 under this Chapter (apart from this section) exceed the lesser of—

- (a) her total income for the year 1989-90, and
- (b) the deductions which she was entitled to make from her total income for that year under this Chapter, apart from section 259, section 262 and section 280,

the deduction provided for by subsection (3) above shall be reduced by an amount equal to the excess.

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(5) Where—

- (a) a husband and wife are living together for the whole or any part of the year 1991-92 or any subsequent year of assessment (“the year in question”), and
- (b) they were also living together throughout the immediately preceding year of assessment and the wife made a deduction from her total income for that year under this section, and
- (c) the deductions which the wife is entitled to make from her total income under this Chapter (apart from this section) are either no greater for the year in question than for the immediately preceding year, or greater by a margin which does not exceed the deduction referred to in paragraph (b) above, and
- (d) the deductions which the husband is entitled to make from his total income for the year in question under this Chapter, apart from <sup>F39</sup> . . . section 265, exceed his total income for that year,

the wife shall be entitled to a deduction from her total income for that year.

(6) The amount of that deduction shall be equal to—

- (a) the deduction referred to in subsection (5)(b) above, reduced where applicable by an amount equal to the margin referred to in subsection (5)(c), or
- (b) the excess referred to in subsection (5)(d),

whichever is less.

(7) In determining for the purposes of subsection (5)(b) above whether the wife made a deduction from her total income for the immediately preceding year of assessment under this section, and the amount of any such deduction, it shall be assumed that a deduction under this section is made after all other deductions (except any deduction under section 289).

(8) In determining for the purposes of this section a person’s total income for the year of assessment there shall be disregarded any deduction made—

- (a) <sup>F40</sup> . . . . .
- (b) under this Chapter <sup>F41</sup> . . . . , [<sup>F42</sup>or
- (c) on account of any payments to which section 593(2) or 639(3) applies,][<sup>F43</sup>or
- (d) <sup>F44</sup> . . . . .][<sup>F45</sup>, or
- (e) on account of any payments to which section 32(4) of the Finance Act 1991 applies;]

and in determining for the purposes of subsection (1)(b) above the deductions which a man was entitled to make under this Chapter for the year 1989-90, any application under section 283 shall be disregarded.

(9) This section shall not apply for a year of assessment unless the claimant’s husband has given to the inspector written notice that it is to apply; and any such notice—

- (a) shall be given [<sup>F46</sup>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.

(10) A notice given under subsection (9) above in relation to a year of assessment shall have effect also as a notice under [<sup>F47</sup>section 257BB(2)] (and, where it is relevant, under section 265(5)).

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### Textual Amendments

- F39** Words in s. 257D(5)(d) repealed (with effect as mentioned in s. 77(7) of the repealing Act) by [Finance Act 1994 \(c. 9\), Sch. 8 para. 4\(2\), Sch. 26 Pt. 5\(1\)](#), Note
- F40** [S. 257D\(8\)\(a\)](#) repealed (with effect as mentioned in s. 81(6) of the repealing Act) by [Finance Act 1994 \(c. 9\), Sch. 26 Pt. 5\(2\)](#), Note
- F41** Words in s. 257D(8)(b) repealed (with effect as mentioned in Sch. 26 Pt. 5(17), Note of the repealing Act) by [Finance Act 1994 \(c. 9\), Sch. 26 Pt. 5\(17\)](#)
- F42** 1989 s.33(10).
- F43** 1989 s.57(4).
- F44** [S. 257D\(8\)\(d\)](#) repealed (with effect in accordance with 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
- F45** [S. 257D\(8\)\(e\)](#) and 'or' preceding it inserted by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 33\(4\)](#)
- F46** Words in s. 257D(9)(a) substituted (with effect in accordance with s. 135(2) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 21 para. 5](#)
- F47** Words in s. 257D(10) 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.3, 10](#).

### Modifications etc. (not altering text)

- C15** [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\(1\)](#)
- C16** [S. 257D\(9\)](#) modified (1990-91) by [The Lloyd's Underwriters \(Tax\) \(1990-91\) Regulations 1993 \(S.I. 1993/415\), regs. 1, 9, Sch.2](#)  
[S. 257D\(9\)](#) modified (1991-92) by [The Lloyd's Underwriters \(Tax\) \(1991-92\) Regulations 1994 \(S.I. 1994/728\), regs. 1, 9, Sch. 2](#)  
[S. 257D\(9\)](#) 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.](#)

## 257E Transitional relief: the elderly.

(1) This section shall apply in relation to a claimant for any year of assessment for the whole or any part of which he has his wife living with him if <sup>F48</sup> . . . —

- (a) <sup>F49</sup> . . . for the year 1989-90 he was entitled to relief by virtue of section 257(2) (a) of this Act (as it had effect for that year) and <sup>F49</sup> . . . his entitlement was due to her age and not to his (he being under the age of 65 throughout that year), or
- (b) <sup>F49</sup> . . . for the year 1989-90 he was entitled to relief by virtue of section 257(3) (a) of this Act (as it had effect for that year) and <sup>F49</sup> . . . his entitlement was due to her age and not to his (he being under the age of [<sup>F50</sup>75] throughout the year),

and, in either case, that the amount of that relief exceeded the aggregate amount of any relief to which he would be entitled for the year 1990-91 under sections 257 and 257A (apart from this section).

(2) Where this section applies, section 257 shall have effect—

- (a) in a case within subsection (1)(a) above as if for the amount specified in subsection (1) of that section there were substituted [<sup>F51</sup>£3,400], and
- (b) in a case within subsection (1)(b) above, as if for the amounts specified in subsections (1) and (2) of that section there were substituted [<sup>F52</sup>£3,540].

(3) Section 257(5) shall have effect in relation to section 257(1) as modified by this section as it has effect in relation to section 257(2) and (3); and in all cases the reference in

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section 257(5) to the amount specified in section 257(1) is a reference to the amount specified apart from this section.

- (4) The references in section 257C to the amounts specified in section 257 are references to the amounts specified apart from this section.
- (5) In determining for the purposes of this section the amount of any reliefs to which a person was entitled for the year 1989-90, any application under section 283 shall be disregarded.

#### Textual Amendments

- F48** Words in s. 257E(1) repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 20 para. 15(a), **Sch. 41 Pt. 5(10)**, Note
- F49** Words in s. 257E(1)(a)(b) repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 20 para. 15(b), **Sch. 41 Pt. 5(10)**, Note
- F50** 1989 s.33(11).
- F51** 1989 s.33(12).
- F52** 1989 s.33(13).

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

- C17** 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)**

### 257F Transitional relief: separated couples.

If <sup>F53</sup> . . . —

- (a) [<sup>F54</sup>the claimant] and his wife ceased to live together before 6th April 1990 but <sup>F53</sup> . . . ever since they ceased to live together they have continued to be married to one another and she has been wholly maintained by him, and
- (b) <sup>F53</sup> . . . he is not entitled to make any deduction in respect of the sums paid for her maintenance in computing for income tax purposes the amount of his income for the year to which the claim relates, and
- (c) <sup>F53</sup> . . . he was entitled to a deduction for the year 1989-90 by virtue of section 257(1)(a) of this Act (as it had effect for that year) and, if the claim relates to a year later than 1990-91, <sup>F53</sup> . . . he has been entitled by virtue of this section to a deduction under section 257A [<sup>F55</sup>or, as the case may be, an income tax reduction under that section] for each intervening year,

sections 257A and 257E (but not section [<sup>F56</sup>section 257BA, section 257BB] or section 257D) shall have effect for the year to which the claim relates as if his wife were living with him.

#### Textual Amendments

- F53** Word in s. 257F repealed (with effect in as mentioned in s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 20 para. 16(2)(3)(b)(4)(5), **Sch. 41 Pt. 5(10)**, Note
- F54** Words in s. 257F(a) substituted (with effect in as mentioned in s. 134(2) of the amending Act) by Finance Act 1996, {Sch. 20 para. 16(3)(a)}
- F55** Words inserted in s. 257F(c) (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 8 para. 5**

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**F56** Words in s. 257F 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.4, 10.

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

**C18** 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)

<sup>F57</sup>**258 Widower's or widow's housekeeper.**

.....

**Textual Amendments**

**F57** 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.**

[<sup>F58</sup>(1) This section applies to—

- (a) any woman who is not throughout the year of assessment married and living with her husband;
- (b) any man who is neither married and living with his wife for the whole or any part of the year, nor entitled [<sup>F59</sup>to an income tax reduction] by virtue of section 257F; and
- (c) any man who for the whole or any part of the year is married to and living with a wife who is totally incapacitated by physical or mental infirmity throughout the year.]

(2) <sup>M2</sup>Subject to subsections (3) [<sup>F60</sup>to 4(A)] below and to [<sup>F61</sup>sections 260 and 261A], [<sup>F62</sup>if—

- (a) the claimant is a person to whom this section applies, and
- (b) a qualifying child is resident with him for the whole or a part of a year of assessment,

the claimant shall be entitled][<sup>F63</sup> for that year to an income tax reduction calculated by reference to] an amount equal to [<sup>F64</sup>that specified in section 257A(1).]

(3) <sup>M3</sup>A claimant is entitled to only one [<sup>F65</sup>income tax reduction] under subsection (2) above for any year of assessment irrespective of the number of qualifying children resident with him in that year.

[<sup>F66</sup>(3A) A person shall not be entitled to relief under this section by virtue of subsection (1) (a) or (b) above for a year of assessment if that is the year in which he and his spouse separate (as defined in section 261A(6)).]

[<sup>F64</sup>(4) A woman shall not be entitled to relief under this section for a year of assessment during any part of which she is married and living with her husband unless the child in respect of whom the relief is claimed is resident with her during a part of the year when she is not married and living with her husband.]

[<sup>F67</sup>(4A) Where—

- (a) a man and a woman who are not married to each other live together as husband and wife for the whole or any part of a year of assessment, and



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- (b) apart from this subsection each of them would on making a claim be entitled to [<sup>F68</sup>an income tax reduction] under subsection (2) above, neither of them shall be entitled to such [<sup>F69</sup>a reduction] except in respect of the youngest of the children concerned (that is to say, the children in respect of whom either would otherwise be entitled to [<sup>F68</sup>an income tax reduction]).]
- (5) <sup>M4</sup>For the purposes of this section a qualifying child means, in relation to any claimant and any year of assessment, a child who—
- (a) is born in, or is under the age of 16 years at the commencement of, the year or, being over that age at the commencement of that year, is receiving full-time instruction at any university, college, school or other educational establishment; and
- (b) is a child of the claimant or, not being such a child, is born in, or is under the age of 18 years at the commencement of, the year and maintained for the whole or part of that year by the claimant at his own expense.
- (6) In subsection (5)(a) above the reference to a child receiving full-time instruction at an educational establishment includes a reference to a child undergoing training by any person (“the employer”) for any trade, profession or vocation in such circumstances that the child is required to devote the whole of his time to the training for a period of not less than two years.
- <sup>F70</sup> .....
- (7) If any question arises under this section whether a child is receiving full-time instruction at an educational establishment, the Board may consult the Secretary of State or the Department of Education for Northern Ireland.
- (8) In subsection (5)(b) above the reference to a child of the claimant includes a reference to a stepchild of his, an illegitimate child of his if he has married the other parent after the child’s birth and an adopted child of his if the child was under the age of 18 years when he was adopted.
- (9) Notwithstanding anything in section 9 of the <sup>M5</sup>Family Law Reform Act 1969 or section 5 of the <sup>M6</sup>Age of Majority Act (Northern Ireland) 1969 or any rule of law in Scotland, for the purposes of subsection (5) above a child whose birthday falls on 6th April shall be taken to be over the age of 16 at the commencement of the year which begins with his 16th birthday and over the age of 18 at the commencement of the year which begins with his 18th birthday.

#### Textual Amendments

- F58** 1988(F) s.35 and Sch.3 para.5 for 1990-91 and subsequent years. *Previously* “—(1) This section applies—(a) to any individual who is not entitled for the year of assessment to the higher (married persons) relief under section 257(1); and (b) to any married man who is entitled for the year of assessment to that higher relief but whose wife was throughout that year totally incapacitated by physical or mental infirmity.”.
- F59** Words in s. 259(1)(b) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [Sch. 8 para. 6\(1\)](#)
- F60** 1988(F) s.30(1) from 1989-90. *Previously* “and (4)”.
- F61** Words in s. 259(2) 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. 5\(2\)](#), [10](#).

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- F62** Words in s. 259(2) substituted (with effect in as mentioned in s. 134(2) of the amending Act) by Finance Act 1996, {Sch. 20 para. 17(2)}
- F63** Words in s. 259(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), s. 77(3)
- F64** 1988(F) s.35 and Sch.3 para.5(3), (4) for 1990-91 and subsequent years. Previously “the difference between the higher (married persons) relief and the lower (single persons) relief under subsection (1) of section 257 as it applies to persons not falling within subsection (2) or (3) of that section.”  
 and  
 “(4) A person to whom this section applies by virtue of subsection (1)(a) above shall not be entitled to relief under this section for a year of assessment during any part of which that person is married and living with his or her spouse unless the child in connection with whom the relief is claimed is resident with that person during a part of the year in which that person is not married and living with his or her spouse.”
- F65** Words in s. 259(3) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 6(2)
- F66** S. 259(3A) 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. 5(3), 10.
- F67** 1988(F) s.30 for 1989-90 and subsequent years.
- F68** Words in s. 259(4A) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 6(3)(a)
- F69** Words in s. 259(4A) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), Sch. 8 para. 6(3)(b)
- F70** Words in s. 259(6) repealed (with effect in as mentioned in s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 20 para. 17(3), Sch. 41 Pt. 5(10), Note

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

- C19** 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)

#### Marginal Citations

- M2** Source-1970 s.14(1), (2); 1976 s.36(4); 1979 (No.2) Sch.1 2(2); 1980 s.24(6); 1987 s.26(5)
- M3** Source-1970 s.14(3); 1979 (No.2) Sch.1 2(3)
- M4** Source-1970 s.14(5)-(9)); 1979 (No.2) Sch.1 2(4); 1987 Sch.15 2(2)
- M5** 1969 c. 46.
- M6** 1969 c. 28 (N.I.).

## 260 Apportionment of relief under section 259.

- <sup>M7</sup>(1) Where for any year of assessment two or more individuals are entitled to relief under section 259 in connection with the same child—
- (a) the amount referred to in subsection (2) of that section shall be apportioned between them; and
  - (b) [<sup>F71</sup>the income tax reduction to which each of them is entitled under that section shall be calculated, subject to subsection (2) below, by reference] to so much of that amount as is apportioned to him.
- (2) Where for any year of assessment amounts are apportioned to an individual under this section in respect of two or more children, [<sup>F72</sup>the income tax reduction to which he is entitled for that year under section 259 shall be calculated by reference] to the sum of those amounts or the amount referred to in subsection (2) of that section, whichever is the less.

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- (3) Any amount required to be apportioned under this section shall be apportioned between the individuals concerned in such proportions as may be agreed between them or, in default of agreement, in proportion to the length of the periods for which the child in question is resident with them respectively in the year of assessment; and where the proportions are not so agreed, the apportionment shall be made by such body of General Commissioners, being the General Commissioners for a division in which one of the individuals resides, as the Board may direct, or, if none of the individuals resides in [<sup>F73</sup>the United Kingdom], by the Special Commissioners.
- (4) Where a claim is made under section 259 and it appears that, if the claim is allowed, an apportionment will be necessary under this section, the Board may if they think fit direct that the claim itself shall be dealt with by any specified body of Commissioners which could under this section be directed to make the apportionment and that the same Commissioners shall also make any apportionment which proves to be necessary; and where a direction is given under this subsection no other body of Commissioners shall have jurisdiction to determine the claim.
- (5) The Commissioners making any apportionment under this section shall hear and determine the case in like manner as an appeal, but any individual who is, or but for the provisions of this section would be, entitled to relief in connection with the child shall be entitled to appear and be heard by the Commissioners or to make representations to them in writing.
- (6) For the purposes of this section an individual shall not be regarded as entitled to relief under section 259 for any year of assessment in connection with the same child as another individual if there is another child in connection with whom he, and he alone, is entitled to relief under that section for that year.

#### Textual Amendments

**F71** Words in s. 260(1)(b) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 8 para. 7(1)**

**F72** Words in s. 260(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 8 para. 7(2)**

**F73** 1988(F) s.134(3), (4) from 3 April 1989 (commencement order S.I. 1989 No.473—not reproduced). Previously “Great Britain”.

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

**C20** 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)**

#### Marginal Citations

**M7** Source-1970 s.14A; 1979 (No.2) Sch.1 3; 1980 s.24(6)

#### [<sup>F74</sup>261] **Claims under section 259 for year of marriage.**

A man (but not a woman) who becomes married during a year of assessment may by notice to the inspector elect that his marriage shall be disregarded for the purposes of any claim that he makes for that year under section 259, and, in that case, the marriage shall also be disregarded for the purposes of any claim that he makes for that year under section 257A.]

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### Textual Amendments

**F74** 1988(F) s.35 and Sch.3 para.6 for 1990-91 and subsequent years. Previously  
 “**261.** A man who becomes married during a year of assessment may by notice to the inspector elect that his marriage be disregarded for the purposes of any claim for that year under section 258 or (“258 or”  
 repealed by s.148 and Sch.14 Part IV for 1988-89 and subsequent years.) 259, and, in that case, the marriage shall also be disregarded for the purposes of any claim for that year under section 257.”

### Modifications etc. (not altering text)

**C21** 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\(1\)](#)

## [<sup>F75</sup>**261A Additional relief in respect of children for year of separation.**

- (1) A person [<sup>F76</sup>with whom a qualifying child is resident] for any period—
  - (a) after he and his spouse separate, and
  - (b) in the year of assessment in which that separation occurs,
 shall be entitled [<sup>F77</sup>for that year to an income tax reduction calculated by reference to] an amount equal to that specified in section 257A(1) for the year.
- (2) But if the person is entitled to relief for the year of assessment under section 257A (including by virtue of an election under section 257BA) the amount [<sup>F78</sup>by reference to which the income tax reduction to which he is entitled under subsection (1) above is calculated shall be treated as reduced by the amount by reference to which the income tax reduction in which that relief consists is, or but for section 256(2)(b) would be, calculated (or to nil where the latter amount is equal to or exceeds the amount which is to be treated as reduced).]
- (3) Subsection (1) above shall not apply to a man who is entitled to relief under section 259 by virtue of subsection (1)(c) of that section.
- (4) A person is entitled to only one [<sup>F79</sup>income tax reduction] under subsection (1) above irrespective of the number of qualifying children resident with him.
- (5) Where for any year of assessment a person is entitled to relief under this section and another person is entitled to relief in connection with the same child under section 259 or this section—
  - (a) the total amount of the [<sup>F80</sup>income tax reductions to which those persons are entitled shall not exceed an amount equal to an income tax reduction calculated (in accordance with section 256(2)(a)) by reference to] the amount specified in section 257A(1) for that year,
  - (b) section 260(3) to (5) shall apply for the purpose of apportioning that total amount between the persons (and the reference in section 260(4) to section 259 shall be taken to include a reference to this section), and
  - (c) [<sup>F81</sup>the income tax reduction to which each of them is entitled under section 259 or this section shall be calculated by reference] to so much of that amount as is apportioned to him (subject, in the case of relief under this section, to subsection (2) above).
- (6) In this section, “separate” means—

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- (a) separate under an order of a court of competent jurisdiction, or by deed of separation, or
  - (b) separate in such circumstances that the separation is likely to be permanent.
- (7) Subsections (5) to (9) of section 259 shall apply for the purposes of this section as they apply for the purposes of that section.]

#### Textual Amendments

- F75** 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](#).
- F76** Words in s. 261A(1) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 20 para. 18](#)
- F77** Words in s. 261A(1) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 77\(4\)](#)
- F78** Words in s. 261A(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\), Sch. 8 para. 8\(1\)](#)
- F79** Words in s. 261A(4) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\), Sch. 8 para. 8\(2\)](#)
- F80** Words in s. 261A(5)(a) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\), Sch. 8 para. 8\(3\)\(a\)](#)
- F81** Words in s. 261A(5)(c) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\), Sch. 8 para. 8\(3\)\(b\)](#)

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

- C22** 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\(1\)](#)

#### <sup>F82F83</sup>262Widow's bereavement allowance.

- (1) Where a married man whose wife is living with him dies, his widow shall be entitled—
  - (a) for the year of assessment in which the death occurs, [<sup>F84</sup>to an income tax reduction calculated by reference to] an amount equal to the amount specified in section 257A(1) for that year, and
  - (b) (unless she marries again before the beginning of it) for the next following year of assessment, [<sup>F85</sup>to an income tax reduction calculated by reference to] an amount equal to the amount specified in section 257A(1) for that year.]
- <sup>F86</sup>(2) Where a widow would (but for this subsection) be entitled for a year of assessment—
  - (a) to [<sup>F87</sup>an income tax reduction] under subsection (1)(a) above, and
  - (b) to [<sup>F87</sup>an income tax reduction] by virtue of an election under section 257BA, [<sup>F88</sup>the income tax reduction mentioned in paragraph (b) above shall instead be made (without a claim being made and in accordance with section 257A) in relation to her late husband's liability to tax for that year as if there had been no such election.]
- <sup>F89</sup>(3) If the amount of an income tax reduction falling to be made by virtue of subsection (2) above in relation to the liability of a widow's late husband—
  - (a) is less by virtue of section 256(2)(b) than the income tax reduction which, but for subsection (2) above, would have been made in her case by virtue of the election mentioned in that subsection, or

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(b) by virtue of his having no income tax liability to which that reduction is applicable, is nil,

the widow shall be entitled (in addition to any reduction to which she is entitled by virtue of subsection (1) above and without making a further claim) to an income tax reduction calculated by reference to an amount equal to the unused part of the amount by reference to which the income tax reduction transferred to the late husband in pursuance of subsection (2) above would have fallen to be calculated.

(3A) In subsection (3) above the references, in relation to an amount to which paragraph (a) or (b) of that subsection applies, to the unused part of an amount by reference to which any income tax reduction would have fallen to be calculated are references to so much of it (including, where paragraph (b) of that subsection applies, all of it) as has no practical effect on the determination of the amount to which that paragraph applies.]]

### Textual Amendments

**F82** 1988(F) s.35 and Sch.3 para.7(3) for 1990-91. *Previously*

“[**262.** Where a man dies in the year 1989-90 and for that year he is entitled to the higher (married person's) relief under section 257(1), or would be so entitled but for an election under section 261 or 287, his widow shall be entitled—(a) for that year of assessment, to a deduction from her total income of an amount equal to the amount referred to in section 259(2), and (b) (unless she marries again before the beginning of it) for the year 1990-91, to a deduction from her total income of an amount equal to the amount specified in section 257A(1) for that year.]”

*for 1989-90. For 1988-89—* “**262.** Where a man dies in a year of assessment for which he is entitled to the higher (married persons) relief under section 257(1), or would be so entitled but for an election under section 261 or 287, his widow shall be entitled—(a) for that year of assessment, and (b) unless she marries again before the beginning of it, for the next following year of assessment, to a deduction from her total income of an amount equal to that referred to in section 259(2).”

**F83** S. 262 renumbered as s. 262(1) (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by virtue of [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 20, [Sch. 5 paras.7, 10](#).

**F84** Words in s. 262(1)(a) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 77(5)(a)

**F85** Words in s. 262(1)(b) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 77(5)(b)

**F86** S. 262(2)-(4) 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.7, 10](#).

**F87** Words in s. 262(2)(a)(b) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [Sch. 8 para. 9\(1\)\(a\)](#)

**F88** Words in s. 262(2) substituted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [Sch. 8 para. 9\(1\)\(b\)](#)

**F89** S. 262(3)(3A) substituted for s. 262(3)(4) (with effect in accordance with s. 77(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [Sch. 8 para. 9\(2\)](#)

### Modifications etc. (not altering text)

**C23** 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\(1\)](#)

<sup>F90</sup>**263** **Dependent relatives.**

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**Textual Amendments**

**F90** S. 263 repealed (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 25(3), [Sch.14 Part IV](#)

**<sup>F91</sup>264 Claimant depending on services of a son or daughter.**

.....

**Textual Amendments**

**F91** S. 264 repealed (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 25(3), [Sch.14 Part IV](#)

**[<sup>F92</sup>265 Blind person's allowance.**

- (1) If the claimant <sup>F93</sup> . . . is a registered blind person for the whole or any part of the year of assessment, he shall be entitled to a deduction of [<sup>F94</sup>£1,250] from his total income.
- (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) <sup>F95</sup> .....
  - (b) under <sup>F96</sup> . . . section 289 [<sup>F97</sup> or
  - (c) on account of any payments to which section 593(2) or 639(3) applies,][<sup>F98</sup> or
  - (d) <sup>F99</sup> .....][<sup>F100</sup>, or
  - (e) on account of any payments to which section 32(4) of the Finance Act 1991 applies.]
- (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 <sup>F101</sup> . . . .
- (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 [<sup>F102</sup> 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 [<sup>F103</sup> section 257BB(2)].

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- (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 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

- F92** 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.*
- F93** 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
- F94** Words in s. 265(1) substituted (with effect as mentioned in s. 75(2) of the amending Act) by Finance Act 1996, s. 75(1)
- F95** 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
- F96** 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
- F97** 1989 s.33(10).
- F98** 1989 s.57(4)
- F99** 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
- F100** S. 265(3)(e) and ' ,or' preceding it inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 33(4)
- F101** 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.
- F102** 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
- F103** 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)

- C24** 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
- C25** 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



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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) <sup>M8</sup>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) <sup>M9</sup>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 —
    - (i) any insurance company legally established in the United Kingdom or any branch in the United Kingdom of an insurance company lawfully carrying on in the United Kingdom life assurance business (as defined in section 431); or
    - (ii) underwriters being members of Lloyd's who comply with the requirements set forth in section 83 of the <sup>M10</sup>Insurance Companies Act 1982; or
    - (iii) a [<sup>F104</sup>friendly society]; or
    - (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) <sup>M11</sup>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) <sup>M12</sup>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) <sup>M13</sup>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) <sup>M14</sup>in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance.
- (4) <sup>M15</sup>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 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

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respect of the premium and retain an amount equal to [<sup>F105</sup>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) <sup>M16</sup>Where—

- (a) a person is entitled to relief under this section in respect of part only of a payment made to a [<sup>F104</sup>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)), [<sup>F106</sup>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.

[<sup>F107</sup>(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) <sup>M17</sup>Where a person makes a payment to a trade union as defined in section 28(1) of the <sup>M18</sup>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) <sup>M19</sup>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) <sup>M20</sup>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 [<sup>F108</sup>spouse] of such a member as if the individual were so resident.

(10) <sup>M21</sup>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

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- (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 <sup>M22</sup>Conveyancing (Scotland) Act 1924 (but including a security constituted by ex facie absolute disposition or assignation).

- (11) <sup>M23</sup>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 [<sup>F109</sup>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.
- [<sup>F110</sup>(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).]

#### Textual Amendments

- F104** 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](#)
- F105** Words in s. 266(5)(a) substituted (from 6.4.1989) by [Finance Act 1988 \(c. 39\), s. 29](#)
- F106** S. 266(6)(c) and preceding word inserted (29.4.1996) by [Finance Act 1996 \(c. 8\), s. 171\(3\)](#)
- F107** S. 266(6A) inserted (29.4.1996) by [Finance Act 1996 \(c. 8\), s. 171\(4\)](#)
- F108** Words in s. 266(9) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\), s. 35, Sch. 3 para. 9\(a\)](#)
- F109** Words in s. 266(11)(a) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\), s. 35, Sch. 3 para. 9\(b\)](#)
- F110** 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](#)

#### Marginal Citations

- M8** Source-1970 s.19(1); 1976 Sch.4 3(1)
- M9** Source-1970 s.19(2); 1976 s.36(5), Sch.4 3(2)
- M10** [1982 c. 50.](#)
- M11** Source-1970 s.19(3)(a)
- M12** Source-1970 s.19(4)
- M13** Source-1984 s.72(1)
- M14** Source-1970 s.19(3)(b)
- M15** Source-1976 Sch.4 4(1) 5; 1978 Sch.3 2; 1980 s.29(2)(b)
- M16** Source-1978 Sch.3 11
- M17** Source-1978 Sch.3 12; 1981 s.33
- M18** [1974 c. 52.](#)
- M19** Source-1976 Sch.4 4(2)
- M20** Source-1976 Sch.4 5A; 1978 Sch.3 5

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**M21** Source-1970 s.19(4)(a), (c); 1971 Sch.3 11

**M22** 1924 c. 27.

**M23** Source-1970 s.19(3)(i)(ii)

VALID FROM 06/04/2003

## **[<sup>F111</sup>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.
- (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).]

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### Textual Amendments

**F111** 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.

<sup>M24</sup>(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.

(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

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- (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**

**M24** Source-1975 s.7; 1976 Sch.4 19(1); 1984 s.72(5)

## **269 Surrender etc. of policies after four years.**

- <sup>M25</sup>(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,

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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

**M25** Source-1975 s.8; 1976 Sch.4 19(2); 1984 s.72(5)

## 270 Provisions supplementary to sections 268 and 269.

<sup>M26</sup>(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 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.

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- (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

**M26** Source-1975 s.9(1)-(4); 1976 Sch.4 19(3)

### 271 Deemed surrender in cases of certain loans.

<sup>M27</sup>(1) Where—

- (a) under section 547 a gain arising in connection with a policy <sup>F112</sup> . . . 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 <sup>F113</sup> . . . ; and
- (c) any sum is at any time after the making of the insurance <sup>F112</sup> . . . lent to or at the direction of that individual by or by arrangement with the body issuing the policy <sup>F114</sup> . . . ;

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 <sup>F112</sup> . . . 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 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; <sup>F115</sup> . . .

<sup>F115</sup>(b) . . . . .

#### Textual Amendments

**F112** Words in s. 271(1) repealed (retrospectively) by [Finance Act 1994 \(c. 9\), Sch. 17 para. 2\(1\)\(a\)](#), **Sch. 26 Pt. 5(22)**

**F113** 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)**



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**F114** Words in s. 271(1)(c) repealed (retrospectively) by [Finance Act 1994 \(c. 9\), Sch. 17 para. 2\(1\)\(c\), Sch. 26 Pt. 5\(22\)](#)

**F115** 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

**M27** Source-1975 Sch.2 16(1), (3); 1976 s.35

## 272 Collection of sums payable under sections 268 and 269.

- <sup>M28</sup>(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—
- (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

**M28** Source-1975 Sch.1

*Status: Point in time view as at 29/04/1996. 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 09 June 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)*

## [<sup>F116</sup>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

**F116** 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) <sup>M29</sup>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) <sup>M30</sup>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) <sup>M31</sup>In subsection (2) above “the appropriate rate”—
  - (a) in relation to premiums to which section 266 applies, means [<sup>F117</sup>12.5 per cent.];
  - (b) in relation to other payments, means the basic rate of income tax.
- (4) <sup>M32</sup>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.

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 [<sup>F118</sup>is] attributable to those risks, or either of them.

### Textual Amendments

**F117** 1988(F) s.29—from 6 April 1989. *Previously*  
 “15 per cent.”.

**F118** 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**

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#### **Marginal Citations**

**M29** Source-1970 s.21(1); 1976 Sch.4 21

**M30** Source-1970 s.21(3); 1975 Sch.2 6

**M31** Source-1970 s.21(4); 1975 Sch.2 6; 1980 s.29; 1976 Sch.4 21; 1987 Sch.15 2(5)

**M32** Source-1970 s.21(5)

**Status:**

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**Changes to legislation:**

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