

Changes to legislation: Income and Corporation Taxes Act 1988, Paragraph 17 is up to date with all changes known to be in force on or before 26 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) View outstanding changes

SCHEDULES

SCHEDULE 15

QUALIFYING POLICIES

Modifications etc. (not altering text)

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

PART I

QUALIFYING CONDITIONS

OTHER SPECIAL PROVISIONS

(viii) Substitutions and variations

- 17 (1) ^{M1} Subject to paragraph 19 below, where one policy (“the new policy”) is issued in substitution for, or on the maturity of and in consequence of an option conferred by, another policy (“the old policy”), the question whether the new policy is a qualifying policy shall, to the extent provided by the rules in sub-paragraph (2) below, be determined by reference to both policies.
- (2) The rules (for the purposes of which, the question whether the old policy was a qualifying policy shall be determined in accordance with this Part of this Schedule, whatever the date of the insurance in respect of which it was issued), are as follows—
- [^{F1}(za) the new policy cannot be a qualifying policy if the old policy was not a qualifying policy by virtue of—
- (i) paragraph A1(2), B1(2), B2(2) or B3(3) above, or
 - (ii) sub-paragraph (i) above or this sub-paragraph;]
- (a) if the new policy would apart from this paragraph be a qualifying policy but the old policy was [^{F2}not [^{F3}and paragraph (za) above does not apply],] the new policy is not a qualifying policy unless the person making the insurance in respect of which it is issued was an infant when the old policy was issued, and the old policy was one securing a capital sum payable either on a specified date falling not later than one month after his attaining 25 or on the anniversary of the policy immediately following his attainment of that age;
- (b) if the new policy would apart from this paragraph be a qualifying policy, and the old policy was also a qualifying policy, the new policy is a qualifying policy unless—
- (i) it takes effect before the expiry of ten years from the making of the insurance in respect of which the old policy was issued, and

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- (ii) subject to sub-paragraph (4) below, the highest total of premiums payable thereunder for any period of 12 months expiring before that time is less than one half of the highest total paid for any period of 12 months under the old policy, or under any related policy issued less than ten years before the issue of the new policy (“related policy” meaning any policy in relation to which the old policy was a new policy within the meaning of this paragraph, any policy in relation to which that policy was such a policy, and so on);
 - (c) if the new policy would not apart from this paragraph be a qualifying policy, and would fail to be so by reason only of paragraph 1(2) or (3) or 2(1)(a), (b) or (c) above, it is nevertheless a qualifying policy if the old policy was a qualifying policy and—
 - (i) the old policy was issued in respect of an insurance made more than ten years before the taking effect of the new policy, and, subject to sub-paragraph (4) below, the premiums payable for any period of 12 months under the new policy do not exceed the smallest total paid for any such period under the old policy; or
 - (ii) the old policy was issued outside the United Kingdom, and the circumstances are as specified in sub-paragraph (3) below.
- (3)^{M2} The circumstances are—
- (a) where the new policy referred to in sub-paragraph (2)(c) above is issued after 22nd February 1984, that the policy holder under the new policy became resident in the United Kingdom during the 12 months ending with the date of its issue;
 - (b) where paragraph (a) above does not apply, that the person in respect of whom the new insurance is made became resident in the United Kingdom during the 12 months ending with the date of its issue;
 - (c) that the issuing company certify that the new policy is in substitution for the old, and that the old was issued either by a [^{F4}permanent establishment] of theirs outside the United Kingdom or by a company outside the United Kingdom with whom they have arrangements for the issue of policies in substitution for ones held by persons coming to the United Kingdom; and
 - (d) that the new policy confers on the holder benefits which are substantially equivalent to those which he would have enjoyed if the old policy had continued in force.
- (4)^{M3} Where the new policy is one issued on or after 1st April 1976 then, in determining under sub-paragraph [^{F5}(2)(a) to (c)] above whether that policy would or would not (apart from sub-paragraphs (1) to (3) above) be a qualifying policy, there shall be left out of account so much of the first premium payable thereunder as is accounted for by the value of the old policy.
- [^{F6}(5) In determining under sub-paragraph (2)(a) to (c) above whether the new policy would apart from this paragraph be a qualifying policy, paragraph A1 above is not to be applied in relation to the issue of the new policy; but this does not stop that paragraph being applied in relation to the issue of the new policy after this paragraph has been applied.]

Textual Amendments

F1 Sch. 15 para. 17(2)(za) inserted (17.7.2013) by Finance Act 2013 (c. 29), Sch. 9 para. 4(2)

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- F2** Word in Sch. 15 para. 17(2)(a) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, **10**
- F3** Words in Sch. 15 para. 17(2)(a) inserted (17.7.2013) by Finance Act 2013 (c. 29), **Sch. 9 para. 4(3)**
- F4** Words in Sch. 15 para. 17(3)(c) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 153(1)(a)**
- F5** Words in Sch. 15 para. 17(4) substituted (17.7.2013) by Finance Act 2013 (c. 29), **Sch. 9 para. 4(4)**
- F6** Sch. 15 para. 17(5) inserted (17.7.2013) by Finance Act 2013 (c. 29), **Sch. 9 para. 4(5)**
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Marginal Citations

- M1** Source—1970 Sch.1 9(1), (2)
- M2** Source—1970 Sch.1 9(3); 1984 s.76(3), (6)
- M3** Source—1975 Sch.2 5

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)