



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER VIII

MISCELLANEOUS AND SUPPLEMENTAL

125 Annual payments for non-taxable consideration.

- ^{M1}(1) Any payment to which this subsection applies shall be made without deduction of income tax, shall not be allowed as a deduction in computing the income or total income of the person by whom it is made and shall not be a charge on income for the purposes of corporation tax.
- (2) Subject to the following provisions of this section, subsection (1) above applies to any payment which—
- (a) is an annuity or other annual payment charged with tax under Case III of Schedule D, not being interest; and
 - (b) is made under a liability incurred for consideration in money or money's worth all or any of which is not required to be brought into account in computing for the purposes of income tax or corporation tax the income of the person making the payment.
- (3) Subsection (1) above does not apply to—
- (a) any payment which in the hands of the recipient is income falling within [F1section 660A(8) or (9)(a)];
 - (b) any payment made to an individual under a liability incurred in consideration of his surrendering, assigning or releasing an interest in settled property to or in favour of a person having a subsequent interest;
 - (c) any annuity granted in the ordinary course of a business of granting annuities; or

Status: Point in time view as at 23/01/2003. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 125 is up to date with all changes known to be in force on or before 10 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (d) any annuity charged on an interest in settled property and granted at any time before 30th March 1977 by an individual to a company whose business at that time consisted wholly or mainly in the acquisition of interests in settled property or which was at that time carrying on life assurance business in the United Kingdom.
- (4) In the application of this section to Scotland the references in subsection (3) above to settled property shall be construed as references to property held in trust.
- (5) Subsection (1) above applies to a payment made after 5th April 1988 irrespective of when the liability to make it was incurred.

Textual Amendments

- F1** Words in s. 125(3)(a) substituted (with effect in accordance with s. 74 of the amending Act) by Finance Act 1995 (c. 4), **Sch. 17 para. 2**

Modifications etc. (not altering text)

- C1** See 1989 s.59—rights of admission disregarded in the case of certain covenanted subscriptions.

Marginal Citations

- M1** Source—1977 s.48

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