



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

266 Life assurance premiums.

- (1) ^{M1}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) ^{M2}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 —
 - [^{F1}(i) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 or under paragraph 15 of Schedule 3 to that Act (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to effect or carry out contracts of long-term insurance; or
 - (ii) a member of the Society who effects or carries out contracts of long-term insurance in accordance with Part 19 of the Financial Services and Markets Act 2000;]
 - (iv) in the case of a deferred annuity, the National Debt Commissioners; and

Status: Point in time view as at 01/12/2001. This version of this provision has been superseded.

Changes to legislation: *Income and Corporation Taxes Act 1988, Section 266 is up to date with all changes known to be in force on or before 20 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (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) ^{M3}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) ^{M4}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) ^{M5}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) ^{M6}in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance.
- (4) ^{M7}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 respect of the premium and retain an amount equal to [^{F2}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) ^{M8}Where—
- (a) a person is entitled to relief under this section in respect of part only of a payment made to a [^{F3}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)), [^{F4}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.
- [^{F5}(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.]

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- (7) ^{M9}Where a person makes a payment to a trade union as defined in section 28(1) of the ^{M10}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) ^{M11}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) ^{M12}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 [^{F6}spouse] of such a member as if the individual were so resident.
- (10) ^{M13}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
 - (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 ^{M14}Conveyancing (Scotland) Act 1924 (but including a security constituted by ex facie absolute disposition or assignation).

- (11) ^{M15}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 [^{F7}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.

[^{F8}(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).]

[^{F9}(14) In subsection (2)(a)—

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“contracts of long-term insurance” means contracts which fall within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; and

“member of the society” has the same meaning as in Lloyd’s Act 1982 ^{M16}.]

Textual Amendments

- F1** S. 266(2)(a)(i)(ii) substituted for s. 266(2)(a)-(iii) (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 18\(2\)](#)
- F2** Words in s. 266(5)(a) substituted (from 6.4.1989) by [Finance Act 1988 \(c. 39\)](#), [s. 29](#)
- F3** 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](#)
- F4** S. 266(6)(c) and preceding word inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(3\)](#)
- F5** S. 266(6A) inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(4\)](#)
- F6** Words in s. 266(9) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), [s. 35](#), [Sch. 3 para. 9\(a\)](#)
- F7** Words in s. 266(11)(a) substituted (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), [s. 35](#), [Sch. 3 para. 9\(b\)](#)
- F8** 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](#)
- F9** S. 266(14) added (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 18\(3\)](#)

Marginal Citations

- M1** Source-1970 s.19(1); 1976 Sch.4 3(1)
- M2** Source-1970 s.19(2); 1976 s.36(5), Sch.4 3(2)
- M3** Source-1970 s.19(3)(a)
- M4** Source-1970 s.19(4)
- M5** Source-1984 s.72(1)
- M6** Source-1970 s.19(3)(b)
- M7** Source-1976 Sch.4 4(1) 5; 1978 Sch.3 2; 1980 s.29(2)(b)
- M8** Source-1978 Sch.3 11
- M9** Source-1978 Sch.3 12; 1981 s.33
- M10** [1974 c. 52](#).
- M11** Source-1976 Sch.4 4(2)
- M12** Source-1976 Sch.4 5A; 1978 Sch.3 5
- M13** Source-1970 s.19(4)(a), (c); 1971 Sch.3 11
- M14** [1924 c. 27](#).
- M15** Source-1970 s.19(3)(i)(ii)
- M16** [1982 c. xiv](#).

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