

SCHEDULES

SCHEDULE 26

Section 150.

DAMAGES AND COMPENSATION FOR PERSONAL INJURY

The sections inserted after section 329 of the Taxes Act 1988 by section 150 of this Act are as follows—

“329AA Personal injury damages in the form of periodical payments

- (1) Where—
 - (a) an agreement is made settling a claim or action for damages for personal injury on terms whereby the damages are to consist wholly or partly of periodical payments; or
 - (b) a court awarding damages for personal injury makes an order incorporating such terms,the payments shall not for the purposes of income tax be regarded as the income of any of the persons mentioned in subsection (2) below and accordingly shall be paid without any deduction under section 348(1)(b) or 349(1).
- (2) The persons referred to in subsection (1) above are—
 - (a) the person (“A”) entitled to the damages under the agreement or order;
 - (b) any person who, whether in pursuance of the agreement or order or otherwise, receives the payments or any of them on behalf of A;
 - (c) any trustee who, whether in pursuance of the agreement or order or otherwise, receives the payments or any of them on trust for the benefit of A under a trust under which A is during his lifetime the sole beneficiary.
- (3) The periodical payments referred to in subsection (1) above, or any of them, may, if the agreement or order mentioned in that subsection or a subsequent agreement so provides, consist of payments under one or more annuities purchased or provided for, or for the benefit of, A by the person by whom the payments would otherwise fall to be made.
- (4) Sums paid to, or for the benefit of, A by a trustee or trustees shall not be regarded as his income for the purposes of income tax if made out of payments which by virtue of this section are not to be regarded for those purposes as income of the trustee or trustees.
- (5) In this section “personal injury” includes any disease and any impairment of a person’s physical or mental condition.
- (6) For the purposes of this section a claim or action for personal injury includes—
 - (a) such a claim or action brought by virtue of the Law Reform (Miscellaneous Provisions) Act 1934;
 - (b) such a claim or action brought by virtue of the Law Reform (Miscellaneous Provisions) Act (Northern Ireland) 1937;
 - (c) such a claim or action brought by virtue of the Damages (Scotland) Act 1976;
 - (d) a claim or action brought by virtue of the Fatal Accidents Act 1976;

Status: This is the original version (as it was originally enacted).

- (e) a claim or action brought by virtue of the Fatal Accidents (Northern Ireland) Order 1977.
- (7) In relation to such an order as is mentioned in paragraph (b) of subsection (1) above “damages” includes an interim payment which the court, by virtue of rules of court in that behalf, orders the defendant to make to the plaintiff; and where, without such an order, the defendant agrees to make a payment on account of the damages that may be awarded against him in such an action as is mentioned in paragraph (a) of that subsection, that paragraph shall apply to the payment and the agreement as it applies to damages and to such an agreement as is there mentioned.
- (8) In the application of subsection (7) above to Scotland for references to the plaintiff and the defendant there shall be substituted references to the pursuer and the defender.

329AB Compensation for personal injury under statutory or other schemes

- (1) Section 329AA applies to annuity payments under an award of compensation made under the Criminal Injuries Compensation Scheme as it applies to payments of damages in that form under such an agreement or order as is mentioned in subsection (1) of that section.
- (2) In subsection (1) above “the Criminal Injuries Compensation Scheme” means—
 - (a) the scheme established by arrangements made under the Criminal Injuries Compensation Act 1995; or
 - (b) arrangements made by the Secretary of State for compensation for criminal injuries and in operation before the commencement of that scheme.
- (3) If it appears to the Treasury that any other scheme or arrangement, whether established by statute or otherwise, makes provision for the making of periodical payments by way of compensation for personal injury within the meaning of section 329AA, the Treasury may by order apply that section to those payments with such modifications as the Treasury consider necessary.”