



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

INCOME TAX AND CORPORATION TAX

Insurance, insurance companies and friendly societies

88 Overseas life assurance business

- (1) After section 553 of the Taxes Act 1988 (non-resident policies and off-shore capital redemption policies) there shall be inserted—

“553A Overseas life assurance business: life policies

- (1) A policy of life insurance which, immediately before the happening of a chargeable event or a relevant event—
- (a) is an overseas policy, but
 - (b) is not a new non-resident policy,
- shall, in relation to that event, be treated for the purposes of this Chapter as if it were a new non-resident policy.
- (2) A policy of life insurance which, immediately before the happening of a relevant event—
- (a) is an overseas policy, and
 - (b) is a new non-resident policy,
- shall, in relation to that event, be taken for the purposes of this Chapter not to be a qualifying policy.

Status: This is the original version (as it was originally enacted).

- (3) Where a chargeable event happens in relation to a new non-resident policy, section 553(7) shall not have effect in relation to the gain treated as arising in connection with the policy on the happening of the chargeable event.
- (4) In this section—
- “new non-resident policy” means a new non-resident policy as defined in paragraph 24 of Schedule 15 (and in subsections (2) and (3) above includes a policy treated as such by virtue of subsection (1) above);
- “overseas policy” means a policy of life insurance which, by virtue of section 431D(1)(a), forms part of the overseas life assurance business of an insurance company or friendly society;
- “relevant event”, in relation to a policy of life insurance, means an event which would be a chargeable event in relation to that policy if the policy were assumed not to be a qualifying policy.
- (5) This section applies in relation to chargeable events and relevant events happening on or after 17th March 1998 in relation to policies of life insurance issued in respect of insurances made on or after that date.
- (6) A policy of life insurance issued in respect of an insurance made before 17th March 1998 shall be treated for the purposes of this section as issued in respect of one made on or after that date if it is varied on or after that date so as to increase the benefits secured or to extend the term of the insurance; and any exercise of rights conferred by the policy shall be regarded for this purpose as a variation.”

(2) After section 553A of the Taxes Act 1988 there shall be inserted—

“553B Overseas life assurance business: capital redemption policies

- (1) A capital redemption policy which immediately before the happening of a chargeable event—
- (a) is an overseas policy, but
- (b) is not a new offshore capital redemption policy,
- shall, in relation to that event, be treated for the purposes of this Chapter as if it were a new offshore capital redemption policy.
- (2) In this section—
- “new offshore capital redemption policy” has the same meaning as in section 553;
- “overseas policy” means a capital redemption policy which, by virtue of section 431D(1)(a), forms part of the overseas life assurance business of an insurance company.
- (3) This section applies in relation to capital redemption policies where the contract is made after the coming into force of the first regulations under section 458A in consequence of which capital redemption business forms part of the overseas life assurance business of an insurance company.”