
STATUTORY INSTRUMENTS

2008 No. 562

The Income Tax (Purchased Life Annuities) Regulations 2008

PART 2

Procedure where annuity is purchased

Application of this Part

3. This Part applies where—
- an annuitant purchases an annuity from a United Kingdom insurer;
 - a tax representative is appointed in accordance with Part 3; or
 - a person is appointed in accordance with arrangements made under regulation 18.

Initial steps

4.—(1) The relevant person must provide the annuitant with the form on which the annuitant is to make the declaration in accordance with regulation 5, within such time as is reasonable to enable the annuitant to comply with this Part before the first annuity payment becomes due and payable.

(2) The form mentioned in paragraph (1) must include such of the following information as is known (at the appropriate place in each case) before it is provided to the annuitant—

- the name of the insurer;
 - the insurer's life office reference number;
 - a reference number for the quotation that relates to the annuity in question or the policy number for that annuity, if the latter is available;
 - the name or names of the person or persons on whose life or lives the annuity depends;
 - the gross amount of each payment to be made under the annuity;
 - the frequency of the payment referred to in sub-paragraph (e); and
 - the date on which the first payment under the annuity is to be made.
- (3) Where the relevant person is either—
- a tax representative appointed in accordance with Part 3; or
 - a person appointed in accordance with arrangements made under regulation 18;

that person must comply with the requirements of paragraphs (1) and (2) within 30 days of the date of the first payment being made under the annuity.

Annuitant to provide information and make declaration

- 5.—(1) The annuitant must, upon receipt of the form referred to in regulation 4—
- provide, at the appropriate part of the form in each case, the information specified in paragraph (2); and

- (b) make a declaration—
 - (i) as to whether the annuity is a purchased life annuity which is eligible for the partial tax exemption; and
 - (ii) confirming the accuracy of the other information provided on the form.
- (2) The information specified is—
 - (a) the full name and home address (including the postal code) of each annuitant;
 - (b) the national insurance number for each annuitant; and
 - (c) the name, address and reference of the office of Her Majesty's Revenue and Customs to which each annuitant sends their tax return, or to which the last claim for an exemption under the 1956 Regulations was submitted.
- (3) Where there is more than one annuitant, any of them may make the declaration referred to in paragraph (1)(b), provided that the declaration properly reflects all the material facts about the annuity.

Form to be returned on completion

- 6.—(1) The annuitant must—
 - (a) complete the form and make the declaration in accordance with regulation 5; and
 - (b) return the form to the person who provided it, together with any other information and documents that are required to accompany it.
- (2) Until the annuitant complies with paragraph (1), the annuity must be treated as one for which no part of the payments are eligible for the partial tax exemption.

What must be done on receipt of the completed form

- 7.—(1) This regulation applies where the annuitant has complied with regulations 5 and 6(1).
- (2) The relevant person must calculate the exempt capital element of the annuity in accordance with the mortality [^{F1}table] which, at the time when the annuity payments become due and payable, [^{F2}is prescribed] in paragraph (3).
- [^{F3}(3) The mortality table prescribed for the purposes of sections 720(4) and 721(4) of the 2005 Act is the table which specifies mortality rates according to “lives” and which is comprised in Table A11 set out in Appendix A on pages 181 to 183 of the booklet entitled “Continuous Mortality Investigation Reports Number 17”, published by the Institute of Actuaries and the Faculty of Actuaries in 1999.]
- (4) For the purposes of this regulation the relevant person must assume that the information provided by the annuitant on the form referred to in regulation 6 is correct unless there are reasonable grounds to believe otherwise.
- (5) When calculating the exempt capital element, the relevant person must—
 - (a) if the annuity is one to which section 720 of the 2005 Act applies, calculate the exempt proportion; or
 - (b) if the annuity is one to which section 721 of the 2005 Act applies, calculate the amount of the exempt sum.
- (6) If the annuitant has made a declaration under regulation 5(1)(b) that would lead the relevant person to reasonably conclude that the annuity is ineligible for the partial tax exemption, the insurer must make a statement, on the appropriate part of the form, that the annuity has no exempt capital element.
- (7) The relevant person must state, on the appropriate parts of the form—

- (a) if paragraph (5)(a) applies, the exempt proportion, or
 - (b) if paragraph (5)(b) applies, the exempt sum and
- notify the annuitant of the amount so calculated.
- (8) The relevant person must complete the appropriate parts of the form in accordance with this regulation, and must—
- (a) sign and date the form; and
 - (b) state the business address and position in the organisation of the individual who completes the form.
- (9) The relevant person must send the form fully completed with the information required by regulation 4(2) (including the reference number for the annuity) to the annuitant.
- (10) The relevant person must comply with paragraphs (1) to (9) within 30 days beginning with—
- (a) the date of receipt of the form referred to in regulation 5 (or, if the declaration and the other information required by the form are received on different dates, the date of receipt of the latter); or
 - (b) the date of the first payment under the annuity.
- (11) The relevant person must send a true photostat copy of the form referred to in paragraph (9) to such office of Her Majesty's Revenue and Customs as the Commissioners may from time to time specify, within 3 months of the date of first payment under the annuity.

Textual Amendments

- F1** Word in [reg. 7\(2\)](#) substituted (with effect in accordance with [reg. 2\(4\)\(5\)](#) of the amending S.I.) by [The Income Tax \(Purchased Life Annuities\) \(Amendment\) Regulations 2012 \(S.I. 2012/2902\)](#), [regs. 1\(2\)](#), [2\(2\)\(a\)](#)
- F2** Words in [reg. 7\(2\)](#) substituted (with effect in accordance with [reg. 2\(4\)\(5\)](#) of the amending S.I.) by [The Income Tax \(Purchased Life Annuities\) \(Amendment\) Regulations 2012 \(S.I. 2012/2902\)](#), [regs. 1\(2\)](#), [2\(2\)\(b\)](#)
- F3** [Reg. 7\(3\)](#) substituted (with effect in accordance with [reg. 2\(4\)\(5\)](#) of the amending S.I.) by [The Income Tax \(Purchased Life Annuities\) \(Amendment\) Regulations 2012 \(S.I. 2012/2902\)](#), [regs. 1\(2\)](#), [2\(3\)](#)

What the relevant person must do if no completed form is received

8.—(1) If the annuitant does not send a completed form to the relevant person in accordance with regulation 6 the latter must send, to such office of Her Majesty's Revenue and Customs as the Commissioners may from time to time specify, such details of the annuity policy specified in regulation 4 as are known to the relevant person.

(2) The relevant person must comply with this regulation within 3 months of the end of the month in which the first payment under the annuity is due and payable.

Changes to legislation:

There are currently no known outstanding effects for the The Income Tax (Purchased Life Annuities) Regulations 2008, PART 2.