EXEMPTION

1956 No. 1230

The Income Tax (Purchased Life Annuities) Regulations, 1956

Made - - - - 8*th August*, 1956
Coming into Operation 15*th August*, 1956

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 28 of the Finance Act, 1956(**a**), hereby make the following Regulations:—

1. These Regulations may be cited as the Income Tax (Purchased Life Annuities) Regulations, 1956, and shall come into operation on the fifteenth day of August, 1956.

2. In these Regulations—

"the principal section" means section 27 of the Finance Act, 1956;

"payee" means the person beneficially entitled for the time being to the payments on account of an annuity;

"payer" means any person resident in the United Kingdom by whom, or any branch or agency in the United Kingdom of a person not so resident (being a branch or agency through which that person carries on life assurance business) through which, an annuity is paid.

Other expressions have the same meaning as in the Income Tax Acts.

3. The Interpretation Act, 1889(**b**), shall apply to these Regulations as it applies to an Act of Parliament.

4. A claim for the application of the principal section to an annuity shall be made in writing to the Inspector by the payee, and shall give the particulars set out in the Schedule to these Regulations.

5. The Inspector may by notice require the payer of an annuity to furnish such particulars relating to the annuity as he may require, including the age of the person during whose life the annuity is payable, if known to him, the amount or value of the consideration given for the grant of the annuity, and particulars of any other matter appearing to him to be relevant for the purposes of the principal section.

6. On the receipt of a claim under Regulation 4, the Inspector shall determine whether the annuity is a purchased life annuity to which the principal section applies and, if so, what proportion of each payment on account of the annuity constitutes the capital element. The prescribed tables of mortality to be used for this purpose shall be the select tables in the volume of tables published in 1953 at the University Press, Cambridge, for the Institute of Actuaries and the Faculty of Actuaries, entitled The *a*(*55*) Tables for Annuitants, and in using these tables the age, as at the date when the first of the annuity payments begins to accrue, of a person during whose life the annuity is payable shall be taken to be the number of years of his age at his birthday last preceding that date. If that age is outside the range of the said tables, or in any other case where the tables are insufficient, the actuarial value of the annuity for the purposes of paragraph (*c*) of subsection (3) of the principal section shall be such amount as

(**a**) 4 & 5 Eliz. 2. c. 54. (**b**) 52 & 53 Vict. c. 63.

may be certified by the Government Actuary or by his Deputy. The Inspector shall serve a notice of his determination (hereinafter referred to as "the original determination") upon the payee and, unless the payer is not entitled or required to deduct tax from the annuity, upon the payer of the annuity. The determination shall thereupon become effective, and a payer upon whom such notice is served shall be treated as having been notified in the prescribed manner for the purposes of subsection (4) of the principal section.

7. If the payee is dissatisfied with the original determination he may, within twenty-one days from the date of service upon him of notice thereof, or such further time as the Special Commissioners shall allow, give notice to the Inspector of his intention to appeal against the determination, and such notice of intention to appeal shall specify the grounds of the appeal.

8. Section 510 of the Income Tax Act, 1952(a), (which relates to the settling of appeals by agreement) shall, with any necessary modifications, apply to notices of appeal under the last preceding Regulation.

9. If an appeal under Regulation 7 is not settled by agreement it shall be heard by the Special Commissioners, who shall for this purpose have all such powers as they have in relation to appeals against assessments to income tax under Schedule D.

10. Section 64 of the Income Tax Act, 1952, (which relates to the statement of a case on a point of law for the opinion of the High Court) shall, with any necessary modifications, apply to appeals under these Regulations as it applies to appeals against assessments to income tax.

11. If the original determination is amended as the result of an appeal, the Inspector shall, unless the payer is not entitled or required to deduct tax from the annuity or any part of it, immediately serve a notice of the determination as so amended upon the payer of the annuity. The revised determination shall become effective as soon as the appeal has been determined and any notice as aforesaid has been served, and shall supersede any earlier determination in relation to the first payment made thereafter on account of the annuity, and, subject to the next following Regulation, to all subsequent such payments.

12. If, at any time after a determination has become effective and at least one payment on account of the annuity has been made thereafter, the Inspector or the payee alleges that that determination is erroneous whether by reason of an error or mistake in a claim by the payee or otherwise, the Inspector may make, or the payee may make a claim for, a revised determination. If the Inspector makes a revised determination in accordance with the claim he shall serve notice upon the payee accordingly. If he makes a revised determination without the payee having claimed it, or if he makes a revised determination which is not in accordance with the payee's claim, or if on receipt of the payee's claim he refuses to make a revised determination, he shall serve notice upon the payee accordingly, and Regulations 7, 8, 9 and 10 shall apply, with any necessary modifications, as they apply in relation to the original determination.

13.—(1) As soon as the time limit for appealing against a revised determination made under Regulation 12 has expired or, if there is an appeal, as soon as the appeal has been determined, the Inspector shall, unless the payer is not entitled or required to deduct tax from the annuity or any part of it, serve notice of the said determination or, as may be appropriate, of

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.

that determination as amended on appeal, upon the payer of the annuity. The determination shall thereupon become effective and shall supersede any earlier determination in relation to the first payment made thereafter on account of the annuity, and, subject to Regulation 12, to all subsequent such payments.

(2) If by virtue of Regulation 7 the Special Commissioners extend the time limited for an appeal, the notice of appeal shall be treated as a claim made under Regulation 12 and that Regulation and paragraph (1) of this Regulation shall apply accordingly.

14. Where any effective determination is amended on appeal, whether by agreement, or by the Special Commissioners, or by order of the High Court, any amount by which the tax deducted from or assessed and charged upon payments on account of the annuity by reference to the said determination exceeds the tax that would have been deducted or assessed and charged if the determination as amended on appeal had applied to those payments shall, subject to Regulation 19, be repaid to the payee by the Commissioners of Inland Revenue. Any amount by which the tax so deducted or assessed and charged falls short of the tax that would have been deducted or assessed and charged if the determination as amended on appeal had applied to those payments shall, subject to Regulation 19, be assessed and charged on the payee under Case VI of Schedule D for the years of assessment in which the said payments were made.

15. Where—

(*a*) income tax has been deducted from or assessed and charged upon the whole of any payments on account of an annuity and subsequently an original determination becomes effective, or

(*b*) a revised determination becomes effective,

the difference between (1) the tax which the payer was entitled to deduct and did in fact deduct from payments on account of the annuity falling due after 5th April, 1956, but made before the said determination became effective, or the tax assessed and charged upon those payments and (2) the tax that would have been deducted from or assessed and charged upon those payments if it had been deducted or assessed and charged in accordance with the said determination shall, except in so far as it has been repaid or assessed and charged under Regulation 14, and subject to Regulation 19, be repaid to the payee by the Commissioners of Inland Revenue or be assessed and charged upon the payee under Case VI of Schedule D for the years of assessment in which the said payments were made, as the circumstances may require, whether or not, in cases within (*b*) hereof, the determination in force before the revised determination became effective had been made or confirmed by the Special Commissioners on an appeal to them:

Provided that—

(i) no repayment shall be made under this Regulation in respect of tax deducted or deductible from or assessed and charged upon any payment on account of the annuity which fell due in a year of assessment which ended more than six years before the beginning of the year of assessment in which the claim which gave rise to the said determination was made, or, in a case where the Inspector initiated a revised determination, before the beginning of the year of assessment in which the Inspector served notice upon the payee under Regulation 12;

(ii) no assessment shall be made under this Regulation in respect of any payment on account of the annuity which fell due as aforesaid, except

that, where any form of fraud or wilful default has been committed by or on behalf of any person in connection with or in relation to the taxation of the annuity, an assessment may be made at any time :

But provided always that no repayment or assessment shall be made under this Regulation in respect of tax deducted from or assessed and charged upon any payment on account of the annuity made before the date of the claim which gave rise to the said determination or, as the case may be, the date of the Inspector's revised determination under Regulation 12 if that deduction or assessment and charge was in fact made on the basis or in accordance with the practice generally prevailing at the time when the said payment was made.

16. In relation to an annuity paid by a person not resident in the United Kingdom, otherwise than through a branch or agency through which that person carries on life assurance business in the United Kingdom, to a payee who is resident in the United Kingdom, the foregoing Regulations, except Regulation 5, shall apply as they apply in relation to an annuity paid by a person who is resident in the United Kingdom, with the modification that Regulation 12 shall apply as though the reference to at least one payment having been made on account of the annuity were a reference to at least one first assessment having been made on the payee in respect of the annuity.

17. Where, in a case to which the last preceding Regulation applies, tax is deducted from payments on account of the annuity, whether by virtue of section 188 or 189 of the Income Tax Act, 1952, or otherwise, the Commissioners of Inland Revenue shall, subject to Regulation 19, repay to the payee any tax which would not have been deducted if the person paying the annuity had been a payer resident in the United Kingdom upon whom the notices referred to in Regulations 6, 11 and 13 had been served.

18. Any assessment required by Regulation 14 or 15 shall be made in accordance with those Regulations notwithstanding anything in the Income Tax Acts.

19. Where the payee is a married woman living with her husband, any reference in these Regulations to repaying tax to the payee or to charging tax on the payee shall, unless an application for separate assessment under section 355 of the Income Tax Act, 1952, is in force, be read as requiring tax to be repaid to, or charged on, her husband.

20. A determination that becomes effective under these Regulations shall, except to the extent that it may be varied under these Regulations, be final and conclusive for all the purposes of the Income Tax Acts.

21. Where a determination is varied on appeal or by virtue of Regulation 12, and any tax deducted from or assessed and charged upon a payment on account of the annuity is repaid under Regulation 14, 15 or 17, a corresponding adjustment shall be made in estimating for the purposes of the Income Tax Acts the total income of the payee (or, if the payee is a married woman living with her husband, of her husband) for the year in which the payment fell due, and, notwithstanding anything in the Income Tax Acts, such consequential adjustments of his liability to income tax (including surtax) as may be necessary shall be made by assessment or by repayment, as the case may require.

22. Any notice or other document authorised or required to be served on any person under these Regulations by the Inspector may be served by post by letter addressed to such person at his usual or last known place of business or abode, or, where such person is a company, by letter addressed to the secretary of the company at its registered office.

23. Anything which is authorised or required by these Regulations to be done by the Inspector shall be done by such Inspector as the Commissioners of Inland Revenue may direct.

By Order of the Commissioners of Inland Revenue.

R. Willis,
Secretary.

8th August, 1956.

SCHEDULE

Particulars to be given by the payee in making a claim under Regulation 4

PART I

Particulars to be given in all cases

1. The name of the payer.
2. The number by which the annuity contract is identified.
3. The amount of each payment on account of the annuity.
4. The frequency with which payments on account of the annuity are made.
5. The name of the person or persons on whose life or lives the annuity depends.
6. The name and address of the annuitant and, if the annuitant is a married woman, the name of her husband.
7. Such particulars of the occupation of the annuitant, or of the husband of an annuitant who is a married woman, as the Commissioners of Inland Revenue consider necessary to determine which Inspector should deal with the claim.
8. Such particulars as are necessary to determine whether subsection (8) of the principal section applies to the annuity.

PART II

Additional particulars to be given where the person paying the annuity is not within the definition of payer in Regulation 2

1. The amount or value of the consideration given for the grant of the annuity.
2. The date of birth of each person on whose life the annuity depends.
3. Whether the final payment on account of the annuity will be calculated by reference to the actual date of any person's death.
4. Particulars of any contingencies other than the death of a person on the happening of which the annuity will terminate.

EXPLANATORY NOTE

(This Note is not part of the Regulations, but is intended to indicate their general purport.)

These Regulations lay down the procedure for giving effect to Section 27, Finance Act, 1956, which exempts from tax the capital element in a purchased life annuity. They also prescribe the mortality tables to be used for computing the capital element and provide for reference to the Government Actuary in any case that is not within the scope of the tables referred to.

The Regulations provide for a claim to the exemption to be made by the annuitant, for particulars of the annuity to be furnished by the concern paying it and for the title to exemption and the amount of the capital element to be determined by the Inspector of Taxes subject to the same right of appeal as exists against an Income Tax assessment. Provision is

made for tax deducted from or assessed upon so much of the annuity as the determination declares to be the capital element to be repaid back to 6th April, 1956 (but if the claim is made on or after 6th April, 1963, for not more than six years back). Provision is made for informing the payer of the annuity how much of it is to be subject to deduction of tax at the source in the future.

The Regulations also provide that if the Inspector or the annuitant discovers an error in the determination of the capital element, it may be revised subject to the same right of appeal against the revised determination as against the original determination. When a revised determination is settled, the tax paid for past years is to be adjusted by repayment or by additional assessment as may be necessary subject to not going back beyond 6th April, 1956, or for more than six years (except that the six-year limit is not applicable where the original determination gave too high a capital element and was obtained by fraudulent means).

1956 No. 715

The Ulster and Colonial Savings Certificates (Income Tax Exemption) Regulations, 1956

Made - - - -	14*th May*, 1956
Coming into Operation	17*th May*, 1956

The Treasury, in exercise of the powers conferred on them by section 193 of the Income Tax Act, 1952(a), and of all other powers them enabling, hereby make the following Regulations:—

1. The following savings certificates are hereby declared to be certificates the proceeds of sale of which have been made available to Her Majesty's Government in the United Kingdom:—

Ulster Savings Certificates (National Defence Issue).

Ulster Savings Certificates (Supplementary Issue) issued on or before the 14th day of September, 1945.

Certificates issued under:

Bahamas Act No. 15, 1943.

Bermuda Act No. 5, 1941.

Cyprus Statute Law No. 21, 1943.

Gold Coast Ordinance No. 16, 1941.

Mauritius Ordinance No. 3, 1941.

Nigeria Ordinance No. 7, 1941.

Northern Rhodesia Ordinance No. 2, 1941.

Nyasaland Ordinance No. 17, 1941.

Palestine Ordinance No. 33, 1941.

St. Helena Ordinance No. 2, 1943.

St. Lucia (Windward Islands) Ordinance No. 18, 1941.

Seychelles Ordinance No. 1, 1943.

Straits Settlements Ordinance No. 33, 1940.

Trinidad Ordinance No. 3, 1941.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.