

Benefits from life policies issued before 6th April, 1974. CTA76 s49 722.—(1) This section shall apply in relation to policies of life assurance issued before the 6th day of April, 1974, by a company carrying on life business, being policies which—

(a) provide for benefits consisting to any extent of investments of a specified description or of a sum of money to be determined by reference to the value of such investments, but

(b) do not provide for the deduction from those benefits of any amount by reference to tax chargeable in respect of chargeable gains.

(2) Where—

(a) the investments of the company's life assurance fund, in so far as referable to those policies, consist wholly or mainly of investments of the description so specified, and

(b) on the company becoming liable under any of those policies for any such benefits (including benefits to be provided on the surrender of a policy), a chargeable gain accrues to the company from the disposal, in meeting or for the purpose of meeting that liability, of investments of that description forming part of its life assurance fund, or would so accrue if the liability were met by or from the proceeds of such a disposal,

then, the company shall be entitled as against the person receiving the benefits to retain out of the benefits a part of the benefits not exceeding in amount or value corporation tax at the full rate in respect of the chargeable gain referred to in paragraph (b) computed without regard to any amount retained under this subsection and reduced in accordance with section 78 (1).