

Annual payments for non-taxable consideration. FA89 s89(2) 242.—(1) This section shall apply to any payment which is—

(a) an annuity or other annual payment charged with tax under Case III of Schedule D, other than—

(i) interest,

(ii) an annuity granted in the ordinary course of a business of granting annuities, or

(iii) a payment made to an individual under a liability incurred in consideration of the individual surrendering, assigning or releasing an interest in settled property to or in favour of a person having a subsequent interest,

and

(b) made under a liability incurred for consideration in money or money's worth, where all or any part of such consideration is not required to be taken into account in computing for the purposes of income tax or corporation tax the income of the person making the payment.

(2) Any payment to which this section applies—

(a) shall be made without deduction of income tax,

(b) shall not be allowed as a deduction in computing the income or total income of the person by whom it is made, and

(c) shall not be a charge on income for the purposes of corporation tax.