

Life assurance policy or deferred annuity contract entered into or acquired by company. CGTA75 s20B; FA94 s58 595.—(1) (a) In this section—

“relevant disposal” means a disposal of or an interest in the rights under any relevant policy, other than—

(i) a disposal by a person who is not the original beneficial owner of those rights and who acquired them or an interest in them for a consideration in money or money's worth, or

(ii) a disposal resulting directly from the death, disablement or disease of a person, or one of a class of persons, specified in the terms of the policy;

“relevant gain” means a chargeable gain arising on a relevant disposal;

“relevant policy” means a policy of life assurance or a contract for a deferred annuity on the life of any person, entered into or acquired by a company on or after the 11th day of April, 1994, which is not a policy to which section 594 (2) applies.

(b) (i) For the purposes of this section, a policy of assurance or a contract for a deferred annuity on the life of any person, entered into by a company before the 11th day of April, 1994, shall be treated as a policy or contract, as the case may be, entered into on or after that date if there is a variation of the policy or contract on or after that date which directly or indirectly increases the benefits secured by, or extends the term of, the policy or contract, as the case may be.

(ii) For the purposes of subparagraph (i), where a policy or contract entered into by a company before the 11th day of April, 1994, provides an option to have another policy or contract substituted for it or to have any of its terms changed, any change in the terms of the policy or contract which is made in pursuance of the option shall be deemed to be a variation of the policy or contract, as the case may be.

(c) Subject to subsection (2), this section shall be construed together with subsections (3) and (4) of section 593, as if subsection (3) of that section were not subject to subsection (2) of that section.

(2) Section 593 (2) shall not apply in respect of any relevant disposal.

(3) (a) For the purposes of the Corporation Tax Acts—

(i) any relevant gain arising to a company shall be treated as if it were the net amount of a gain from the gross amount of which corporation tax has been deducted at the standard rate ) of income tax,

(ii) the amount to be taken into account in respect of the relevant gain in computing in accordance with section 78 the company's chargeable gains, for the accounting period in which the relevant gain arises, shall be that gross amount, and

(iii) the corporation tax treated as deducted from that gross amount shall—

(I) be set off against the corporation tax assessable on the company for that accounting period, or

(II) in so far as it cannot be set off in accordance with clause (I), be repaid to the company.

(b) Paragraph (a) shall be disregarded for the purposes of section 546 (2).

(c) This subsection shall be construed together with the Corporation Tax Acts.

(4) For the purposes of this section, a contract, being a policy of life assurance or a contract for a deferred annuity on the life of any person, shall be treated as having been entered into by a company before the 11th day of April, 1994, if—

(a) (i) a document referable to the contract was served on the company in pursuance of section 52 of the Insurance Act, 1989 , before the 11th day of April, 1994, and

(ii) the company entered into the contract on or before the 22nd day of April, 1994,

or

(b) (i) the contract was entered into before the 30th day of June, 1994, by the company,

(ii) before the 11th day of April, 1994—

(I) there was in existence a binding agreement in writing under which the company was obliged to acquire land, and

(II) preliminary commitments or agreements had been entered into by the company—

(A) to obtain a loan, which was to be secured on the land, to defray money applied in acquiring the land, and

(B) to enter into the contract primarily for the purpose of repaying the loan,

and

(iii) the agreement under which the loan was advanced obliges the company to apply any payment made to it under the contract to the repayment of the loan before any other application by it of such payment.