

Payments in respect of personal injuries. FA90 s5(1) and (2) 189.—(1) This section shall apply to any payment made—

(a) to or in respect of an individual who is permanently and totally incapacitated by reason of mental or physical infirmity from maintaining himself or herself, and

(b) following the institution by or on behalf of the individual of a civil action for damages in respect of personal injury giving rise to that mental or physical infirmity.

(2) Income (in this subsection referred to as “the relevant income”) which arises to an individual, to or in respect of whom payments to which this section applies are made, from the investment in whole or in part of such payments or of income from such payments, being income consisting of dividends or other income which but for this section would be chargeable to tax under Schedule C or under Case III, IV ) or V of Schedule D or under Schedule F, shall be exempt from income tax and shall not be reckoned in computing total income for the purposes of the Income Tax Acts; but—

(a) the provisions of those Acts relating to the making of returns of total income shall apply as if this section had not been enacted, and

(b) this section shall not apply in a case unless the relevant income is the sole or main income of the individual to or in respect of whom the relevant income arises.