

Relief in respect of certain policies of insurance relating to tax payable on gifts. FA 1991 s119(1) to (5)
73.—(1) In this section—

“appointed date” means—

(a) a date occurring not earlier than 8 years after the date on which a relevant insurance policy is effected, or

(b) a date on which the proceeds of a relevant insurance policy become payable either on the critical illness or the death of the insured, or one of the insured in a case to which paragraph (b) of the definition of “insured” relates, being a date prior to the date to which paragraph (a) of this definition relates;

“insured” means—

(a) where the insured is an individual, that individual, or

(b) where the insured is an individual and the spouse of that individual at the date the policy is effected, that individual and the spouse of that individual, jointly or separately, or the survivor of them, as the case may be;

“relevant insurance policy” means a policy of insurance—

(a) which is in a form approved by the Commissioners for the purposes of this section,

(b) in respect of which annual premiums are paid by the insured,

(c) the proceeds of which are payable on the appointed date, and

(d) which is expressly effected under this section for the purpose of paying relevant tax;

“relevant tax” means gift tax or inheritance tax, payable in connection with an inter vivos disposition made by the insured within one year after the appointed date, excluding gift tax or inheritance tax payable on an appointment out of an inter vivos discretionary trust set up by the insured.

(2) The proceeds of a relevant insurance policy are, to the extent that such proceeds are used to pay relevant tax, exempt from tax and are not taken into account in computing such tax.

(3) Subject to sections 70 and 76, where the insured makes an inter vivos disposition of the proceeds, or any part of the proceeds, of a relevant insurance policy other than in paying relevant tax, such proceeds are not exempt from tax.

(4) A relevant insurance policy is a qualifying insurance policy for the purposes of section 72 where the proceeds of such relevant insurance policy become payable on the death of the insured or one of the

insured in a case to which paragraph (b) of the definition of “insured” relates, if such relevant insurance policy would have been a qualifying insurance policy if it had been expressly effected under that section.

(5) A qualifying insurance policy for the purposes of section 72 is a relevant insurance policy where the proceeds of such qualifying insurance policy are used to pay relevant tax arising under an inter vivos disposition made by the insured within one year after the appointed date.