

TAXREP 41/05

RELIEF FOR CERTAIN LIFE INSURANCE PAYMENTS ETC

TAX LAW REWRITE: BILL 4

Memorandum submitted in September 2005 by the Tax Faculty of the Institute of Chartered Accountants in England and Wales in response to an invitation to comment issued in June 2005 by HMRC Tax Law Rewrite Team

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INTRODUCTION

1. We welcome the opportunity to comment on Paper CC/SC(05)24 published on 29 June 2005 by HMRC Tax Law Rewrite Team at <http://www.hmrc.gov.uk/rewrite/exposure/menu.htm>.
2. Details about the Institute of Chartered Accountants in England and Wales and the Tax Faculty are in the Annex.

GENERAL COMMENTS

3. We are content with the rewrite of the provisions in sections 266(6)-(7), 273 and 274(2)-(3) ICTA, giving relief for certain payments of an insurance-related nature either by deduction from income tax or as a tax deduction, and note that the rewritten clauses will be included in a Part about 'Other Reliefs'. We also note that the remaining provisions of sections 266-274 of, and Schedule 14 to, ICTA are obsolescent and will remain in ICTA without being rewritten.

ANSWERS TO QUESTIONS

4. **Q1** We note that this proposed change formalises the existing practice of requiring a claim, although no claim is currently required under s 266 ICTA, and aligns with other total income reliefs having to be claimed. We have no objection to a formal claims requirement being introduced in respect of payments to trade unions and to police organisations which are partially attributable to the provision of superannuation, life insurance or funeral benefits.
5. **Q2** As a simplification measure, we support the proposal to rationalise s 274(2) and (3) ICTA, replacing a combined limit to relief by separate £100 limits applying to each of the reliefs in rewritten clauses 1, 2 and 3.
6. **Q3** We agree the proposal that claims under s 273 ICTA may be made to any officer of HM Revenue and Customs.
7. **Q4** We note the confirmation of the Association of Friendly Societies that the provisions in s 266(6)-(6A) ICTA is no longer necessary, and accordingly agree to the repeal of those subsections.

TJH/PCB
22.9.05

WHO WE ARE

The Institute of Chartered Accountants in England and Wales ('ICAEW') is the largest accountancy body in Europe, with more than 128,000 members. Three thousand new members qualify each year. The prestigious qualifications offered by the Institute are recognised around the world and allow members to call themselves Chartered Accountants and to use the designatory letters ACA or FCA.

The Institute operates under a Royal Charter, working in the public interest. It is regulated by the Department of Trade and Industry through the Accountancy Foundation. Its primary objectives are to educate and train Chartered Accountants, to maintain high standards for professional conduct among members, to provide services to its members and students, and to advance the theory and practice of accountancy, including taxation.

The Tax Faculty is the focus for tax within the Institute. It is responsible for tax representations on behalf of the Institute as a whole and it also provides various tax services including the monthly newsletter 'TAXline' to more than 11,000 members of the ICAEW who pay an additional subscription.