

Requirements for an excepted group life policy

An excepted group life policy is defined in section 480 of the Income Tax (Trading and Other Income) Act 2005. The policy must meet the conditions set out in sections 481 and 482 in that Act and initially cover more than one individual.

- 1** The policy must provide for a capital sum payable on the death of a person included in the policy before age 75.
- 2** The same method is to be used for calculating the capital sum payable in respect of all persons included in the policy. In this respect if any limitation applies it must apply equally to all persons included the policy.
- 3** The policy must not carry a surrender value other than the return of a proportion of the premiums in respect of the unexpired period of risk that had been paid in advance.
- 4** The only sums that can be conferred or paid under the policy are those referred to in 1. & 3. above. No other benefits can be permitted.
- 5** Any sums payable under the policy must be paid to or for, or conferred on, or applied at the discretion of:
 - a)** An individual or charity beneficially entitled to them, or
 - b)** A trustee or other person acting in a fiduciary capacity who will secure that the sums are paid to the beneficiary.

For this purpose a charity means a body of persons or a trust established for charitable purposes only.
- 6** No person who is, or is connected with, an individual whose life is insured under the policy may, as a result of a group membership right relating to that individual, receive (directly or indirectly) any death benefit in respect of another individual whose life is so insured.
- 7** Tax avoidance is not the main purpose or not one of the main purposes, for which a person is at any time:
 - a)** The holder or one of the holders of the policy, or
 - b)** The person or one of the persons beneficially entitled under the policy.

Full details are available via the following link:

http://www.opsi.gov.uk/acts/acts2005/ukpga_20050005_en_21#pt4-ch9-pb3-11g480

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