Taxation of part surrenders of life insurance bonds – 'a frankly ludicrous result'

Technical

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The tax regime governing part surrenders of life insurance bonds in ITTOIA 2005 Ch 9 Pt 4 has drawn severe criticism from the First-tier Tribunal in several recent cases, including the comment of Judge Nowlan in *Shanthiratnam v Revenue & Customs* [2001] UKFTT 360 (TC) quoted in the title above. The regime has a particularly harsh impact on elderly or retired taxpayers who may have invested life savings or proceeds on downsizing their home. The CIOT applied to the Upper Tribunal in *Lobler v HMRC* (on appeal from the FTT decision at [2013] UKFTT 126) to make written submissions in the wider public interest of finding a solution for taxpayers across the board in equivalent positions to *Lobler*. There are several appeals and disputes stayed pending the outcome of this appeal. The CIOT's application was granted.

The appeal was heard on 19–21 January 2015 before Mrs Justice Proudman. As well as written submissions, counsel for the CIOT (Miss Hui Ling McCarthy of Gray's Inn Tax Chambers) was invited to make oral submissions at the hearing. The CIOT intervention was on a no costs basis and all work was pro bono. A longer article on the appeal hearing and the CIOT's involvement will appear in a subsequent issue of Tax Adviser.