

This supplement shows recent changes that affect the Tax Return Guide for 2003-04.

1. Please note that you can no longer order from the Orderline by email. For more copies of the Self Assessment Tax Return Guide you will need to fax or call the numbers shown in the guide, or use the re-order card. Other forms can be ordered online at **www.inlandrevenue.gov.uk/contactus/staustellform.htm**

2. The information in the Self Assessment Tax Return Guide needs updating to reflect an announcement made on 3 March and which was confirmed in the Budget. These relate to Corresponding deficiency relief on life insurance policies.

News Release 12/04, published 3 March 2004 at www.inlandrevenue.gov.uk/news/press, describes a change to the rules governing the amount of deficiency relief which an individual may be entitled to when a life insurance policy, life annuity contract or capital redemption policy comes to an end on or after 3 March 2004. Budget Note 27 also gives details.

- The new legislation will limit the deficiency relief available to an individual to an amount not exceeding the total of any earlier gains which formed part of that same individual's income. It will apply to all life insurance policies, life annuity contracts and capital redemption policies made on or after 3 March 2004. It will also apply to all existing policies and contracts which are assigned on or after 3 March 2004, or
- which become used as security for a debt on or after that date, or
- into which policyholders choose to pay further premiums on or after that date.

The new measure may affect the amount of deficiency relief which an individual is entitled to for tax year 2003-04 and which should be entered in box 12.9 of his or her Tax Return for this year.

This only affects Help Sheets IR320 and IR321. Amended versions will be posted on our internet site from 6 April. We are not reprinting the full text of the 2 helpsheets, but the relevant changes are reproduced below.

3. Help Sheet IR320 - **page 7** - the penultimate paragraph in the right hand column has been updated. A new sentence has been added after the sentence ending 'same policy' about half way down.

	<p>one had been made, may normally claim relief up to a maximum of the gains made on earlier events from the same policy. However, in certain circumstances there is a further requirement that the gains in question formed part of your income. The main instance where this applies is where the policy was sold or assigned on or after 3 March 2004. There is no reduction in your tax liability if you do not pay tax at higher rate but if you are taxable at the higher rate in the year that the gain is taxable, it will reduce your liability.</p>
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4. Help Sheet IR321 - **page 9** - a similar change has been made to the second paragraph in the left hand column

	<p>made may normally claim relief up to a maximum of the gains made on earlier events from the same policy. However, in certain circumstances there is a further requirement that the gains in question formed part of your income. The main instance where this applies is where the policy was sold or assigned on or after 3 March 2004. There is no reduction in your tax liability if you do not pay tax at the higher rate but if you are taxable at the higher rate in the tax year in which the gain is taxable, it will reduce your liability.</p>	<p>been allow — P If you acqui loss) r benef matur purch</p>
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