

28. Peter, a basic-rate taxpayer, has an immediate needs annuity from which he receives payments directly. How will the capital element be taxed?
- A. It will be tax free.
 - B. It will be taxed at source at 20%.
 - C. It will be taxed at source at 40%.
 - D. It will be taxed at source at 50%.

Key option: A

Learning outcome: 8.2