

Status: Point in time view as at 03/05/1994.

Changes to legislation: Finance Act 1994, SCHEDULE 21 is up to date with all changes known to be in force on or before 25 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 21

Section 228.

LLOYD’S UNDERWRITERS: INDIVIDUALS

Year of assessment in which profits or losses arise

- 1 (1) After subsection (2) of section 171 of the 1993 Act (taxation of profits and allowance of losses) there shall be inserted the following subsection—

“(2A) Where the profits arising for any year of assessment from the assets of a member’s premiums trust fund include dividends which are foreign income dividends for the purposes of Chapter VA of the Taxes Act 1988, subsection (2) above shall apply in relation to the actual amount of those dividends notwithstanding anything in section 246D of that Act.”
- (2) Subsection (3) of that section shall cease to have effect.
- (3) In this paragraph—
 - (a) sub-paragraph (1) has effect for the year 1992-93 and subsequent years of assessment; and
 - (b) sub-paragraph (2) has effect for the year 1996-97 and subsequent years of assessment.
- 2 (1) In subsection (1) of section 172 of the 1993 Act (year of assessment in which profits or losses arise), for paragraphs (a) and (b) there shall be substituted the following paragraphs—

“(a) in the case of profits or losses arising directly from his membership of one or more syndicates, those of any previous year or years which are declared in the corresponding underwriting year;

(b) in the case of profits or losses arising from assets forming part of a premiums trust fund, those allocated under the rules or practice of Lloyd’s to any previous year or years the profits or losses of which are declared in the corresponding underwriting year; and”.
- (2) Sub-paragraph (1) above does not have effect for the years 1994-95, 1995-96 and 1996-97, but in relation to those years that section shall have effect as if paragraphs (a) and (b) of subsection (1) were omitted.

Premiums trust funds

- 3 For subsection (1) of section 174 of the 1993 Act (premiums trust funds) there shall be substituted the following subsection—

“(1) For the purposes of the Income Tax Acts and the Gains Tax Acts—

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- (a) a member shall be treated as absolutely entitled as against the trustees to the assets forming part of a premiums trust fund of his; and
- (b) where a deposit required by a regulatory authority in a country or territory outside the United Kingdom is paid out of such a fund, the money so paid shall be treated as still forming part of that fund.”

Reinsurance to close

- 4 (1) After subsection (4) of section 177 of the 1993 Act (reinsurance to close) there shall be inserted the following subsection—

“(5) This section also applies in any case where the member to whom the premium is payable is a corporate member within the meaning of Chapter V of Part IV of the Finance Act 1994.”

- (2) This paragraph has effect for the underwriting year 1993 and subsequent underwriting years.

Stop-loss and quota share insurance

- 5 (1) In subsection (2) of section 178 of the 1993 Act (stop-loss and quota share insurance)

- (a) for the word “him” there shall be substituted the words “ a member ”; and
- (b) for the word “arose” there shall be substituted the words “ was declared ”.

- (2) This paragraph has effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years.

Cessation etc.

- 6 (1) In section 179 of the 1993 Act (cessation: final year of assessment), subsection (3) and, in subsection (2), the words “to subsection (3) below and” shall cease to have effect.

- (2) After that section there shall be inserted the following section—

“179A Death of member.

- (1) This section applies where a member ceases to carry on his underwriting business by reason of death.
- (2) For the purposes of assessing the profits of the member’s underwriting business, the member shall be treated as having died at the end of the year of assessment which corresponds to the underwriting year immediately preceding that in which he actually died.
- (3) For the purposes of the Income Tax Acts—
 - (a) the carrying on of the member’s underwriting business by his personal representatives shall not be treated as a change in the persons engaged in the carrying on of that business; and

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- (b) subject to the provisions of any regulations made by the Board, the business shall be treated as continuing until the member’s deposit at Lloyd’s is paid over to his personal representatives.”

- (3) This paragraph has effect in any case where the member dies after the end of the year 1993-94.

Regulations

- 7 (1) In section 182 of the 1993 Act (regulations), subsections (2) to (4) shall cease to have effect.

- (2) This paragraph has effect for the year 1997-98 and subsequent years of assessment.

Interpretation

- 8 (1) In subsection (1) of section 184 of the 1993 Act (interpretation and commencement)

- (a) in the definition of “ancillary trust fund”, the words “or the managing agent of a syndicate of which he is a member” shall cease to have effect; and
- (b) in the definition of “member”, for the words “a member of Lloyd’s who” there shall be substituted the words “ an individual who is a member of Lloyd’s and ”.

- (2) In subsection (2)(c) of that section, for the word “agent”, in both places where it occurs, there shall be substituted the words “ managing agent ”.

Assessment and collection of tax

- 9 (1) In Schedule 19 to the 1993 Act (assessment and collection of tax), in sub-paragraph (1) of paragraph 2 (returns by managing agent), for the words “after the end of the closing year for a year of assessment” there shall be substituted the words “ after the beginning of a year of assessment ”.

- (2) In sub-paragraph (2) of that paragraph, for the words “the 1st September next following the end of the closing year for the year of assessment” there shall be substituted the words “ 1st September in the year of assessment ”.

- (3) This paragraph has effect for the year 1997-98 and subsequent years of assessment.

- 10 Part II of that Schedule (payments on account of tax) shall cease to have effect.

- 11 (1) After sub-paragraph (3) of paragraph 13 of that Schedule (repayment of tax deducted etc. from investment income) there shall be inserted the following sub-paragraph—

“(3A) For the purposes of this paragraph a member who is not resident in the United Kingdom shall be treated as entitled to all such tax credits in respect of qualifying distributions as he would be entitled to if he were so resident.”

- (2) After sub-paragraph (4) of that paragraph there shall be inserted the following sub-paragraph—

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“(4A) Where any payment of a tax credit is made under sub-paragraph (1)(b) above—

- (a) each apportioned part of the tax credit which is paid to the members' agent of a member under sub-paragraph (3)(b) above shall be treated, for the purposes of section 171 of this Act and all other purposes of the Income Tax Acts, as part of the profits arising to the member from assets forming part of a premiums trust fund; but
- (b) subject to that, the tax credit shall be ignored for all purposes of the Income Tax Acts.”

(3) This paragraph has effect as respects the underwriting year 1992 and subsequent underwriting years.

Special reserve funds

12 (1) In Schedule 20 to the 1993 Act (special reserve funds), in paragraph 1(1) (preliminary), after the definition of “overall premium limit” there shall be inserted the following definition—

““payment”, unless the contrary intention appears, means a payment in money;”.

(2) In paragraph 7(2) of that Schedule (payments out of fund on cessation), for the words “money's worth” there shall be substituted the words “ in assets forming part of the fund ”.

(3) This paragraph has effect for the year 1992-93 and subsequent years of assessment.

13 (1) For paragraph 8 of that Schedule (entitlement of member for tax purposes) there shall be substituted the following paragraph—

“8 (1) Subject to sub-paragraph (2) below, a member shall be treated for the purposes of the Income Tax Acts and the Gains Tax Acts as absolutely entitled as against the trustees to the assets forming part of his special reserve fund.

(2) Where an asset is disposed of by a member to the trustees of his special reserve fund, nothing in sub-paragraph (1) above shall affect the operation of the Gains Tax Acts in relation to that disposal.”

(2) This paragraph has effect for the year 1994-95 and subsequent years of assessment.

14 (1) In sub-paragraphs (1) to (4) of paragraph 10 of that Schedule (tax consequences of payments into and out of fund), for the word “corresponding”, in each place where it occurs, there shall be substituted the word “ relevant ”.

(2) After sub-paragraph (4) of that paragraph there shall be inserted the following sub-paragraph—

“(5) In this paragraph “the relevant underwriting year”, in relation to a year of assessment, means the underwriting year next but two before its corresponding underwriting year.”

(3) Sub-paragraphs (1) and (2) above do not have effect for the years 1994-95, 1995-96 and 1996-97, but in relation to those years that Schedule shall have effect as if paragraph 10 were omitted.

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- 15 (1) In sub-paragraph (2) of paragraph 11 of that Schedule (tax consequences of cessation), for the words “the final year of assessment” there shall be substituted the words “the relevant year of assessment” and for the words “the relevant year” there shall be substituted the words “the relevant underwriting year”.
- (2) In sub-paragraphs (3) and (4) of that paragraph, for the words “the relevant year” there shall be substituted the words “the penultimate underwriting year”.
- (3) For sub-paragraph (5) of that paragraph there shall be substituted the following sub-paragraph—
- “(5) In this paragraph, subject to the provisions of any regulations made by the Board—
- “the penultimate underwriting year” means the underwriting year immediately preceding that in which the member’s deposit at Lloyd’s is paid over to him or his personal representatives or assigns;
- “the relevant underwriting year” means—
- (a) in the case of a member who dies before his deposit at Lloyd’s is paid over to him or his assigns, the underwriting year immediately preceding that corresponding to the relevant year of assessment; and
- (b) in any other case, the underwriting year immediately preceding that in which his deposit at Lloyd’s is paid over to him or his assigns;
- “the relevant year of assessment” means—
- (a) in the case of a member who dies before his deposit at Lloyd’s is paid over to him or his assigns, the year of assessment at the end of which he is treated, by virtue of section 179A(2) of this Act, as having died; and
- (b) in any other case, his final year of assessment.”
- 16 (1) In sub-paragraph (1) of paragraph 13 of that Schedule (winding up of old-style funds), the words from “and a transfer” to the end shall cease to have effect.
- (2) After sub-paragraph (5) of that paragraph there shall be inserted the following sub-paragraph—
- “(6) A transfer or payment under this paragraph of an amount of capital shall be in money or in assets forming part of the fund or both, as the member may direct.”
- (3) This paragraph has effect for the year 1992-93 and subsequent years of assessment.

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