

SCHEDULES

SCHEDULE 8

LIFE ASSURANCE BUSINESS

PART I

GENERAL AMENDMENTS

Treatment of interest and annuities

21 (1) After section 434A of the Taxes Act 1988 insert—

“434B Treatment of interest and annuities.

(1) Where the profits or losses arising to an insurance company from its life assurance business, or any class of life assurance business, fall to be computed for any purpose in accordance with the provisions of this Act applicable to Case I of Schedule D, section 337(2)(b) shall not prevent the deduction of any interest or annuity payable by the company under a liability of its long term business so far as referable to its life assurance business or any class of that business.

(2) Nothing in subsection (1) above or in section 338(2) shall be construed as preventing any such interest or annuity as is mentioned in subsection (1) above, so far as referable to the company’s basic life assurance and general annuity business, from being treated as a charge on income for the purposes of the computation of the profits or losses of that business otherwise than in accordance with Case I of Schedule D.”.

(2) In section 88 of the Finance Act 1989, for subsection (3) substitute—

“(3) For the purposes of subsection (1) above, the relevant profits of a company for an accounting period are the income and gains of the company’s life assurance business reduced by the aggregate amount of—

(a) expenses of management falling to be deducted under section 76 of the Taxes Act 1988, and

(b) charges on income,

so far as referable to the company’s life assurance business.”.