Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 4

APPORTIONMENT RULES FOR I - E CHARGE

Allocation of chargeable gains and allowable losses on disposals of assets

99 Application of sections 100 and 101

(1) Sections 100 and 101 apply for determining the chargeable gains or allowable losses that, for the purposes of Chapter 3, are to be regarded as referable to a company's basic life assurance and general annuity business whenever it disposes of assets held for the purposes of its long-term business (including cases where, as a result of Chapter 8 or any other provision of the Corporation Tax Acts, it is deemed to make a disposal).

(2) Expressions that are used in sections 100 and 101 and in TCGA 1992 have the same meaning in those sections as they have for the purposes of that Act.

100 Assets wholly or partly matched to BLAGAB liabilities

(1) If, immediately before the disposal, the whole of the asset was matched to a BLAGAB liability, the whole of the gain or loss is referable to the company's basic life assurance and general annuity business.

(2) If, immediately before the disposal, a part of the asset was matched to a BLAGAB liability, the appropriate portion of the gain or loss is referable to the company's basic life assurance and general annuity business.

(3) "The appropriate proportion" means the proportion equal to the proportion of the asset matched to the BLAGAB liability.

(4) If, as a result of Chapter 8, there is a disposal of a part of an asset where the part concerned is matched to a BLAGAB liability, the whole of the gain or loss is referable to the company's basic life assurance and general annuity business.

(5) The concept of the whole or a part of an asset being matched to a BLAGAB liability is explained by section 138.

101 Commercial allocation for disposals not wholly dealt with by section 100

(1) This section applies if, in the case of the disposal—
  (a) no part of the gain or loss is dealt with by section 100, or
  (b) section 100 deals with only a proportion of the gain or loss.

(2) The gain or loss, or (as the case may be) the remaining proportion of the gain or loss, which is referable to the company's basic life assurance and general annuity business is determined in accordance with an acceptable commercial method adopted by the company for the period of account in which the disposal is made.

(3) A method is an "acceptable commercial method" if it secures that gains or losses are referable to the company's basic life assurance and general annuity business in a way that fairly represents the contribution that the assets in question have made to that business during the period in which they have been held for the purposes of the company's long-term business.

(4) The Treasury may make regulations for the purposes of this section—
  (a) prescribing cases in which a method is, or is not, to be regarded as an acceptable commercial method, and
  (b) prescribing cases in which the only acceptable commercial method is to be a method prescribed, or of a description prescribed, in the regulations.

(5) Subject to any provision made by regulations under subsection (4), the method adopted for the purposes of this section for a period of account—
  (a) must be consistent with the method adopted for the purposes of section 98 for that period and the method adopted for the purposes of section 115 for that period, and
  (b) in the case of an overseas life insurance company, must also be consistent with the method for that period for attributing assets in accordance with the provision made by or under Chapter 4 of Part 2 of CTA 2009 to its permanent establishment in the United Kingdom.