



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 income, losses and expenses

98 Commercial allocation

- (1) This section makes provision for determining—
 - (a) the credits or other income and the debits or other losses arising from the company's long-term business, and
 - (b) the expenses incurred in the course of the company's long-term business, that, for the purposes of Chapter 3, are to be regarded as referable to its basic life assurance and general annuity business.
- (2) Those items are to be determined in accordance with an acceptable commercial method adopted by the company for the period of account in which the income or losses arise or the expenses are incurred.
- (3) A method is an "acceptable commercial method" if, in all the circumstances, it can reasonably be regarded as providing a fair method for the purposes of Chapter 3 for determining for a period of account what is referable to the company's basic life assurance and general annuity 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

Status: This is the original version (as it was originally enacted).

- (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 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.
- (6) In this section “debits or other losses” means—
- (a) losses in any separate UK property business carried on by the company which is within section 86(4),
 - (b) losses in any separate overseas business carried on by the company which is within section 86(4),
 - (c) debits in respect of any loan relationships of the company,
 - (d) debits in respect of any derivative contracts of the company,
 - (e) debits brought into account by the company under Part 8 of CTA 2009 (intangible fixed assets), and
 - (f) losses of the company which arise from miscellaneous transactions (as defined by section 89(4)).