



Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 7

TRADING APPORTIONMENT RULES

114 Application of Chapter

- (1) This Chapter applies in the case of an insurance company which, as a result of section 66, has—
 - (a) a business consisting of basic life assurance and general annuity business, and
 - (b) a non-BLAGAB long-term business.
- (2) The rules contained in this Chapter determine—
 - (a) how to allocate between those two businesses the profits or loss of the long-term business calculated in accordance with generally accepted accounting practice, and
 - (b) how to allocate the tax adjustments in making the calculations mentioned in subsection (5)(a) and (b).
- (3) The amount of the profits or loss mentioned in subsection (2)(a) is referred to in this Chapter as the “accounting profit or loss”.
- (4) For the purposes of this Chapter “the tax adjustments” means the adjustments required or authorised by law in calculating for corporation tax purposes the profits of the long-term business (applying the same rules as apply to the calculation for those purposes of the profits of non-BLAGAB long-term business).
- (5) The rules contained in this Chapter have effect for the purpose of—
 - (a) calculating the BLAGAB trade profit or loss of the company, and

Status: This is the original version (as it was originally enacted).

- (b) calculating for corporation tax purposes the profits of the non-BLAGAB long-term business carried on by the company.

115 Commercial allocation of accounting profit or loss and tax adjustments

- (1) The accounting profit or loss, and the tax adjustments, are to be allocated between the two separate businesses in accordance with an acceptable commercial method adopted by the company.
- (2) A method is an “acceptable commercial method” if it secures that the accounting profit or loss, and the tax adjustments, are allocated to the two separate businesses in a way that fairly represents the contribution made by those businesses to the accounting profit or loss as adjusted to take into account the tax adjustments.
- (3) 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.
- (4) Subject to any provision made by regulations under subsection (3), 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
 - (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.