
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2012, Cross Heading: Corporation Tax Act 2009. (See end of Document for details)

SCHEDULES

SCHEDULE 16

PART 2: MINOR AND CONSEQUENTIAL AMENDMENTS

PART 3

AMENDMENTS OF OTHER ACTS

Corporation Tax Act 2009

- 135 CTA 2009 is amended as follows.
- 136 In section A1(2) (overview of the Corporation Tax Acts)—
- (a) omit paragraph (a), and
 - (b) omit the “and” before paragraph (j) and after that paragraph insert—
 - “(k) Part 2 of FA 2012 (insurance companies carrying on long-term business),”.
- 137 (1) Section 18Q (UK resident insurance companies: profits of foreign permanent establishments) is amended as follows.
- (2) In subsection (1), omit “(as defined in section 431(2) of ICTA)”.
 - (3) Omit subsections (2) and (3).
- 138 For section 24 substitute—

“24 Application to insurance companies

- (1) This section makes provision in a case where the non-UK resident company mentioned in subsection (1) of section 21 is an insurance company.
- (2) In accordance with the principle in that subsection, the permanent establishment is treated as holding—
 - (a) the same or a similar quantity of assets, and
 - (b) assets of the same or similar description,as would have been held by a distinct and separate enterprise acting as mentioned in paragraphs (a) and (b) of that subsection.
- (3) The assets which the permanent establishment is treated as holding in accordance with the principle in that subsection may include a proportion of assets held by the company.
- (4) Nothing in subsection (2) or (3) is to be read as preventing the application of similar principles to those provided for by that subsection in a case where the non-UK resident company mentioned in section 21(1) is not an insurance company.

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- (5) The Commissioners for Her Majesty's Revenue and Customs may by regulations make other provision about the application of section 21(1) in a case where the non-UK resident company mentioned there is an insurance company.
- (6) The regulations may, in particular, make provision in place of section 21(2)(b) as to the basis on which, in the case of an insurance company, capital is to be attributed to a permanent establishment in the United Kingdom.”
- 139 In section 36(3) (farming and market gardening), for “of the company's long-term insurance fund” substitute “ held by the company for the purposes of its long-term business ”.
- 140 In section 38(3)(d) (commercial occupation of land other than woodlands), for “of the company's long-term insurance fund” substitute “ held by the company for the purposes of its long-term business ”.
- 141 In section 39(5)(a) (profits of mines, quarries and other concerns), for “of the company's long-term insurance fund” substitute “ held by the company for the purposes of its long-term business ”.
- 142 In section 46(3)(a) (generally accepted accounting practice), omit subparagraph (ii) (together with the “or” before it).
- 143 In section 56(5) (car hire)—
- (a) at the end of paragraph (a), insert “ including as applied by section 82(4) of FA 2012, or ”, and
 - (b) omit paragraph (c) (together with the “or” before that paragraph).
- 144 In section 130(1)(a) (insurers receiving distributions etc), for “life assurance business” substitute “ business in relation to which section 111 of FA 2012 applies ”.
- 145 In section 201 (priority rules: provisions which must be given priority over Part 3 of Act), after subsection (1) insert—
- “(1A) Subsection (1) does not apply in the case of the long-term business of an insurance company.”
- 146 In section 203(4) (property businesses)—
- (a) for “section 432AA of ICTA” substitute “ section 86 of FA 2012 ”, and
 - (b) for “in the case of” substitute “ for the purpose of applying the I - E rules in relation to ”.
- 147 (1) Section 298 (meaning of trade and purposes of trade) is amended as follows.
- (2) In subsection (3)—
- (a) at the end of paragraph (a), insert “ or ”, and
 - (b) omit paragraph (c) (together with the “or” before it).
- (3) After subsection (5) insert—
- “(6) In the case of activities carried on by a company in the course of any basic life assurance and general annuity business, provision corresponding to that made by subsection (3) is made by section 88 of FA 2012 for the purpose of applying the I - E rules.”
- 148 (1) Section 336 (transfers of loans on group transactions) is amended as follows.

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- (2) In subsection (4), for “is within one of the categories set out in section 440(4)(a), (d) and (e) of ICTA (assets held for certain categories of long-term business)” substitute “is held for the purposes of a company's long-term business”.
- (3) After that subsection insert—
- “(4A) For the purposes of subsection (4)—
- (a) in the case of an overseas life insurance company, ignore transfers in relation to assets which are not UK assets (within the meaning of section 117 of FA 2012), and
 - (b) section 122 of that Act applies as it applies for the purposes of Chapter 8 of Part 2 of that Act.”
- 149 (1) Section 337 (transfers of loans on insurance business transfers) is amended as follows.
- (2) After subsection (3) insert—
- “(3A) In subsection (3)(b) “qualifying overseas transfer” means so much of a transfer of the whole or any part of the business of an overseas life insurance company carried on through a permanent establishment in the United Kingdom as takes place in accordance with an authorisation granted outside the United Kingdom for the purposes of Article 14 of the Council Directive of 5 November 2002 concerning life assurance (2002/83/EC).”
- (3) In subsection (4)(a), for “the categories set out in section 440(4) of ICTA” substitute “the applicable categories”.
- (4) After subsection (4) insert—
- “(4A) For the purposes of subsection (4)(a) “the applicable categories” means—
- (a) in the case of a UK life insurance company, the long-term business categories or a category of assets which are not held for the purposes of its long-term business, and
 - (b) in the case of an overseas life insurance company, the UK long-term business categories, a category of UK assets which are not held for the purposes of its long-term business or a category of assets which are held by it but which are not UK assets.
- (4B) For the purposes of subsection (4A)—
- (a) “the long-term business categories” has the same meaning as in section 116 of FA 2012,
 - (b) “the UK long-term business categories” and “UK assets” have the same meanings as in section 117 of that Act, and
 - (c) section 122 of that Act applies as it applies for the purposes of Chapter 8 of Part 2 of that Act.”
- 150 (1) Section 386 (overview of Chapter 10 of Part 5 (insurance companies)) is amended as follows.
- (2) In subsection (2)—
- (a) in paragraph (a), after “apply” insert “for the purposes of the I - E rules” and at the end insert “and”, and
 - (b) omit paragraph (c) (together with the “and” before it).

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- (3) In subsection (3)—
- (a) in paragraph (a), omit “or of BLAGAB”,
 - (b) in paragraph (a), after “trade” insert “ and section 88 of FA 2012 (equivalent rule for activities carried on in the course of BLAGAB) ”, and
 - (c) in paragraph (f), for “as expenses of insurance companies at Step 1 of section 76(7) of ICTA” substitute “ as ordinary BLAGAB management expenses ”.
- 151 In section 387(1) (treatment of deficit on BLAGAB: introduction), after “apply” insert “ for the purposes of the I - E rules ”.
- 152 In section 388(3) (basic rule: deficit set off against income and gains of deficit period), for “before any expenses deduction under section 76 of ICTA (expenses of insurance companies)” substitute “ in accordance with step 4 in section 73 of FA 2012 (that is to say, before any deduction for the adjusted BLAGAB management expenses of the company for the deficit period) ”.
- 153 In section 389 (claim to carry back deficit), after subsection (2) insert—
- “(2A) If any of the claim amount is carried back in accordance with this section to an accounting period, the amount which is so carried back is to be left out of account for the purpose of applying section 93 of FA 2012 in the case of that period.”
- 154 (1) Section 390 (meaning of “available profits”) is amended as follows.
- (2) In subsection (4), for the words from “which is” to the end substitute “ of the BLAGAB credits in respect of the company's loan relationships that count as income for the purposes of the I - E rules for that period (as determined by section 88(3) and (4) of FA 2012) ”.
- (3) In subsection (5)—
- (a) in step 1(a), for “so much of the expenses deduction for the period given by Step 8 in section 76(7) of ICTA (expenses of insurance companies) as is referable to BLAGAB” substitute “ the amount for the purposes of section 73 of FA 2012 of the adjusted BLAGAB management expenses of the company for the period ”,
 - (b) in step 1(b), for “so referable” substitute “ referable to BLAGAB ”,
 - (c) in step 2, for paragraph (a) (together with the “and” at the end of it) substitute—
 - “(a) so much of the amount for the purposes of section 73 of FA 2012 of the adjusted BLAGAB management expenses of the company for the period as, on the assumption that the company had no BLAGAB non-trading loan relationships profits for the period, could be subtracted at step 6 under that section without producing a negative amount, and”, and
 - (d) in step 2(b), for “so referable” substitute “ referable to BLAGAB ”.
- (4) For subsection (6) substitute—
- “(6) In the case of any claim under section 389, references in subsection (5) to the amount for the purposes of section 73 of FA 2012 of the adjusted BLAGAB management expenses of the company for the period are references to that amount as determined on the assumptions in subsections (7) and (8).”

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- 155 In section 391 (carry forward of surplus deficit to next accounting period), for subsection (3) substitute—
- “(3) Any deficit so carried forward is treated for the purposes of section 76 of FA 2012 as a deemed BLAGAB management expense for the next period.”
- 156 Omit sections 393 and 394 (insurance companies: determination of questions requiring apportionments) and the italic heading before those sections.
- 157 In section 399 (index-linked gilt-edged securities), at the end insert—
- “(6) In the case of insurance companies, the application of sections 400 to 400C is subject to section 112 of FA 2012.”
- 158 In section 464(3) (list of exceptions to general rule that Part 5 (loan relationships) has priority for corporation tax purposes), omit paragraph (h) (but not the “and” at the end of that paragraph).
- 159 In section 471(3) (connections between persons: creditors who are insurance companies carrying on BLAGAB), for “is linked for that period to that business” substitute “ is matched for that period to a BLAGAB liability ”.
- 160 In section 472(4)(b) (meaning of “control”), for “of an insurance company's long-term insurance fund” substitute “ held by an insurance company for the purposes of its long-term business ”.
- 161 In section 473(3)(b) (meaning of “major interest”), for “of an insurance company's long-term insurance fund” substitute “ held by an insurance company for the purposes of its long-term business ”.
- 162 In section 486(4) (exclusion of exchange gains and losses in respect of tax debts etc), for paragraph (c) substitute—
- “(c) as ordinary BLAGAB management expenses within the meaning of section 77 of FA 2012 (insurance companies carrying on basic life assurance and general annuity business).”
- 163 In section 502(1) (meaning of “financial institution”)—
- (a) in paragraph (g), for “section 431(2) of ICTA” substitute “ section 65 of FA 2012 ”, and
- (b) in paragraph (h), for “section 431(2) of ICTA” substitute “ section 139(1) of FA 2012 ”.
- 164 In section 560(4) (investment life insurance contracts: introduction)—
- (a) in paragraph (a), for “section 431(2) of ICTA” substitute “ section 65 of FA 2012 ” and for “that section” substitute “ section 63 of that Act ”, and
- (b) in paragraph (b), for the words from “but” to the end substitute “ if subsection (3)(a) were omitted from section 65 of that Act. ”
- 165 In section 561(2) (meaning of “investment life insurance contract”), in the definition of “capital redemption policy”, for “section 431(2ZF) of ICTA” substitute “ section 56(3) of FA 2012 ”.
- 166 In section 563(6)(a) (increased non-trading credits for BLAGAB and EEA taxed contracts), for “section 88(1) of FA 1989” substitute “ section 102(3) of FA 2012 ”.
- 167 (1) Section 591 (conditions A to E mentioned in section 589(5)) is amended as follows.
- (2) In subsection (2)(a), for “life assurance business” substitute “ long-term business ”.

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- (3) In subsection (2)(b), after “Sourcebook” insert “ (within the meaning given by section 139(4) of FA 2012) ”.
- 168 (1) Section 634 (insurance companies) is amended as follows.
- (2) The existing text becomes subsection (1) of that section.
- (3) In that subsection, omit paragraph (b) (together with the “or” before it).
- (4) After that subsection insert—
- “(2) In the case of activities carried on by a company in the course of any basic life assurance and general annuity business, provision corresponding to that made by subsection (1) is made by section 88 of FA 2012 for the purpose of applying the I - E rules.”
- 169 (1) Section 635 (creditor relationships of insurance companies: embedded derivatives which are options) is amended as follows.
- (2) In subsection (1)(a), for “life assurance business” substitute “ basic life assurance and general annuity business ”.
- (3) In subsection (2), for “This Part” substitute “ For the purpose of applying the I - E rules, this Part ”.
- 170 (1) Section 636 (insurance companies: modifications of Chapter 5 (continuity of treatment on transfers within groups)) is amended as follows.
- (2) In subsection (3), after the subsection (2B) which is treated as if it were inserted in section 626 insert—
- “(2C) In subsection (2B) “qualifying overseas transfer” means so much of a transfer of the whole or any part of the business of an overseas life insurance company carried on through a permanent establishment in the United Kingdom as takes place in accordance with an authorisation granted outside the United Kingdom for the purposes of Article 14 of the Council Directive of 5 November 2002 concerning life assurance (No. [2002/83/EC](#)).”
- (3) In subsection (4), for the words from “the asset was within one of the categories set out in section 440(4)(a), (d) and (e) of ICTA” to the end substitute “ , immediately before or after the transfer, the asset was held for the purposes of a company's long-term business (but, in the case of an overseas life insurance company, ignoring assets which are not UK assets (within the meaning of section 117 of FA 2012)). ”
- (4) In subsection (5)(a), for “the categories set out in section 440(4) of ICTA (transfers of assets etc)” substitute “ the applicable categories ”.
- (5) After subsection (5) insert—
- “(5A) For the purposes of subsection (5)(a) “the applicable categories” means—
- (a) in the case of a UK life insurance company, the long-term business categories or a category of assets which are not held for the purposes of its long-term business, and
- (b) in the case of an overseas life insurance company, the UK long-term business categories, a category of UK assets which are not held for the purposes of its long-term business or a category of assets which are held by it but which are not UK assets.”

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- (6) After subsection (7) insert—
- “(8) For the purposes of this section—
- (a) “the long-term business categories” has the same meaning as in section 116 of FA 2012, and “the UK long-term business categories” and “UK assets” have the same meanings as in section 117 of FA 2012, and
- (b) section 122 of FA 2012 applies as it applies for the purposes of Chapter 8 of Part 2 of that Act.”
- 171 In section 699(3) (list of exceptions to general rule that Part 7 (derivative contracts) has priority for corporation tax purposes)—
- (a) at the end of paragraph (a) insert “ and ”, and
- (b) omit paragraph (c) (together with the “and” before it).
- 172 In section 710 (derivative contracts: other definitions)—
- (a) in the definition of “capital redemption policy”, for “section 431(2ZF) of ICTA” substitute “ section 56(3) of FA 2012 ”,
- (b) in the definition of “contract of insurance”, for “section 431(2) of ICTA” substitute “ section 64 of FA 2012 ”, and
- (c) in the definition of “contract of long-term insurance”, for “section 431(2) of ICTA” substitute “ section 64 of FA 2012 ”.
- 173 In section 746(2)(c) (“non-trading credits” and “non-trading debits”), for “section 901(3)” substitute “ section 901 ”.
- 174 In section 800(3) (excluded assets: introduction), omit paragraph (b) (together with the “and” before it).
- 175 In section 806(3) (assets excluded from Part 8 (intangible fixed assets): financial assets), after paragraph (c) (but before the “and” at the end of that paragraph) insert—
- “(ca) assets so far as they are derived from, or are referable to, contracts or policies of insurance or capital redemption policies.”.
- 176 In section 810 (mutual trade or business), omit subsection (2).
- 177 In section 815 (election to exclude capital expenditure on software), omit subsection (8).
- 178 In section 855(4) (further provision about regulations under section 854), omit “or section 902”.
- 179 For section 901 substitute—

“901 Effect of application of the I - E basis: non-trading amounts

In the application of the I - E rules in relation to a company's basic life assurance and general annuity business, the provisions of this Part need to be read with section 88 of FA 2012 (which provides for the activities carried on by the company in the course of that business not to constitute the whole or any part of a trade or of a property business).”

- 180 Omit sections 902 (excluded assets) and 903 (elections to exclude capital expenditure on computer software) and the italic heading before those sections.

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- 181 Omit section 904 (transfers of life assurance business: transfers of assets treated as tax-neutral).
- 182 In section 906(3) (list of exceptions to general rule that Part 8 has priority for corporation tax purposes), omit paragraph (b) (but not the “and” at the end of that paragraph).
- 183 In section 931S(3) (company distributions: meaning of “small company”), in the definition of “insurance company”, for “section 431 of ICTA” substitute “section 65 of FA 2012”.
- 184 In section 931W (provisions which must be given priority over Part 9A), omit subsection (3).
- 185 In section 985 (references to a deduction being allowed to a company), for subsection (4) substitute—
- “(4) If—
- (a) the company is a company in relation to which the I - E rules apply, and
- (b) the expenses are referable, in accordance with Chapter 4 of Part 2 of FA 2012, to the company's basic life assurance and general annuity business,
- the expenses are treated for the purposes of section 76 of that Act as ordinary BLAGAB management expenses of the company.”
- 186 In section 999 (deduction for costs of setting up SAYE option scheme or CSOP scheme), for subsection (5) substitute—
- “(5) If—
- (a) the company is a company in relation to which the I - E rules apply, and
- (b) the expenses are referable, in accordance with Chapter 4 of Part 2 of FA 2012, to the company's basic life assurance and general annuity business,
- the expenses are treated for the purposes of section 76 of that Act as ordinary BLAGAB management expenses of the company.”
- 187 (1) Section 1000 (deduction for costs of setting up employee share ownership trust) is amended as follows.
- (2) In subsection (2), for “subsections (3) and (4)” substitute “ subsection (3) ”.
- (3) Omit subsection (4).
- 188 In section 1013 (relief if shares acquired by employee or other person: how relief is given), for subsection (4) substitute—
- “(4) If—
- (a) the employing company is a company in relation to which the I - E rules apply, and
- (b) the relief is referable, in accordance with Chapter 4 of Part 2 of FA 2012, to the employing company's basic life assurance and general annuity business,

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the amount of relief is treated for the purposes of section 76 of that Act as ordinary BLAGAB management expenses of the company referable to the accounting period.”

189 In section 1021 (relief if employee or other person obtains option to acquire shares: how relief is given), for subsection (4) substitute—

“(4) If—

- (a) the employing company is a company in relation to which the I - E rules apply, and
- (b) the relief is referable, in accordance with Chapter 4 of Part 2 of FA 2012, to the employing company's basic life assurance and general annuity business,

the amount of relief is treated for the purposes of section 76 of that Act as ordinary BLAGAB management expenses of the company referable to the accounting period.”

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Textual Amendments

F1 Sch. 16 para. 190 omitted (with effect in accordance with Sch. 15 paras. 28, 29 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 15 para. 26\(3\)](#)

191 In section 1083 (refunds of expenditure treated as income chargeable to tax), omit subsections (4) and (5).

192 In section 1143(4) (overview of Part 14)—

- (a) in paragraph (a), for “life assurance business” substitute “ basic life assurance and general annuity business ”, and
- (b) in paragraph (b), for “ “life assurance company tax credits” ” substitute “ “BLAGAB tax credits” ”.

193 (1) Section 1153 (land remediation tax credit: amount of a loss which is “unrelieved”) is amended as follows.

(2) In subsection (3), for the words from “, as a result of section 432AB(3) of ICTA,” to the end substitute “, as a result of section 87(3) of FA 2012, the loss is treated for the purposes of section 76 of that Act as a deemed BLAGAB management expense for the relevant accounting period.”

(3) In subsections (4) to (6), for “section 76(12) of ICTA” substitute “ section 73 of FA 2012 ”.

(4) In subsection (7), for paragraph (b) substitute—

- “(b) taken into account in calculating for the purposes of section 73 of FA 2012 the amount of adjusted BLAGAB management expenses of the company for the relevant accounting period as a result of—
 - (i) the previous application of section 73 or 93 of FA 2012, or
 - (ii) the carry forward to the relevant accounting period of an amount under section 391 of this Act (surplus deficit).”

(5) In subsection (8)—

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- (a) in paragraph (b), for “section 432AA of ICTA” substitute “ section 86 of FA 2012 ”, and
 - (b) in the words after that paragraph, for “section 432AB(4) of ICTA” substitute “ section 87(4) of FA 2012 ”.
- 194 (1) Section 1158 (restriction on losses carried forward where tax credit claimed) is amended as follows.
- (2) In subsection (3)—
- (a) for paragraph (a) substitute—
 - “(a) as a result of section 87(3) of FA 2012, a company's UK property business loss is treated for the purposes of section 76 of that Act as a deemed BLAGAB management expense for the accounting period,” and
 - (b) in paragraph (b), for “section 76(12) of ICTA” substitute “ section 73 of FA 2012 ”.
 - (3) In subsection (4), for “section 76(12) of ICTA” substitute “ section 73 of FA 2012 ”.
- 195 In the heading for Chapter 4 of Part 14, for “LIFE ASSURANCE BUSINESS” substitute “ BLAGAB ”.
- 196 Omit section 1159 (limitation on relief under Chapter 2 of Part 14: insurance companies) and the italic heading before that section.
- 197 In section 1160 (provision in respect of I minus E basis)—
- (a) for “The remaining provisions of this Chapter apply” substitute “ This Chapter applies ”, and
 - (b) for “under the I minus E basis in respect of its life assurance business” substitute “ in respect of its basic life assurance and general annuity business in accordance with the I - E rules ”.
- 198 (1) Section 1161 (relief in respect of I minus E basis: expenses payable) is amended as follows.
- (2) In subsection (6), for “section 76(7) of ICTA” substitute “ section 76 of FA 2012 ”.
- (3) In subsection (7)(a), for “life assurance business” substitute “ basic life assurance and general annuity business ”.
- 199 (1) Section 1162 (additional relief) is amended as follows.
- (2) In subsection (3), for the words from “as expenses payable” to the end substitute “ for the purposes of section 76 of FA 2012 as deemed BLAGAB management expenses for the accounting period ”.
- (3) In subsection (4)(b), for the words from “which” to the end substitute “ of the expenditure which, for the purposes of section 76 of FA 2012, is not an ordinary BLAGAB management expense of the company referable to the accounting period as a result of the application of section 77(2)(b) of that Act ”.
- 200 In the italic heading before section 1164, for “*Life assurance*” substitute “ *BLAGAB* ”.
- 201 (1) Section 1164 (entitlement to tax credit) is amended as follows.
- (2) In subsections (1) and (2)—

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- (a) for “a life assurance company tax credit” substitute “ a BLAGAB tax credit ”, and
 - (b) for “qualifying life assurance business loss” substitute “ qualifying BLAGAB loss ”.
 - (3) In subsections (3) and (4), for “a life assurance company tax credit” substitute “ a BLAGAB tax credit ”.
- 202 (1) Section 1165 (meaning of “qualifying life assurance business loss”) is amended as follows.
- (2) In subsection (1)—
 - (a) in the opening words, for “ “qualifying life assurance business loss”” substitute “ “qualifying BLAGAB loss” ”, and
 - (b) in paragraph (b), for “section 76(12) of ICTA (unrelieved expenses carried forward)” substitute “ section 73 of FA 2012 as excess BLAGAB expenses ”.
 - (3) In subsection (2), for “section 76(12) of ICTA” substitute “ section 73 of FA 2012 as excess BLAGAB expenses ”.
 - (4) In subsection (3), for paragraph (b) substitute—
 - “(b) taken into account in calculating for the purposes of section 73 of FA 2012 the amount of adjusted BLAGAB management expenses of the company for the relevant accounting period as a result of—
 - (i) the previous application of section 73 or 93 of FA 2012, or
 - (ii) the carry forward to the relevant accounting period of an amount under section 391 of this Act (surplus deficit).”
 - (5) In subsection (4), for “qualifying life assurance business loss” substitute “ qualifying BLAGAB loss ”.
 - (6) In the heading, for “ “**qualifying life assurance business loss**”” substitute “ “**qualifying BLAGAB loss**” ”.
- 203 In section 1166(1) (amount of tax credit)—
- (a) for “life assurance company tax credit” substitute “ BLAGAB tax credit ”, and
 - (b) for “qualifying life assurance business loss” substitute “ qualifying BLAGAB loss ”.
- 204 In section 1167(1) and (3)(a) (payment of tax credit etc), for “a life assurance company tax credit” substitute “ a BLAGAB tax credit ”.
- 205 (1) Section 1168 (restriction on carrying forward expenses payable where tax credit claimed) is amended as follows.
- (2) In subsection (1), for “a life assurance company tax credit” substitute “ a BLAGAB tax credit ”.
 - (3) In subsection (2)—
 - (a) for “section 76 of ICTA” substitute “ section 73 of FA 2012 ”,
 - (b) for “subsection (12) of that section” substitute “ that section as excess BLAGAB expenses ”, and
 - (c) for “Step 7 in subsection (7) of that section” substitute “ step 5 in section 76 of FA 2012 ”.

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- (4) In subsection (3), for “qualifying life assurance business loss” substitute “qualifying BLAGAB loss”.
- 206 In section 1169(2) (artificially inflated claims for relief or tax credit)—
- (a) in paragraph (c), for “life assurance business” substitute “basic life assurance and general annuity business”, and
- (b) in paragraph (d), for “life assurance company tax credits” substitute “BLAGAB tax credits”.
- 207 After section 1223 insert—
- “1223A Exception for basic life assurance and general annuity business**
- (1) Sections 1219 to 1223 do not apply in relation to an accounting period of an insurance company with investment business so far as the business consists of basic life assurance and general annuity business.
- (2) See instead the rules set out in Chapter 3 of Part 2 of FA 2012.”
- 208 (1) Section 1251 (car hire) is amended as follows.
- (2) In subsection (3), after “subsection (2)” insert “(including as applied by section 82(4) of FA 2012)”.
- (3) In subsection (5)—
- (a) at the end of paragraph (a) insert “or”, and
- (b) omit paragraph (c) (together with the “or” before that paragraph).
- 209 In section 1288(4) (unpaid remuneration)—
- (a) in paragraph (a), after “business,” insert “including as applied by section 82 of FA 2012”, and
- (b) omit paragraph (b) (together with the “and” before it).
- 210 (1) Section 1297 (life assurance business) is amended as follows.
- (2) In subsection (1), for “section 76 of ICTA applies (expenses of companies carrying on life assurance business)” substitute “the I - E rules apply”.
- ^{F2}(3)
- (4) In subsection (4)—
- (a) for “purposes of section 86 of FA 1989” substitute “purpose of calculating the adjusted BLAGAB management expenses of the company for the purposes of section 73 of FA 2012”, and
- (b) for “payable for that period which fall to be included at Step 1 in section 76(7) of ICTA” substitute “debited, in accordance with generally accepted accounting practice, in the accounts drawn up by the company for that period”.
- (5) In subsection (5)(a), for “an amount being brought into account under section 76 of ICTA as expenses payable” substitute “an amount constituting ordinary BLAGAB management expenses of the company for the purposes of section 76 of FA 2012”.
- (6) For the heading substitute “**Basic life assurance and general annuity business**”.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2012, Cross Heading: Corporation Tax Act 2009. (See end of Document for details)

Textual Amendments

F2 Sch. 16 para. 210(3) omitted (with effect in relation to accounting periods of companies beginning on or after 1.1.2023 of the commencing S.I.) by virtue of Finance Act 2022 (c. 3), Sch. 5 paras. 3(2)(i), 4; S.I. 2022/1164, reg. 2(1) (with reg. 2(2))

- 211 In section 1298(2) (business entertainment and gifts), for paragraph (c) substitute—
“(c) expenses to which this section applies are not to be regarded as constituting ordinary BLAGAB management expenses of the company for the purposes of section 76 of FA 2012.”
- 212 In section 1304 (crime-related payments), for subsection (3) substitute—
“(3) Expenses to which subsection (4) or (5) applies are not to be regarded as constituting ordinary BLAGAB management expenses of a company for the purposes of section 76 of FA 2012.”
- 213 (1) Schedule 2 (transitionals and savings) is amended as follows.
(2) In paragraph 139—
(a) in sub-paragraph (3), for the words from “Section 76ZE” to “section 75)” substitute “ Section 81(4) of FA 2012 (which, in the case of companies carrying on basic life assurance and general annuity business, applies section 75(2) to (4)) ”,
(b) in that sub-paragraph, for “condition in subsection (1) of that section” substitute “ conditions in paragraphs (a) and (b) of that subsection ”, and
(c) in sub-paragraph (4), for “and section 76ZE of ICTA” substitute “ (including as applied by section 81(4) of FA 2012) ”.
- (3) In paragraph 140(1)(b), for “section 76ZL of ICTA” substitute “ the application by section 82 of FA 2012 of section 1249(1) to (3) of this Act ”.
- 214 In Schedule 4 (index of defined expressions)—
(a) in the entry for “basic life assurance and general annuity business”, for “section 431F of ICTA (as applied by section 431(2) of that Act)” substitute “ sections 57 and 67(5) of FA 2012 (as applied by section 141(2) of that Act) ”,
(b) omit the entry for “deposit back arrangements”,
(c) omit the entry for “gross roll-up business”,
(d) in the entry for “the I minus E basis”, for “I minus E basis” substitute “ I - E rules ” and for “section 431(2) of ICTA” substitute “ section 70(1) and (2) of FA 2012 (as applied by section 141(2) of that Act) ”,
(e) in the entry for “insurance business transfer scheme”, for “section 431(2) of ICTA” substitute “ section 139(1) of FA 2012 (as applied by section 141(2) of that Act) ”,
(f) in the entry for “insurance company”, for “section 431(2) of ICTA” substitute “ section 65 of FA 2012 (as applied by section 141(2) of that Act) ”,
(g) omit the entry for “the Insurance Prudential Sourcebook”,
(h) in the entry for “life assurance business”, for “section 431(2) of ICTA” substitute “ section 56 of FA 2012 (as applied by section 141(2) of that Act) ”,

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- (i) omit the entry for “linked assets”,
- (j) in the entry for “long-term business”, for “section 431(2) of ICTA” substitute “ section 63 of FA 2012 (as applied by section 141(2) of that Act) ”,
- (k) omit the entry for “long-term insurance fund”,
- (l) in the entry for “overseas life insurance company”, for “section 431(2) of ICTA” substitute “ section 139(1) of FA 2012 (as applied by section 141(2) of that Act) ”, and
- (m) omit the entry for “qualifying overseas transfer”.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2012, Cross Heading:
Corporation Tax Act 2009.