



# Finance Act 2012

## 2012 CHAPTER 14

### PART 2

#### INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

### CHAPTER 5

#### I - E PROFIT: POLICYHOLDERS' RATE OF TAX

#### *Tax rate on policyholders' share of I - E profit*

#### **103 Rules for determining policyholders' share of I - E profit**

- (1) This section determines for the purposes of section 102 the policyholders' share of the I - E profit of an insurance company for an accounting period.
- (2) If the basic life assurance and general annuity business of the company carried on by the company in the accounting period is mutual business, the policyholders' share of the I - E profit is the whole of that profit.
- (3) In any other case, the policyholders' share of the I - E profit is determined as follows.
- (4) The first step is to calculate whether the company has a BLAGAB trade profit for the accounting period, and, if so, its amount.
- (5) If the company does not have a BLAGAB trade profit for that period, the policyholders' share of the I - E profit is the whole of that profit.
- (6) If—
  - (a) the company has a BLAGAB trade profit for that period, and
  - (b) the adjusted amount of the BLAGAB trade profit is less than the amount of the I - E profit for that period,the difference between those amounts represents the policyholders' share of the I - E profit.

*Status: This is the original version (as it was originally enacted).*

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- (7) If—
- (a) the company has a BLAGAB trade profit for that period, and
  - (b) the adjusted amount of the BLAGAB trade profit is equal to or more than the amount of the I - E profit,
- there is no policyholders' share of the I - E profit.
- (8) References to the adjusted amount of the BLAGAB trade profit are to be read in accordance with section 104.