



# Finance Act 2012

## 2012 CHAPTER 14

### PART 2

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

### CHAPTER 6

#### TRADE CALCULATION RULES APPLYING TO LONG-TERM BUSINESS

#### **110 Allocations to policyholders**

- (1) In calculating the profits for an accounting period, a deduction is allowed for any amount which is allocated to policyholders or annuitants in respect of the accounting period.
- (2) But there is no deduction for an amount of a capital nature that—
  - (a) is allocated to holders of with-profits policies, and
  - (b) has not been funded from an amount credited in accounts of the business drawn up in accordance with generally accepted accounting practice (whether drawn up by the company or another company).
- (3) For this purpose a payment made in connection with the reattribution of inherited estate is to be regarded as an amount of a capital nature.
- (4) “With-profits policies” means policies under which the holders are eligible to participate in surplus.