



Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 8

ASSETS HELD FOR PURPOSES OF LONG-TERM BUSINESS

Transfers of assets from different categories

116 UK life insurance companies

- (1) If, at any time in a period of account of a UK life insurance company, an asset (or a part of an asset) held by the company—
 - (a) ceases to be within one of the long-term business categories, and
 - (b) comes within another of those categories,the company is treated for the purposes of corporation tax on chargeable gains as if it had disposed of and immediately re-acquired the asset (or part) at that time for a consideration equal to the fair value of the asset (or part) at that time.
- (2) The long-term business categories in question are—
 - (a) assets which are matched to BLAGAB liabilities of the company,
 - (b) assets which are matched to other long-term business liabilities of the company,
 - (c) assets which are held by the company for the purposes of any with-profits fund but which are not matched to its long-term business liabilities, and
 - (d) assets which are held for the purposes of the company's long-term business but which are not matched to its long-term business liabilities or held by it for the purposes of any with-profits funds.

Status: This is the original version (as it was originally enacted).

- (3) If the company has more than one with-profits fund within subsection (2)(c), the assets which are held by it for the purposes of a particular fund but which are not matched to its long-term business liabilities are treated as assets within a separate long-term business category.
- (4) Subsection (1) does not apply if all the income of the company's long-term business is chargeable to corporation tax on income under section 35 of CTA 2009.
- (5) If, at any time in a period of account of a UK life insurance company, an asset (or a part of an asset) held by the company—
- (a) ceases to be within a category set out in subsection (6), and
 - (b) comes within the other category set out there,
- the company is treated for the purposes of corporation tax as if it had disposed of and immediately re-acquired the asset (or part) for a consideration equal to the fair value of the asset (or part) at that time.
- (6) The categories in question are—
- (a) assets which are held for the purposes of the company's long-term business, and
 - (b) other assets.