



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

117 Overseas life insurance companies: rule corresponding to s.116

- (1) If, at any time in a period of account of an overseas life insurance company, an asset (or a part of an asset) held by the company—
 - (a) ceases to be within one of the UK 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 UK long-term business categories in question are—
 - (a) UK assets which are matched to BLAGAB liabilities of the company,
 - (b) UK assets which are matched to other long-term business liabilities of the company,
 - (c) UK 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) UK 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Status: This is the original version (as it was originally enacted).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 UK 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 UK 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 an overseas 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 another 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) UK assets which are held for the purposes of the company's long-term business,
 - (b) other UK assets, and
 - (c) assets which are held by the company but which are not UK assets.
- (7) For the purposes of this section and section 118, assets (whether situated in the United Kingdom or elsewhere) are "UK assets" of an overseas life insurance company if, in accordance with the provision made by or under Chapter 4 of Part 2 of CTA 2009, they fall to be attributed to the permanent establishment in the United Kingdom through which the company carries on life assurance business.