



Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 3

THE I - E BASIS

Definitions of expressions comprising “E”

81 Amounts treated as ordinary BLAGAB management expenses

- (1) This section applies in relation to amounts which meet the conditions in section 77(2) (a) and (b).
- (2) The relevant permissive rules apply for the purpose of treating the amounts as ordinary BLAGAB management expenses for the purposes of section 76 as they apply for the purpose of treating amounts as expenses of management for the purposes of Chapter 2 of Part 16 of CTA 2009 (companies with investment business).
- (3) The following provisions of CTA 2009 are “relevant permissive rules”—
 - (a) section 1000 (costs of setting up employee share ownership trust),
 - (b) section 1234 (payments for restrictive undertakings),
 - (c) section 1235 (employees seconded to charities and educational establishments),
 - (d) section 1237 (counselling and other outplacement expenses),
 - (e) section 1238(1) to (3) (retraining courses),
 - (f) sections 1239 to 1242 (redundancy payments and approved contractual payments),
 - (g) section 1243 (payments made by the Government), and

Status: This is the original version (as it was originally enacted).

- (h) section 1244 (contributions to local enterprise organisations or urban regeneration companies).
- (4) If—
- (a) an employer’s liability to corporation tax for an accounting period is determined on the assumption that a deduction for expenditure is allowed as a result of the application by this section of section 1238(1) to (3) of CTA 2009, and
 - (b) the deduction would not otherwise have been allowed,
- section 75(2) to (4) of CTA 2009 (retraining courses: recovery of tax) apply.
- (5) If—
- (a) an amount is treated as an ordinary BLAGAB management expense as a result of the application by this section of section 1242 of CTA 2009, and
 - (b) the amount would otherwise be regarded as an acquisition expense for the purposes of section 79,
- the expense is not to be so regarded.
- (6) Section 1253 of CTA 2009 (contributions to local enterprise organisations or urban regeneration companies: disqualifying benefits) applies in the case of amounts treated, as a result of the application by this section of section 1244 of that Act, as ordinary BLAGAB management expenses as it applies in the case of amounts for which a deduction has been made under section 1219 of that Act as a result of section 1244 of that Act.
- (7) For the purposes of this section—
- (a) references in any relevant permissive rule to a company carrying on business that consists wholly or partly of making investments or to a company with investment business are to be read as references to a company carrying on basic life assurance and general annuity business,
 - (b) references in any relevant permissive rule to an amount being deductible under section 1219 of CTA 2009 are to be read as references to an amount being deductible as an ordinary BLAGAB management expense,
 - (c) section 1239 of CTA 2009 is to be treated as having effect with the omission of subsection (1)(c),
 - (d) the reference in section 1240(4) of CTA 2009 to sections 1224 to 1227 of that Act is to be read as a reference to section 77(8) and (9) of this Act, and
 - (e) section 1243 of CTA 2009 is to be treated as having effect with the omission of subsection (1)(c).
- (8) An amount is treated as an ordinary BLAGAB management expense as a result of this section only so far as it would not otherwise be regarded as an ordinary BLAGAB management expense.