
STATUTORY INSTRUMENTS

1997 No. 2681

The Lloyd's Underwriters (Scottish Limited Partnerships) (Tax) Regulations 1997

Provisions relating to individual partners in a Lloyd's Scottish limited partnership

Basis of assessment

- 6.—(1) Where regulation 3(1) applies in relation to a Lloyd's Scottish limited partnership—
- (a) section 60(2) to (5), and sections 61 to 63A, of the Taxes Act(1) shall not apply in relation to that partnership;
 - (b) section 172 of the Finance Act 1993(2) shall apply in relation to that partnership as if—
 - (i) in each of paragraphs (a) and (b) of subsection (1) of that section for the reference to the corresponding underwriting year there were substituted a reference to the accounting period ending in the corresponding underwriting year;
 - (ii) in paragraph (c) of that subsection for the reference to profits or losses derived from payments made or received in the corresponding underwriting year there were substituted a reference to profits or losses attributable to the accounting period ending in the corresponding underwriting year.
- (2) In paragraph (1)(b)(i) and (ii) “accounting period” in relation to a Lloyd's Scottish limited partnership means the period—
- (a) beginning on the 1st January in each year, or the date on which the partnership was formed (if later in that year), and
 - (b) ending on—
 - (i) the 31st December in that year, or the date when the partnership is terminated (if earlier), or
 - (ii) where the partnership was formed later than 1st January in that year, the 31st December in the following year, or the date when the partnership is terminated (if earlier).

Disapplication of section 175 of the Finance Act 1993 (special reserve funds)

7.—(1) Section 175 of, and Schedule 20 to, the Finance Act 1993 shall not apply in relation to a Lloyd's Scottish limited partnership which, by virtue of regulation 3(1), is treated as a member who is an individual.

(2) Paragraph (1) shall not prevent the setting up of a special reserve fund in relation to an individual who is both a member of Lloyd's and a partner in a Lloyd's Scottish limited partnership,

(1) Section 60 was substituted by section 200, section 61 was substituted by section 201, and section 62 was substituted by section 202, of the Finance Act 1994. Section 62A was inserted by section 203 of the Finance Act 1994 and amended by paragraph 1 of Schedule 21 to the Finance Act 1996. Section 63 was substituted by section 204, and section 63A was inserted by section 205, of the Finance Act 1994.

(2) Section 172 was amended by paragraph 2 of Schedule 21 to the Finance Act 1994.

but in such a case the special reserve fund shall take account only of the underwriting business carried on by that person as a member.

Disapplication of section 180 of the Finance Act 1993 (underwriting profits to be earned income)

8. Section 180 of the Finance Act 1993 shall not apply in relation to the profits arising to an individual as a partner in a Lloyd's Scottish limited partnership.

Death of partner

9.—(1) This regulation applies where—

- (a) regulation 3(1) applies in relation to a Lloyd's Scottish limited partnership, and
- (b) an individual who is a partner in the partnership dies.

(2) The carrying on of the deceased partner's partnership business by his personal representatives shall not be treated for the purposes of the Income Tax Acts as a change in the persons engaged in the carrying on of that business.

(3) The deceased partner's partnership business shall be treated for the purposes of the Income Tax Acts as continuing until either—

- (a) any security provided by him in relation to that business is released or repaid by Lloyd's to his personal representatives, or
- (b) his interest in the partnership is assigned by his personal representatives.

Terminal loss relief

10.—(1) This regulation applies where—

- (a) regulation 3(1) applies in relation to a Lloyd's Scottish limited partnership, and
- (b) an individual who is a partner in the partnership ceases to carry on his partnership business, whether by reason of death or otherwise.

(2) The date on which the individual's partnership business is permanently discontinued for the purposes of section 388 of the Taxes Act⁽³⁾ (carry-back of terminal losses) ("section 388") shall be deemed to be the 5th April in the last year of assessment in which his share of the profits or losses of that business arising from the partnership's membership of one or more syndicates, or from assets forming part of a premiums trust fund, fall to be included in a computation under section 111 of the Taxes Act.

(3) A partner may not make more than one claim under section 388 in respect of the same partnership business.

(3) Section 388 was amended by sections 209(6) and 214(1)(d) of, and Part V(24) of Schedule 26 to, the Finance Act 1994.