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STATUTORY INSTRUMENTS

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**2000 No. 2188**

**INCOME TAX**

**The Overseas Life Assurance Fund (Amendment) Order 2000**

*Made* - - - - *10th August 2000*  
*Laid before the House of*  
*Commons* - - - - *11th August 2000*  
*Coming into force* - - *1st September 2000*

The Treasury, in exercise of the powers conferred upon them by paragraph 1(2) of Schedule 19AA to the Income and Corporation Taxes Act 1988(1), hereby make the following Order:

**Citation, commencement and effect**

1. This Order may be cited as the Overseas Life Assurance Fund (Amendment) Order 2000, shall come into force on 1st September 2000, and shall have effect in relation to accounting periods of a company beginning on or after 1st January 2000 and ending on or after 1st September 2000.

**Interpretation**

2. In this Order, “Schedule 19AA” means Schedule 19AA to the Income and Corporation Taxes Act 1988 (overseas life assurance fund) and “Schedule 19AC” means Schedule 19AC(2) to that Act (modification of Act in relation to overseas life insurance companies).

**Amendments to Schedule 19AA**

- 3.—(1) Amend paragraph 4(3) of Schedule 19AA as follows.
- (2) In sub-paragraph (1) for the definition of “B” substitute—
- “B is the aggregate of—
- (a) the appropriate part of the investment reserve at that time, and
  - (b) the appropriate part of any liabilities of the company’s long term business fund at that time which represent a money debt.”.

(3) For sub-paragraph (2) substitute—

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(1) 1988 c. 1. Schedule 19AA was inserted by paragraph 6 of Schedule 7 to the Finance Act 1990 (c. 29) and paragraph 1(2) was amended by paragraph 33 of Schedule 8 to the Finance Act 1995 (c. 4).  
(2) Schedule 19AC was inserted by paragraph 1 of Schedule 9 to the Finance Act 1993 (c. 34).  
(3) Amended by S.I.1994/3278, Article 4.

“(2) In sub-paragraph (1) above, in B, the “appropriate part” of the company’s investment reserve at the end of the period of account, or of any liabilities of its long term business fund at that time which represent a money debt, is—

- (a) where none (or none but an insignificant proportion) of the liabilities of the company’s long term business at that time are with-profits liabilities, the part which bears to the whole the proportion A/B; and
- (b) in any other case, the part which bears to the whole the proportion C/D.

For this purpose—

A is the amount of the liabilities of the company’s overseas life assurance business at the end of the period of account,

B is the whole amount of the liabilities of the company’s long term business at that time,

C is the amount of the with-profits liabilities of the company’s overseas life assurance business at that time, and

D is the whole amount of the with-profits liabilities of the company’s long-term business at that time.”

(4) After sub-paragraph (4) insert—

“(5) In this paragraph—

“investment reserve”, in relation to an insurance company, means the excess of the value of the assets of the company’s long term business over the aggregate of—

- (a) the liabilities of that business, and
  - (b) any liabilities of the long term business fund which represent a money debt;
- “money debt” has the same meaning as in Chapter II of Part IV of the Finance Act 1996(4).”

4.—(1) Amend paragraph 5(5) of Schedule 19AA as follows.

(2) In sub-paragraph (5)—

- (a) in paragraph (b) for “liabilities” substitute “non-linked liabilities”;
- (b) for paragraphs (c) to (g) substitute—
  - “(c) assets, other than land in the United Kingdom, which—
    - (i) are shown in the books of the company as being held as assets of a fund where all, or all but an insignificant part, of the liabilities of the fund are in respect of overseas life assurance business carried on by the company at or through a branch or agency outside the United Kingdom; or
    - (ii) are managed under the control of a person whose normal place of work is at a branch or agency outside the United Kingdom at or through which the company carries on overseas life assurance business;
  - (d) assets other than land in the United Kingdom;
  - (e) land in the United Kingdom;”.

(3) After sub-paragraph (6) insert—

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(4) 1996 c. 8.

(5) Amended by S.I. 1994/3278, Article 5, paragraph 8 of Schedule 8 to the Finance Act 1995, and paragraph 4 of Schedule 28 to the Finance Act 1996 (c. 8).

“(6A) For the purposes of sub-paragraph (5)(b) above “non-linked liabilities” means liabilities other than liabilities in respect of benefits to be determined by reference to the value of linked assets.”

(4) Omit sub-paragraph (7).

#### **Amendments to Schedule 19AC**

5.—(1) Amend paragraph 14A(6) of Schedule 19AC as follows.

(2) In paragraph (2) in the paragraph 6 treated as inserted at the end of Schedule 19AA—

(a) omit “and” immediately after sub-paragraph (a);

(b) immediately after sub-paragraph (b) insert

“and

(c) the references in paragraph 4 to any liabilities of the company’s long term business fund which represent a money debt were to any such of those liabilities as are attributable to the branch or agency;”.

#### **Consequential revocations and repeal**

6.—(1) In consequence of the amendments made by Articles 3(3) and 4(2)(b) of this Order, Articles 4(2) and 5(b), (c) and (d) of the Overseas Life Assurance (Amendment) Order 1994(7) are revoked.

(2) In consequence of the amendment made by Article 4(4) of this Order, paragraph 4 of Schedule 28 to the Finance Act 1996 (substitution of paragraph 5(7) of Schedule 19AA) is repealed.

*Jim Dowd*

*Bob Ainsworth*

Two of the Lords Commissioners of Her  
Majesty’s Treasury

10th August 2000

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(6) Inserted by paragraph 48 of Schedule 8 to the Finance Act 1995.

(7) S.I. 1994/3278.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends provisions of the Income and Corporation Taxes Act 1988 (c. 1) (“the Act”). The amendments are to Schedule 19AA to the Act (overseas life assurance fund) (“the Schedule”) which has effect for determining the assets of a company which are the assets of its overseas life assurance fund. The amendments are in consequence of amendments to section 432A of the Act made by section 109 of the Finance Act 2000 (c. 17) and the need to take account of the changing tax treatments of the categories of assets listed in paragraph 5(5) of the Schedule.

Article 1 provides for citation, commencement and effect, and Article 2 for interpretation.

Article 3 amends paragraph 4 of the Schedule. Sub-paragraph (2) of that paragraph is amended so as to reflect the new wording of section 432A(8) of the Act. Sub-paragraph (1) of that paragraph is amended also so as to ensure that, in determining the amount mentioned in that paragraph, the appropriate part of liabilities which represent a money debt within the meaning of section 432A(9B) is taken into account.

Article 4 amends paragraph 5 of the Schedule so as to vary the order in which categories of assets are designated for the purposes of paragraph 3 of the Schedule.

Article 5 amends paragraph 6 of the Schedule (treated as inserted by paragraph 14A of Schedule 19AC to the Act (modification of Act in relation to overseas life insurance companies)) in consequence of the amendments made by Article 4 to paragraph 4 of the Schedule.

Article 6 provides for consequential revocations and a consequential repeal.