

SCHEDULE

EXPENSES OF COMPANIES WITH INVESTMENT BUSINESS AND INSURANCE COMPANIES

Capital Allowances Act 2001

Qualifying activities

52.—(1) Section 15 of the Capital Allowance Act 2001(1) is amended as follows.

(2) In subsection (1) (which specifies activities which are qualifying activities for the purposes of Part 1 of that Act) for paragraph (g) (management of investment company) substitute—

“(g) managing the investments of a company with investment business.”.

Related definitions

53. For section 18 of the Capital Allowances Act 2001 substitute—

“Managing the investments of a company with investment business

18.—(1) For the purposes of this Part, managing the investments of a company with investment business consists of pursuing those purposes expenditure on which would be treated as expenses of management within section 75 of ICTA.

(2) In this Part “company with investment business” has the meaning given by section 130 of ICTA.”.

Giving of allowances: managing investments of company with investment business

54.—(1) Section 253 of the Capital Allowances Act 2001 (investment companies) is amended as follows.

(2) In subsection (1) (section applies if qualifying activity is management of an investment company) for “the management of an investment company” substitute “managing the investment business”.

(3) The side note to the section, and the italic heading preceding it, accordingly each become “Companies with investment business”.

Life assurance business: different giving effect rules for different categories of business

55.—(1) Section 256 of the Capital Allowance Act 2001 is amended as follows.

(2) In subsection (2)(a) (allowances in respect of basic life assurance and general annuity business to be treated as additional expenses of management within section 76 of the Taxes Act 1988) for “additional expenses of management within section 76” substitute “expenses payable which fall to brought into account at Step 3 in section 76(7)”.

Provisions supplementary to sections 255 and 256

56.—(1) Section 257 of Capital Allowances Act 2001 is amended as follows.

(2) In subsection (2), for paragraph (b) (subsection (1) not to prevent allowance being taken into account in calculation for purposes of section 76(2) of Taxes Act 1988) substitute—

(1) 2001 c. 2.

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“(b) finding, in accordance with subsection (10) of section 76 of ICTA, the amount D1 in Step 9 in subsection (7) of that section (calculation for purposes of complying with restriction on amount of expenses deduction).”.

Management assets

57.—(1) Section 544 of the Capital Allowances Act 2001 is amended as follows.

(2) For subsections (3) and (4) (which define management of life assurance business) substitute—

“(3) The management of any life assurance business consists of pursuing those purposes expenditure on which falls to be regarded as expenses payable for the purposes of section 76 of ICTA.”.