
STATUTORY INSTRUMENTS

2005 No. 3338

The Lloyd's Underwriters (Tax) Regulations 2005

PART 2

Determination of a syndicate's profit or loss

Preliminary

3. In this Part of these Regulations “profit or loss”, in relation to a syndicate, means the aggregate amount of such of the profits or losses of all the members of the syndicate (taken together) as arise—

- (a) directly from their membership of the syndicate, or
- (b) from assets forming part of premium trust funds,

and “profits” and “losses” shall be construed accordingly.

Returns by managing agent

4.—(1) An officer of Revenue and Customs may, by notice to a syndicate's managing agent, require him to deliver a return (a “syndicate return”) of the syndicate's profit or loss for an underwriting year (the amount of that profit or loss being referred to as a “syndicate determination”).

(2) A notice under paragraph (1) may be given—

- (a) at any time after the closing year for the underwriting year in question; and
- (b) more than once, (in particular where the syndicate continues after the end of its closing year).

(3) The return shall—

- (a) contain such information as may reasonably be required by the notice; and
- (b) be accompanied by such accounts, statements and reports as may reasonably be so required.

(4) The filing date for any syndicate return required by a notice under paragraph (1) is whichever is the later of—

- (a) 1st July in the underwriting year next following that closing year; and
- (b) the end of the period of three months beginning on the day following that on which the notice was served.

(5) If a syndicate's managing agent, having been required by a notice under paragraph (1) to deliver a return, fails to deliver the return on or before the filing date, he shall be liable to a flat-rate penalty equal to the prescribed amount multiplied by the number of days on which the failure continues.

(6) In paragraph (5) “the prescribed amount” means £60 for each fifty members of the syndicate (counting any number of members less than fifty, and any number left over, as fifty).

(7) If a syndicate's managing agent fraudulently or negligently delivers an incorrect return under paragraph (1), he shall be liable to a penalty not exceeding £3,000 multiplied by the number of members of the syndicate.

(8) In relation to a return required by a notice under paragraph (1)—

- (a) any reference in paragraph (4) or (5) to the filing date for, or delivery of, a return is a reference to its delivery together with the accompanying documents referred to in paragraph (3)(b); and
- (b) the reference in paragraph (7) to the return being incorrect includes a reference to any of those documents being incorrect.

Amendment of syndicate determinations and HMRC enquiries

5.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraphs 15, 16, 24, 25, 27 to 29 and 31 to 34 of Schedule 18(1) shall apply with the modifications in paragraphs (2) to (6).

(2) For references to—

- (a) the company substitute references to the syndicate's managing agent;
- (b) the company tax return substitute references to the syndicate return;
- (c) the company's self-assessment, tax payable or tax liability, substitute references to the syndicate determination;
- (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
- (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.

(3) In paragraph 15(4) for "twelve" substitute "six".

(4) In paragraph 16(3) for "nine" substitute "three".

(5) In paragraph 24(2) for "twelve" substitute "six".

(6) Omit paragraphs 32(2) and (3) and 34(1)(a)(ii), (2)(a)(ii) and (5).

(7) The giving of a notice of enquiry to a syndicate's managing agent under the like provisions as are contained in paragraph 24 of Schedule 18 shall be deemed to include the giving of notice of enquiry—

- (a) under section 9A(1) of the Management Act(2) to each member of the syndicate who is an individual, and who at that time has made a return under section 8 or 8A of that Act or at any subsequent time makes such a return; and
- (b) under paragraph 24 of Schedule 18 to each member of the syndicate who at that time has made a company tax return or at any subsequent time makes such a return.

HMRC determinations

6.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraphs 36 and 40 of Schedule 18 shall apply with the modifications in paragraphs (2) and (3).

(2) For references to—

- (a) the company substitute references to the syndicate's managing agent;

(1) Paragraph 27 was relevantly amended and paragraphs 31A to 31D were inserted by paragraphs 7 and 38 of Schedule 29 to the Finance Act 2001 (c. 9).

(2) Section 9A was substituted by paragraph 4(1) of Schedule 29 to the Finance Act 2001.

- (b) the company tax return substitute references to the syndicate return;
 - (c) the company's self-assessment or tax payable, substitute references to the syndicate determination;
 - (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
 - (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.
- (3) Omit paragraphs 36(3) and (6)(a) and 40(1)(b) and (2).

Discovery determinations

7.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraphs 41(2) to 44 and 46 to 49 of Schedule 18 (as they apply to discovery determinations) shall apply with the modifications in paragraphs (2) and (3).

- (2) Except in paragraph 49 of Schedule 18, for references to—
- (a) the company substitute references to the syndicate's managing agent;
 - (b) the company tax return substitute references to the syndicate return;
 - (c) the company's self-assessment or tax payable, substitute references to the syndicate determination;
 - (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
 - (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.
- (3) In paragraph 41(2) of Schedule 18, omit—
- (a) "for another accounting period" in paragraph (a), and
 - (b) paragraph (b).

Relief in case of mistake in syndicate return

8.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraph 51 of Schedule 18 shall apply with the modifications in paragraph (2).

- (2) For references to—
- (a) the company substitute references to the syndicate's managing agent;
 - (b) the payment of tax, an assessment or the profits of the company for corporation tax purposes substitute references to the syndicate determination;
 - (c) the liability of the claimant or claimant company, treat them as including references to the liability of the members of the syndicate;
 - (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
 - (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.

Apportionments of syndicate's profit or loss

9.—(1) Where a determination of a syndicate's profit or loss for an underwriting year is made, amended or corrected (whether under the foregoing provisions of these Regulations or on appeal), the officer may, by notice in writing to the syndicate's managing agent, require him to make to the officer, within the specified period, a return apportioning, between the members of the syndicate, the syndicate's profit or loss as stated in the determination as so made, amended or corrected.

(2) If a syndicate's managing agent, having been required by a notice under paragraph (1) to deliver a return within the specified period, fails to deliver the return within that period, he shall be liable to a penalty equal to the prescribed amount multiplied by the number of days on which the failure continues.

(3) In paragraph (2) "the prescribed amount" means £5 for each fifty members of the syndicate (counting any number of members less than fifty, and any number left over, as fifty).

(4) In this regulation "the specified period" means such period, not being less than thirty days and beginning with the day following the date of the notice under paragraph (1), as may be specified in that notice.

Effect of determinations on members

10.—(1) A determination of a syndicate's profit or loss for an underwriting year (whether as originally made or as amended or corrected) and any apportionment under regulation 9 shall, for the purpose of determining the liability to tax of each member of the syndicate, be conclusive against that member that the syndicate's profit or loss for that year, or the member's share of it, as the case may be, is as there stated.

(2) Where a determination of a syndicate's profit or loss for an underwriting year is amended or corrected at any time after the issue of a notice of assessment assessing any member of the syndicate to tax—

- (a) (i) in relation to members who are individuals, section 31A of the Management Act⁽³⁾ (notice of appeal) and section 55 of that Act (recovery of tax not postponed), and
- (ii) in relation to corporate members, paragraph 48 of Schedule 18,

shall have effect, in relation to that member, as if any reference to the date of the notice of assessment, or the date of the issue of the notice of assessment, were a reference to the date of the amendment or correction; and

- (b) in the case of an amendment, an assessment which gives effect to the determination as amended shall not be out of time if it is made within one year of the date of the amendment.

(3) Paragraph (2)(b) shall not apply in the case of an HMRC amendment under regulation 6 which is made later than six years after the end of the last year during which, or during any part of which, the syndicate continues.

Assessment of individual members: time limits

11. For the purposes of sections 36 and 40⁽⁴⁾ of the Management Act and paragraph 46(2) of Schedule 18 (extension of time in cases of fraudulent or negligent conduct) anything done or omitted to be done by a syndicate's managing agent shall be deemed to have been done or omitted to be done by each member of the syndicate.

Non-delivery of return – reasonable excuse

12.—(1) For the purposes of these Regulations, a managing agent shall be deemed not to have failed to deliver—

- (a) a syndicate return by the filing date referred to in regulation 4(4), or
- (b) a return apportioning a syndicate profit or loss within the period referred to in regulation 9(4),

(3) 1970 c. 9; section 31A was inserted by paragraph 11 of Schedule 29 to the Finance Act 2001 (c. 9).

(4) Section 36 was substituted by section 149 of the Finance Act 1989 (c. 26).

if he delivered it within such further time, if any, as the officer of Revenue and Customs may have allowed.

(2) Where a managing agent had a reasonable excuse for not delivering a return mentioned in paragraph (1), he shall be deemed not to have failed to deliver it—

- (a) unless the excuse had ceased, and
- (b) if, after the excuse ceased, he delivered it without unreasonable delay.

Determinations and notices of determinations

13. The like provisions as are contained in section 113(1B) of the Management Act⁽⁵⁾ shall apply to a determination or notice of a determination under regulations 6 or 7 as if the determination were an assessment and the notice of a determination were a notice of an assessment.

(5) Section 113(1B) was inserted by paragraph 10 of Schedule 4 to the Finance Act 1970 (c. 4).