

---

## EXPLANATORY NOTE

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

This Order amends section 82F of the Finance Act 1989 (c. 26) (“FA 1989”). Section 82F was inserted into FA 1989 by S.I. 2007/1031 in consequence of changes of rules in the Prudential Sourcebook for insurers made by the Financial Services Authority under the Financial Services and Markets Act 2000 (c. 8).

Section 82F(7) of FA 1989 defines a fraction to be used in the determination of the amount to be brought into account as a trading receipt in the case of a transferee under an insurance business transfer scheme. The fraction does not operate properly in all cases to which section 82F applies. The amendments made by this Order correct the operation of the section to ensure that it functions correctly in all cases.

Article 1 provides for the citation, commencement and effect of the Order.

Article 2 provides that section 82F is amended by inserting subsection (5A). Subsection (5A) deals with the case where the numerator of the relevant fraction in subsection (7) is negative. Where this is the case, subsection (5A) provides for a just and reasonable apportionment between the transferees.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.