

2008 No. 1905

CORPORATION TAX

**The Insurance Companies (Corporation Tax Acts) (Amendment)
Order 2008**

<i>Made</i>	- - - -	<i>17th July 2008</i>
<i>Laid before the House of Commons</i>		<i>18th July 2008</i>
<i>Coming into force</i>	- -	<i>8th August 2008</i>

The Treasury make the following Order in exercise of the powers conferred by section 431A(1) and (6) of the Income and Corporation Taxes Act 1988(a).

Citation, commencement and effect

1.—(1) This Order may be cited as the Insurance Companies (Corporation Tax Acts) (Amendment) Order 2008 and shall come into force on 8th August 2008.

(2) This Order has effect in relation to transfers of long-term business made on or after that date.

Amendment of section 82F of the Finance Act 1989

2.—(1) Amend section 82F of the Finance Act 1989 (section 82D: treatment of transferees under insurance business transfer schemes)(b) as follows.

(2) After subsection (5) insert—

“(5A) But where the numerator of the relevant fraction, in relation to any of the transferees, is negative, the amount to be brought into account as mentioned in subsection (5) in the case of each of the transferees is such proportion of the appropriate amount as is just and reasonable to attribute to each transferee.”.

Claire Ward
Dave Watts

17th July 2008

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 1988 c. 1; section 431A was inserted by paragraph 2 of Schedule 6 to the Finance Act 1990 (c. 29), substituted by paragraph 3 of Schedule 9 to the Finance (No. 2) Act 2005 (c. 22) and amended by paragraph 12 of Schedule 10 to the Finance Act 2007 (c. 11).

(b) 1989 c. 26; section 82F was inserted by article 13 of S.I. 2007/1031.

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.

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