

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993. Cross Heading: Capital gains tax: roll-over relief on disposal of assets of ancillary trust fund. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 20A

[^{F2}[^{F3}LLOYD'S UNDERWRITERS:] CONVERSION TO UNDERWRITING THROUGH PARTNERSHIP OR COMPANY]

Textual Amendments

- F1** Sch. 20A inserted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 25 para. 3**
- F2** Sch. 20A heading substituted (19.12.2014) by The Lloyd's Underwriters (Conversion of Partnerships to Underwriting through Successor Companies) (Tax) Regulations 2014 (S.I. 2014/3133), regs. 1, **5(7)**
- F3** Words in Sch. 20A heading inserted (16.6.2016) by The Lloyds Underwriters (Roll-over Relief on Disposal of Assets of Ancillary Trust Fund) (Tax) Regulations 2016 (S.I. 2016/597), regs. 1(1), **9**

[^{F4}PART 1A

CONVERSION OF PARTNERSHIPS TO UNDERWRITING THROUGH SUCCESSOR COMPANIES

Textual Amendments

- F4** Sch. 20A Pt. 1A inserted (19.12.2014) by The Lloyd's Underwriters (Conversion of Partnerships to Underwriting through Successor Companies) (Tax) Regulations 2014 (S.I. 2014/3133), regs. 1, **5(2)**

Capital gains tax: roll-over relief on disposal of assets of ancillary trust fund

- 5C. (1) This paragraph applies if—
- (a) at the time of, or after, the syndicate capacity disposal, assets forming some or all of the ancillary trust fund of the Lloyd's partnership or of a converting partner are—
 - (i) withdrawn from the fund, and
 - (ii) without unreasonable delay, disposed of by the partnership or partner to the successor company (the "ATF disposal"),
 - (b) the aggregate of any chargeable gains accruing to a converting partner (the "relevant partner") on the ATF disposal exceeds the aggregate of any allowable losses available to the relevant partner on that disposal,
 - (c) throughout the period beginning with the time of the syndicate capacity disposal and ending with the time of the ATF disposal—
 - (i) the converting partners together control the successor company, and
 - (ii) the proportion of the successor company's ordinary share capital beneficially owned by the relevant partner is more than 50% of the

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- proportion of that share capital that was beneficially owned by the relevant partner at the time of the syndicate capacity disposal,
- (d) the consideration received by the relevant partner on the ATF disposal consists solely of the issue to the relevant partner of shares (the “issued shares”) in the successor company, and
- (e) the relevant partner makes a claim under this paragraph to an officer of Revenue and Customs.
- (2) But this paragraph does not apply if—
- (a) the relevant partner could have made a claim under paragraph 5B above, and
- (b) at the time the relevant partner makes a claim under this paragraph, no claim under paragraph 5B above is or has been made by the relevant partner.
- (3) The amount of the excess mentioned in sub-paragraph (1)(b) above (“the amount of the ATF assets gain”) shall for the purposes of capital gains tax be reduced by the amount of the rolled-over gain.
- (4) For the purpose of computing any chargeable gain accruing to the relevant partner on a disposal by the relevant partner of any issued share or any asset directly or indirectly derived from any issued share—
- (a) the amount of the rolled-over gain shall be apportioned between the issued shares as a whole, and
- (b) the sums allowable as a deduction under section 38(1)(a) of the Gains Tax Act are reduced by the amount apportioned to the issued share under paragraph (a) above; but, in the case of a derived asset, the reduction shall be by an appropriate proportion of that amount;
- and if the issued shares are not all of the same class, the apportionment between the shares under paragraph (a) above shall be in accordance with their market values at the time they were acquired by the relevant partner.
- (5) In this paragraph “the amount of the rolled-over gain” means the lesser of—
- (a) subject to sub-paragraph (6), the amount of the ATF assets gain, and
- (b) the aggregate amount of any sums which would be allowable as a deduction under section 38(1)(a) of the Gains Tax Act if the issued shares were disposed of as a whole by the relevant partner in circumstances giving rise to a chargeable gain.
- (6) If the market value, immediately before the ATF disposal, of the assets disposed of under that disposal exceeds [^{F5}120% of] the amount of the ATF assets required, the amount of the ATF assets gain shall for the purposes of sub-paragraph (5)(a) be reduced by multiplying it by—
- RT
- where—
- R is the amount of the ATF assets required, and
- T is the market value, immediately before the ATF disposal, of the assets disposed of under that disposal.
- (7) In sub-paragraph (6) above “the amount of the ATF assets required” means the [^{F6}appropriate percentage of the amount of security required to be provided by the successor company in respect of its underwriting business in the underwriting year in which the ATF disposal is made.]

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[In sub-paragraph (7) above “the appropriate percentage” means the percentage that F7(7A) equates to the percentage of the ordinary share capital of the successor company that is beneficially owned by the relevant partner immediately before the ATF disposal.]

(8) This paragraph applies—

- (a) in relation to assets forming some or all of the Lloyd's partnership's ancillary trust fund, only on the first occasion on or after 19th December 2014 on which the partnership makes an ATF disposal, and
- (b) in relation to assets forming some or all of a converting partner's ancillary trust fund, only on the first occasion on or after 19th December 2014 on which the partner makes an ATF disposal.

(9) If a claim made under paragraph 5B is revoked, this paragraph applies as if the claim had never been made.]]

Textual Amendments

- F5** Words in Sch. 20A para. 5C(6) inserted (with effect in accordance with reg. 1(3) of the amending S.I.) by [The Lloyds Underwriters \(Roll-over Relief on Disposal of Assets of Ancillary Trust Fund\) \(Tax\) Regulations 2016 \(S.I. 2016/597\)](#), regs. 1(1), **7(a)**
- F6** Words in Sch. 20A para. 5C(7) substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by [The Lloyds Underwriters \(Roll-over Relief on Disposal of Assets of Ancillary Trust Fund\) \(Tax\) Regulations 2016 \(S.I. 2016/597\)](#), regs. 1(1), **7(b)**
- F7** Sch. 20A para. 5C(7A) inserted (with effect in accordance with reg. 1(3) of the amending S.I.) by [The Lloyds Underwriters \(Roll-over Relief on Disposal of Assets of Ancillary Trust Fund\) \(Tax\) Regulations 2016 \(S.I. 2016/597\)](#), regs. 1(1), **7(c)**

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