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Changes to legislation: Income and Corporation Taxes Act 1988, SCHEDULE 19ABA is up to date with all changes known to be in force on or before 15 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 19ABA

Section 440D

MODIFICATION OF LIFE ASSURANCE PROVISIONS OF THE CORPORATION TAX ACTS IN RELATION TO BLAGAB GROUP REINSURERS

PART 1

INTRODUCTORY

- 1 (1) In their application to a BLAGAB group reinsurer the life assurance provisions of the Corporation Tax Acts shall have effect with the following modifications.
- (2) In this paragraph “BLAGAB group reinsurer” means an insurance special purpose vehicle which—
- (a) would fall within the definition of “insurance company” in section 431 if the words after paragraph (b) of the definition were disregarded, and
 - (b) meets the BLAGAB group reinsurer conditions.
- (3) For the purposes of sub-paragraph (2), an insurance special purpose vehicle meets the BLAGAB group reinsurance conditions if—
- (a) it carries on basic life assurance and general annuity business,
 - (b) all of its life assurance business is reinsurance business and that business is of a type excluded from section 431G(3) by regulations made by the Board, and
 - (c) section 431G(3)(b) does not apply.

PART 2

MODIFICATIONS OF THIS ACT

- 2 This Act shall have effect with the following modifications.

Modification of section 76 (expenses of insurance companies)

- 3 (1) Modify section 76 (expenses of insurance companies) as follows.
- (2) In subsection (3) for the words from “means” to the end substitute—
- “means—
- (a) in the case of a company preparing IAD accounts, expenses included in item II.8 or 9(a) of the long-term business technical account, and

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(b) in the case of a company preparing IAS accounts, such of the expenses included in the income statement in the IAS accounts as are equivalent to expenses that would be included in item II.8 or 9(a) of the long-term business technical account in IAD accounts, but does not include any of the amounts falling within subsection (4), (5) or (6) below.”.

(4) In subsection (7)—

(a) omit Step 6;

(b) in Step 7—

(i) in paragraph (a) for “Subtotal 3” substitute “ Subtotal 2 ”;

(ii) for “Subtotal 4” substitute “ the expenses deduction ”;

(c) omit Step 8.

(5) In subsection (8) omit paragraphs (b) and (c).

(6) In subsection (12)(a) for “Step 8” insert “ Step 7 ”.

(7) In subsection (15) after the definition of “expenses payable” insert—

““long-term business technical account” means the technical account for life-assurance business included in the IAD accounts, or where the technical account included in the IAD accounts for non-life-insurance business of the company is used for all business, such part of that account as relates to the long-term business of the company;”.

Modification of section 431 (interpretative provisions relating to insurance companies)

4 (1) Modify section 431(2) (interpretative provisions relating to insurance companies) as follows.

(2) Insert the following definitions in the appropriate places—

““IAD accounts” means accounts drawn up in accordance with the Council Directive of 19th December 1991 on the annual accounts of insurance undertakings (No. 91/674/EEC)^{M1};”,

““IAS accounts” means accounts prepared in accordance with international accounting standards;”.

(3) In the definition of “insurance company” at the end insert “ unless it meets the BLAGAB group reinsurer conditions (within the meaning of paragraph 1 of Schedule 19ABA ”.

(4) For the definition of “liabilities” substitute—

““liabilities” means—

(a) technical provisions (item C), and

(b) technical provisions for linked liabilities (item D),

in the liabilities in the balance sheet format in paragraph 9 of Schedule 9A to the Companies Act 1985 in the IAD accounts or equivalent provisions in the IAS accounts;”;

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(5) For the definition of “long-term insurance fund” substitute—

““long-term insurance fund” means—

- (a) the technical account for life assurance business of the company included in the IAD accounts,
- (b) where the technical account included in the IAD accounts for non-life-insurance business of the company is used for all business, such part of that account as relates to the long-term business of the company, or
- (c) such part of the income statement as relates to the life assurance business of the company included in the IAS accounts,

and references to assets of the long-term insurance fund shall be read as references to assets from which any income or gain is or would be included in that technical account or that part of the technical account or that part of the income statement;”.

(6) For the definition of “periodical return” substitute—

““periodical return” means—

- (a) in relation to a company preparing IAD accounts, the IAD accounts, and
- (b) in relation to a company preparing IAS accounts, the IAS accounts;”;

(7) Omit the definition of “period of account”;

(8) For the definition of “value” substitute—

““value” means the value taken into account for the purposes of IAD accounts or IAS accounts”.

Marginal Citations

M1 O.J. L374, 31.12.1991, p.7.

Modification of section 432B (apportionment of receipts brought into account)

- 5
- (1) Modify section 432B (apportionment of receipts brought into account) as follows.
 - (2) In subsection (1) for “sections 432C to 432G” substitute “ sections 432C and 432G ”.
 - (3) In subsection (2) for “sections 432C to 432G” substitute “ sections 432C and 432G ”.
 - (4) Omit subsection (3).

Modification of section 432E (section 432B apportionment: participating funds)

- 6
- Omit section 432E (section 432B apportionment: participating funds).

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Modification of section 432F (section 432B apportionment: supplementary provisions)

7 Omit section 432F (section 432B apportionment: supplementary provisions).

Modification of section 444AA (transfers of business: deemed periodic return)

8 Omit section 444AA (transfers of business: deemed periodic return).

VALID FROM 12/08/2008

Modification of section 444ABA (relevant non-transferred assets)

8A In section 444ABA (relevant non-transferred assets) in subsection (1) for the definition of BTO substitute—

“BTO is the lesser of VA and APL, where—

- (a) VA is the value of the assets transferred by the insurance business transfer scheme shown (or treated as shown) in the periodical return of the transferor for the period of account of the transferor including the transfer date, and
- (b) APL is the amount of the profit or loss for the financial year shown in the balance sheet in the periodical return for the last period of account of the transferor ending before the transfer date, together with—
 - (i) in the case of IAD accounts, the amount of profit or loss shown as being brought forward in that balance sheet, and
 - (ii) in the case of IAS accounts, the amount of retained earnings shown as being brought forward in that balance sheet.”.

VALID FROM 12/08/2008

Modification of section 444ABB (retained assets)

8B (1) Modify section 444ABB (retained assets) as follows.

(2) In subsection (1)—

- (a) for “RL13” (in both places) substitute “ RL ”, and
- (b) in the definition of RL13 for “AL13” substitute “ APL ”.

(3) In subsection (1A) for paragraphs (a) to (c) substitute—

- “(a) APL is the amount of the profit or loss for the financial year shown in the balance sheet in the periodical return for the last period of account of the transferor ending before the transfer date, together with—

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- (i) in the case of IAD accounts, the amount of profit or loss shown as brought forward in that balance sheet, and
- (ii) in the case of IAS accounts, the amount of retained earnings shown as brought forward in that balance sheet;
- (b) VE is the amount (if any) by which VA exceeds VTL where—
 - (i) VA is the value of the assets transferred by the insurance business transfer scheme shown (or treated as shown) in the periodical return of the transferor for the period of account of the transferor including the transfer date, and
 - (ii) VTL is the value of the liabilities transferred by the insurance business transfer scheme (but excluding those which arise from deposit back arrangements); and
- (c) relevant retained liabilities are any liabilities of the company's long-term business which are owed by the company immediately after the transfer date and are shown (or treated as shown)—
 - (i) at items C3 (net of reinsurance) and G in IAD accounts, or
 - (ii) at equivalent items in the balance sheet in IAS accounts.”.

VALID FROM 12/08/2008

Modification of section 444ABD (transferor's period of account including transfer)

- 8C (1) Modify section 444ABD (transferor's period of account including transfer) as follows.
- (2) In subsection (1) for paragraphs (a) and (b) substitute—
- “(a) the value of the liabilities transferred by the insurance business transfer scheme (but excluding those which arise from deposit back arrangements), exceeds
 - (b) the value, immediately before the transfer, of the assets transferred by the insurance business transfer scheme,”.
- (3) In subsection (1E) for “amount” (in the first place) substitute “ value ”.

VALID FROM 12/08/2008

Modification of section 444AC (transfer schemes: reduction of income of transferee)

- 8D (1) Modify section 444AC (transfer schemes: reduction of income of transferee) as follows.
- (2) In subsection (4) for the words from “lesser of” to the end substitute—

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“the amount of the profit or loss for the financial year shown in the balance sheet in the periodical return for the last period of account of the transferor ending before the transfer date, together with—

- (a) in the case of IAD accounts, the amount of profit or loss shown as being brought forward in that balance sheet, and
- (b) in the case of IAS accounts, the amount of retained earnings shown as being brought forward in that balance sheet.”.

(3) Omit subsection (5).

VALID FROM 12/08/2008

Modification of section 444AE (transfers of business: FAFTS)

- 8E (1) In a case where the transferor or the transferee is a BLAGAB group reinsurer (or both are), omit section 444AE (transfers of business: FAFTS).

VALID FROM 12/08/2008

Modification of section 444AEA (transfer schemes: anti-avoidance rule)

- 8F In section 444AEA (transfer schemes: anti-avoidance rule), in subsection (6), in the definition of “surplus-increasing transfer of assets”, for “increases the amount of total surplus shown in line 39 of Form 58” substitute “ gives rise to an amount that increases the profits or reduces the losses shown ”.

Modification of section 804C (insurance companies: allocation of expenses etc in computations under Case 1 of Schedule D)

- 9 In section 804C (insurance companies: allocation of expenses etc in computations under Case 1 of Schedule D) in subsection (14) for “construed—” and paragraphs (a) and (b) substitute “construed in accordance with section 804E (interpretation of section 804C in relation to other insurance business).”.

Modification of section 804D (interpretation of section 804C in relation to life insurance business)

- 10 Omit section 804D (interpretation of section 804C in relation to life insurance business).

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Modification of section 804E (interpretation of section 804C in relation to other insurance business)

- 11 In section 804E (interpretation of section 804C in relation to other insurance business) in subsection (1) omit the words from “where” to the end.

PART 3

MODIFICATION OF THE FINANCE ACT 1989

Modification of the Finance Act 1989

- 12 The Finance Act 1989 ^{M2} shall have effect with the following modifications.

Marginal Citations

M2 1989 c. 26.

Modification of section 82B (unappropriated surplus on valuation)

- 13 Omit section 82B (unappropriated surplus on valuation).

Modification of section 82D (treatment of profits: life assurance—adjustment consequent on change in Insurance Prudential Sourcebook)

- 14 Omit section 82D (treatment of profits: life assurance—adjustment consequent on change in Insurance Prudential Sourcebook).

Modification of section 82E (section 82D: treatment of transferors under insurance business transfer schemes)

- 15 Omit section 82E (section 82D: treatment of transferors under insurance business transfer schemes).

Modification of section 82 (section 82D: treatment of transferees under insurance business transfer schemes)

- 16 Omit section 82F (section 82D: treatment of transferees under insurance business transfer schemes).

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Modification of section 83 (receipts to be taken into account)

- 17 In section 83 (receipts to be taken into account)—
- (a) after paragraph (b) insert—
 - “(ba) a transfer from the fund for future appropriations.”;
 - (b) after subsection (2) insert—
 - “(2YA) A transfer to the fund for future appropriations shall be treated as brought into account for that period as a decrease in the value of non-linked assets and taken into account as an expense of the period of account.”;
 - (c) omit subsections (2A) to (2E).

Modification of section 83XA (structural assets)

- 18 In section 83XA (structural assets) in subsection (3)) for the words from “means” to the end substitute “ means assets listed under 1 and 2 in C(II) in Article 6 of the Council Directive of 19th December 1991 on the annual accounts and consolidated accounts of insurance undertakings (No. 91/674/EEC)^{M3} ”.

Marginal Citations

M3 O.J. L374, 31.12.1991, p.7.

Modification of section 83YA (changes in value of assets brought into account: non-profit companies)

- 19 Omit section 83YA (changes in value of assets brought into account: non-profit companies).

Modification of section 83YB (meaning of “appropriate line 51” amount for purposes of section 83YA)

- 20 Omit section 83YB (meaning of “appropriate line 51” amount for purposes of section 83YA).

VALID FROM 12/08/2008

Modification of section 83YC to 83YF (financing-arrangement-funded transfers)

- 20A Omit sections 83YC to 83YF (financing-arrangement-funded transfers).

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Modification of section 83A (meaning of brought into account)

- 21 (1) Modify section 83A (meaning of “brought into account”) as follows.
- (2) For subsection (2) substitute—
- “(2) The accounts recognised for the purposes of those sections are—
- (a) such technical accounts (or such parts of those accounts) included in the IAD accounts, or
- (b) such parts of the income statements included in the IAS accounts, as relate to the whole of the company's long-term business.”.
- (3) Omit subsections (3) to (4).

Modification of section 83B (changes in recognised accounts: attribution of amounts carried forward under section 432F of Taxes Act 1988)

- 22 Omit section 83B (changes in recognised accounts: attribution of amounts carried forward under section 432F of Taxes Act 1988).

Modification of section 85A (excess adjusted Case 1 profits)

- 23 In section 85A (excess adjusted Case 1 profits) in subsection (8)(a) for “Step 8” substitute “ Step 7 ”.

Modification of section 86 (spreading of relief for acquisition expenses)

- 24 Omit section 86 (spreading of relief for acquisition expenses).

Modification of section 89 (policy holders' share of profits)

- 25 In section 89 (policy holders' share of profits) omit subsection (6).

VALID FROM 01/04/2010

PART 4

MODIFICATION OF PART 2 OF TIOPA 2010 (DOUBLE TAXATION RELIEF)

- 26 TIOPA 2010 shall have effect with the following modifications.

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Modification of section 102 (interpreting sections 99 to 101 for life assurance or gross roll-up business)

27 Omit section 102.

Modification of section 103 (interpreting sections 99 to 101 for other insurance business)

28 In section 103(1) omit the words from “if” to the end.

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