



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XII **U.K.**

SPECIAL CLASSES OF COMPANIES AND BUSINESSES

CHAPTER I **U.K.**

INSURANCE COMPANIES, UNDERWRITERS AND CAPITAL REDEMPTION BUSINESS

[^{F1}Miscellaneous provisions relating to life assurance business]

[^{F1}434E Capital allowances: investment assets. **U.K.**

- (1) In this section “investment asset” means an asset held by a company for the purposes of its life assurance business otherwise than for the management of that business.
- (2) The letting by a company of an investment asset shall be treated for the purposes of section 61 of the 1990 Act (machinery and plant on lease) as a letting otherwise than in the course of a trade [^{F2}except where it is a letting of machinery or plant that is deemed to be a letting in the course of a trade by virtue of section 28A of that Act (Schedule A businesses etc.).]
- (3) Any allowance under Part V of the 1990 Act (agricultural buildings, &c.) in respect of an investment asset shall be made by way of discharge or repayment of tax and shall be available primarily against agricultural income and income which is the subject of a balancing charge.

Effect shall be given to any balancing charge under that Part in respect of an investment asset by treating the amount on which the charge is to be made as agricultural income.

- (4) Any allowance under the 1990 Act in respect of an investment asset shall be treated as referable to the category or categories of business to which income arising from the

Status: Point in time view as at 19/03/1997. This version of this provision has been superseded.

Changes to legislation: *Income and Corporation Taxes Act 1988, Section 434E 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)*

asset is or would be referable and shall be apportioned in accordance with section 432A in the same way as such income.

- (5) No allowance under the 1990 Act in respect of an investment asset shall be taken into account—
- (a) in computing the profits of any class of life assurance business under section 436, 439B or 441, or
 - (b) where the company is charged to tax in respect of its life assurance business under Case I of Schedule D, in computing the profits of that business.
- (6) Where any allowance under the 1990 Act in respect of an investment asset falls to be taken into account (having regard to subsection (5) above), only such allowances as are referable to the company's basic life assurance and general annuity business shall be given effect under section 145(1) of that Act, and then only against income referable to that business; and section 145(3) shall not apply.]

Textual Amendments

- F1** Ss. 434D, 434E inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 23(1)** (with Sch. 8 para. 55(2))
- F2** Words in s. 434E(2) inserted (with effect in accordance with Sch. 15 para. 9(1) of the amending Act) by Finance Act 1997 (c. 16), **Sch. 15 para. 8**

Modifications etc. (not altering text)

- C1** S. 434E(6) modified (with effect in accordance with reg. 1(2) of the modifying S.I.) by **The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473)**, **regs. 1(1), 18** (which reg. is omitted (1.1.2002) by virtue of **The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2001 (S.I. 2001/3975)**, **regs. 1, 5**)

Status:

Point in time view as at 19/03/1997. This version of this provision has been superseded.

Changes to legislation:

Income and Corporation Taxes Act 1988, Section 434E 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.