



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VI U.K.

COMPANIES, OIL, INSURANCE ETC.

CHAPTER III U.K.

INSURANCE

[^{F1}210A Ring-fencing of losses U.K.]

- (1) Section 8(1) has effect in relation to insurance companies subject to the provisions of this section.
- (2) Non-BLAGAB allowable losses accruing to an insurance company are not allowable as a deduction from the policy holders' share of the BLAGAB chargeable gains accruing to the company.
- (3) BLAGAB allowable losses accruing to an insurance company are allowable as a deduction from non-BLAGAB chargeable gains accruing to the company as permitted by the following provisions of this section (and not otherwise).
- (4) They are allowable as a deduction from only so much of non-BLAGAB chargeable gains accruing to the company in an accounting period as exceeds the aggregate of—
 - (a) non-BLAGAB allowable losses accruing to the company in the accounting period, and
 - (b) non-BLAGAB allowable losses previously accruing to the company which have not been allowed as a deduction from chargeable gains accruing in any previous accounting period.
- (5) And they are allowable as a deduction from non-BLAGAB chargeable gains accruing to the company in an accounting period only to the extent that they do not exceed the permitted amount for the accounting period.

Status: Point in time view as at 27/05/2011. This version of this provision has been superseded.

Changes to legislation: Taxation of Chargeable Gains Act 1992, Section 210A 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)

- (6) The permitted amount for the first accounting period of an insurance company in relation to which this section has effect is the aggregate of—
- (a) the amount by which shareholders' share for that accounting period of BLAGAB allowable losses accruing to the company in the accounting period exceeds the shareholders' share of BLAGAB chargeable gains so accruing, and
 - (b) the shareholder's share for the immediately preceding accounting period of BLAGAB allowable losses previously accruing to the company which have not been allowed as a deduction from chargeable gains accruing in that immediately preceding accounting period or any earlier accounting period.
- (7) The permitted amount for any subsequent accounting period of the company is arrived at by—
- (a) deducting from the permitted amount for the immediately preceding accounting period the amount of any BLAGAB allowable losses allowed as a deduction from non-BLAGAB chargeable gains accruing to the company in the immediately preceding accounting period, and
 - (b) adjusting the result in accordance with subsection (8) or (9) below.
- (8) If the BLAGAB chargeable gains accruing to the company in the subsequent accounting period exceed the BLAGAB allowable losses so accruing, the amount arrived at under subsection (7)(a) above is reduced by a fraction of which—
- (a) the denominator is the BLAGAB allowable losses accruing to the company in any previous accounting period which have not been allowed as a deduction from chargeable gains accruing to the company in any previous accounting period, and
 - (b) the numerator is so many of those allowable losses as are allowed as a deduction from BLAGAB chargeable gains accruing to the company in the accounting period.
- (9) If the BLAGAB allowable losses accruing to the company in the subsequent accounting period exceed the BLAGAB chargeable gains so accruing, the amount arrived at under subsection (7)(a) above is increased by the shareholders' share of the amount by which those allowable losses exceed those chargeable gains.
- (10) For the purposes of this section the policy holders' share of chargeable gains or allowable losses accruing to an insurance company in an accounting period—
- (a) if the policy holders' share of the relevant profits for the accounting period exceeds the BLAGAB profits of the company for the period^{F2}..., is the whole amount of the chargeable gains or allowable losses, and
 - (b) otherwise, is the same proportion of that whole amount as the policy holders' share of the relevant profits [^{F3}for the accounting period bears to those BLAGAB profits].

[But where the BLAGAB profits for an accounting period are nil, the policy holders' share of the chargeable gains or allowable losses accruing in the accounting period—

- (a) if there are [^{F5}life assurance trade profits] of the accounting period in respect of its life assurance business, is nil, and
- (b) otherwise, is such proportion of the chargeable gains or allowable losses as is just and reasonable;

and for this purpose there are [^{F5}life assurance trade profits] if there are profits computed in accordance with the [^{F6}life assurance trade profits provisions] after

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making adjustments in respect of losses in accordance with section 85A(4) of the Finance Act 1989.]

(11) In arriving at the policy holders' share of chargeable gains accruing to an insurance company under subsection (10) above there is to be ignored—

- (a) any deduction under section 202(9) (mineral leases: capital losses),
- (b) any reduction under section 213(3) (spreading of losses from deemed disposal of holdings of unit trust etc), and
- (c) any amount carried back under [F7section 389(1) of CTA 2009] (non-trading deficit on loan relationships).

(12) For the purposes of this section the shareholders' share of chargeable gains or allowable losses in relation to an accounting period of an insurance company is the proportion of the whole which is not represented by the policy holders' share of them in relation to the accounting period.

(13) In this section—

“BLAGAB allowable losses”, in relation to an insurance company, means allowable losses referable [F8(in accordance with section 432A of the Taxes Act)] to the company's basic life assurance and general annuity business,

“BLAGAB chargeable gains”, in relation to an insurance company, means chargeable gains referable [F8(in accordance with section 432A of the Taxes Act)] to the company's basic life assurance and general annuity business,

“non-BLAGAB allowable losses”, in relation to an insurance company, means allowable losses of the company which are not BLAGAB allowable losses,

“non-BLAGAB chargeable gains”, in relation to an insurance company, means chargeable gains of the company which are not BLAGAB chargeable gains, and

“the relevant profits” and “the policy holders' share of the relevant profits” have the same meaning as they have for the purposes of subsection (1) of section 88 of the Finance Act 1989 by virtue of subsection (3) of that section and section 89 of that Act.]

Textual Amendments

- F1** S. 210A inserted (with effect in accordance with Sch. 33 para. 14(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 33 para. 14\(1\)](#)
- F2** Words in s. 210A(10)(a) omitted (with effect in accordance with Sch. 17 para. 18(6) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 18\(5\)\(b\)](#)
- F3** Words in s. 210A(10)(b) substituted (with effect in accordance with Sch. 7 para. 6(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 7 para. 6\(1\)](#)
- F4** S. 210A(10A) inserted (with effect in accordance with Sch. 17 para. 15 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 13](#)
- F5** Words in s. 210A(10A) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 379\(2\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F6** Words in s. 210A(10A) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 379\(2\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F7** Words in s. 210A(11)(c) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 379\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F8** Words in s. 210A(13) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 7 para. 9\(3\)\(a\)](#)

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Modifications etc. (not altering text)

- C1** S. 210A modified by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\)](#), **reg. 34A** (as inserted by S.I. 2007/2134, regs. 1(1)(2), 27)

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