



# Finance Act 2012

## 2012 CHAPTER 14

### PART 2

#### INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

### CHAPTER 5

#### I - E PROFIT: POLICYHOLDERS' RATE OF TAX

##### *Tax rate on policyholders' share of I - E profit*

#### **102 Policyholders' rate of tax on policyholders' share of I - E profit**

- (1) This section applies if an insurance company has an I - E profit for an accounting period.
- (2) The rate of corporation tax chargeable for a financial year on the policyholders' share (if any) of the I - E profit is the policyholders' rate of tax.
- (3) The policyholders' rate of tax is the rate at which income tax at the basic rate is charged for the tax year that begins on 6 April in the financial year.
- (4) The policyholders' share of the I - E profit is determined in accordance with section 103.
- (5) The policyholders' share of the I - E profit for an insurance company's accounting period is to be left out of account in determining for the purposes of Part 3 of CTA 2010 (companies with small profits)—
  - (a) the augmented profits of the company for the accounting period, and
  - (b) the taxable total profits of the company for the accounting period.