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Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XII

SPECIAL CLASSES OF COMPANIES AND BUSINESSES

CHAPTER I

INSURANCE COMPANIES, UNDERWRITERS AND CAPITAL REDEMPTION BUSINESS

[^{F1}Classes of life assurance business]

Textual Amendments

F1 Ss. 431B-431F and cross-heading inserted (with effect in accordance with Sch. 8 paras. 55, 57 of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 2](#)

^{F2}431B Meaning of “pension business”.

- (1) In this Chapter “pension business” means so much of a company’s life assurance business as is referable to contracts entered into for the purposes of a registered pension scheme or is the reinsurance of such business.
- (2) Where a pension scheme ceases to be a registered pension scheme by virtue of the withdrawal of registration of the pension scheme under section 157 of the Finance Act 2004, any of the company’s life assurance business that was pension business when the pension scheme was a registered pension scheme is to be treated as ceasing to be pension business at the beginning of the period of account of the company in which the pension scheme so ceases to be a registered pension scheme.
- (3) Where—

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- (a) immediately before 6th April 2006 an annuity contract falls within any of the descriptions of contracts specified in subsection (2) of this section as it had effect immediately before that date, but
- (b) on or after that date the contract does not fall to be regarded for the purposes of this section as having been entered into for the purposes of a registered pension scheme,

the contract is to be treated for the purposes of this section as having been entered into for such purposes.]

Textual Amendments

F2 S. 431B substituted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), **Sch. 35 para. 20** (as amended by Finance Act 2005 (c. 5), **Sch. 9 para. 18(2)-(4)(7)**) (with Sch. 36)

[^{F3}431B Meaning of “child trust fund business”

- (1) In this Chapter “child trust fund business” means so much of a company's life assurance business as is referable to child trust fund policies (but not including the reinsurance of such business).
- (2) In this section “child trust fund policy” means a policy of life insurance which is an investment under a child trust fund (within the meaning of the Child Trust Funds Act 2004).]

Textual Amendments

F3 Ss. 431BA, 431BB inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 8** (with Sch. 7 Pt. 2)

[^{F3}431BB Meaning of “individual savings account business”

- (1) In this Chapter “individual savings account business” means so much of a company's life assurance business as is referable to individual savings account policies (but not including the reinsurance of such business).
- (2) In this section “individual savings account policy” means a policy of life insurance which is an investment of a kind specified in regulations made by virtue of section 695(1) of ITTOIA 2005.]

Textual Amendments

F3 Ss. 431BA, 431BB inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 8** (with Sch. 7 Pt. 2)

431C Meaning of “life reinsurance business”.

- (1) In this Chapter “life reinsurance business” means reinsurance of life assurance business other than pension business or business of any description excluded from this section by regulations made by the Board.

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- (2) Regulations under subsection (1) above may describe the excluded business by reference to any circumstances appearing to the Board to be relevant.

Modifications etc. (not altering text)

- C1** S. 431C modified (with effect in accordance with reg. 1 of the affecting S.I.) by [The Insurance Companies \(Taxation of Reinsurance Business\) Regulations 1995 \(S.I. 1995/1730\)](#), **reg. 11** (as amended by: [S.I. 1996/1621](#), **regs. 1, 5**; [S.I. 2003/2573](#), **regs. 1(1)(2), 10**; [S.I. 2007/2087](#), **regs. 1(1)(2), 6**)
- C2** S. 431C(1) modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998 \(S.I. 1998/1871\)](#), **regs. 1, 5, 8**
- C3** S. 431C(1) modified (6.4.2005) by [The Child Trust Funds \(Insurance Companies\) Regulations 2004 \(S.I. 2004/2680\)](#), **regs. 1, 4, 6**; [S.I. 2004/3369](#), **art. 2(1)**

431D Meaning of “overseas life assurance business”.

[^{F4}(1) In this Chapter “overseas life assurance business” means so much of a company's relevant life assurance business as is with a policy holder or annuitant not residing in the United Kingdom (but not including the reinsurance of such business).

(1A) In subsection (1) above “relevant life assurance business” means life assurance business other than—

- (a) pension business
- (b) individual savings account business,
- (c) child trust fund business, and
- (d) business of any description prescribed by regulations made by the Commissioners for Her Majesty's Revenue and Customs.]

[^{F5}(2) Regulations under subsection [^{F6}(1A)] above may describe the excluded business by reference to any circumstances appearing to the [^{F7}Commissioners] to be relevant.

(3) The [^{F8}Commissioners for Her Majesty's Revenue and Customs] may by regulations—

- (a) make provision as to the circumstances in which a trustee who is a policy holder or annuitant residing in the United Kingdom is to be treated for the purposes of this section as not so residing; and
- (b) provide that nothing in Chapter II of Part XIII [^{F9}or Chapter 9 of Part 4 of ITTOIA 2005] shall apply to a policy or contract which constitutes overseas life assurance business by virtue of any such provision as is mentioned in paragraph (a) above.

(4) Regulations under subsection [^{F6}(1A)] or (3) above may contain such supplementary, incidental, consequential or transitional provision as appears to the [^{F7}Commissioners] to be appropriate [^{F10}(including provision amending any enactment or any instrument made under an enactment)].]

Textual Amendments

- F4** S. 431D(1)(1A) substituted for s. 431D(1) (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 9(2)** (with [Sch. 7 Pt. 2](#))
- F5** S. 431D(2)-(4) substituted for s. 431D(2)-(8) (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), **s. 108(2)** (with s. 108(3))

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- F6** Words in s. 431D(2)(4) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 9(3)** (with Sch. 7 Pt. 2)
- F7** Words in s. 431D(2)(4) substituted (21.7.2008) by Finance Act 2008 (c. 9), **Sch. 17 para. 26(2)**
- F8** Words in s. 431D(3) substituted (21.7.2008) by Finance Act 2008 (c. 9), **Sch. 17 para. 26(3)**
- F9** Words in s. 431D(3)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 176** (with Sch. 2)
- F10** Words in s. 431D(4) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 9(4)** (with Sch. 7 Pt. 2)

431E Overseas life assurance business: regulations.

- (1) The Board may by regulations make provision for giving effect to section 431D.
- (2) Such regulations may, in particular—
 - (a) provide that, in such circumstances as may be prescribed, any prescribed issue as to whether business is or is not overseas life assurance business (or overseas life assurance business of a particular kind) shall be determined by reference to such matters (including the giving of certificates or undertakings, the giving or possession of information or the making of declarations) as may be prescribed,
 - (b) require companies to obtain certificates, undertakings, information or declarations from policy holders or annuitants, or from trustees or other companies, for the purposes of the regulations,
 - (c) make provision for dealing with cases where any issue such as is mentioned in paragraph (a) above is (for any reason) wrongly determined, including provision allowing for the imposition of charges to tax (with or without limits on time) on the insurance company concerned or on the policy holders or annuitants concerned,
 - (d) require companies to supply information and make available books, documents and other records for inspection on behalf of the Board, and
 - (e) make provision (including provision imposing penalties) for contravention of, or non-compliance with, the regulations.
- (3) The regulations may—
 - (a) make different provision for different cases, and
 - (b) contain such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.

[^{F11}431E Meaning of “gross roll-up business”

In this Chapter “gross roll-up business” means business of any of the following kinds—

- (a) pension business;
- (b) child trust fund business;
- (c) individual savings account business;
- (d) life reinsurance business; and
- (e) overseas life assurance business.]

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Textual Amendments

- F11** S. 431EA inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007](#) (c. 11), [Sch. 7 para. 10](#) (with [Sch. 7 Pt. 2](#))

431F Meaning of “basic life assurance and general annuity business”.

In this Chapter “basic life assurance and general annuity business” means life assurance business [^{F12}other than gross roll-up business].

Textual Amendments

- F12** Words in s. 431F substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007](#) (c. 11), [Sch. 7 para. 11](#) (with [Sch. 7 Pt. 2](#))

Modifications etc. (not altering text)

- C4** S. 431F modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998](#) (S.I. 1998/1871), [regs. 1, 5, 9](#)
- C5** S. 431F modified (6.4.2005) by [The Child Trust Funds \(Insurance Companies\) Regulations 2004](#) (S.I. 2004/2680), [regs. 1, 4, 7](#); S.I. 2004/3369, [art. 2\(1\)](#)

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