

Status: Point in time view as at 31/12/2004.

Changes to legislation: Income and Corporation Taxes Act 1988, SCHEDULE 19AA is up to date with all changes known to be in force on or before 10 June 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

[^{F1}SCHEDULE 19AA

Section 431]

OVERSEAS LIFE ASSURANCE FUND

Textual Amendments

- F1** Sch. 19AA inserted (for accounting periods beginning on or after 1 January 1990) by Finance Act 1990 (c. 29), Sch.7 paras. 6, 10

- 1 (1) This Schedule shall have effect for determining for the purposes of this Chapter the assets of a company which are the assets of its overseas life assurance fund.
- (2) The Treasury may by order amend any of the following provisions of this Schedule [^{F2}(including any modification of any of those provisions made by paragraph 14A of Schedule 19AC)].

Textual Amendments

- F2** Words in Sch. 19AA para. 1(2) inserted (with effect in accordance with Sch. 8 para. 55 of the amending Act) by Finance Act 1995 (c. 4), Sch. 8 para. 33

- 2 (1) Assets of a company at the end of a period of account which—
- (a) were assets of the overseas life assurance fund at the end of the immediately preceding period of account, and
 - (b) are assets of the [^{F3}long-term insurance fund] of the company throughout the period,
- shall be assets of the overseas life assurance fund throughout the period .
- (2) Where in a period of account assets of a company which were assets of the overseas life assurance fund at the end of the immediately preceding period of account are disposed of by the company, or otherwise cease to be assets of the [^{F3}long-term insurance fund] of the company, they shall be assets of the overseas life assurance fund from the beginning of the period until they are disposed of or, as the case may be, they cease to be assets of the [^{F3}long-term insurance fund].
- (3) Where—
- (a) in any period of account assets are acquired by a company as assets of the [^{F3}long-term insurance fund] , or otherwise become assets of that fund,
 - (b) the assets are disposed of by the company, or otherwise cease to be assets of that fund, later in the same period,

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- (c) throughout the part of the period during which the assets are assets of the [F³long-term insurance fund] they are [F⁴assets within paragraph 5(5)(a) or] assets within paragraph 5(5)(c) below, and
- (d) it is appropriate having regard to all the circumstances (including a comparison between the relationship of the value of the assets of the overseas life assurance fund and the liabilities of the overseas life assurance business and that of the value of the assets of the [F³long-term insurance fund] and the liabilities of the company's [F⁵long-term] business) that they be assets of the overseas life assurance fund,
- they shall be assets of the overseas life assurance fund for the part of the period during which they are assets of the [F³long-term insurance fund].

Textual Amendments

- F3** Words in Sch. 19AA para. 2(1)(b)(2)(3) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 52(1)(k)(i)
- F4** Words in Sch. 19AA para. 2(3)(c) substituted (10.1.1995 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 1994 (S.I. 1994/3278), art. 3
- F5** Words in Sch. 19AA para. 2(3)(d) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 52(2)(m)(i)

Modifications etc. (not altering text)

- C1** See 1990 s. 42 and Sch. 7 para. 10(2) regarding treatment of assets in relation to the first period of account of an insurance company

- 3 (1) Where the value of the assets mentioned in paragraph 2(1) above at the end of the period is less than the amount mentioned in paragraph 4 below (or where there are no assets within paragraph 2(1)), assets which—
- (a) are assets of the [F⁶long-term insurance fund] of the company at the end of the period,
- (b) have a value at that time equal to the difference (or to that amount), and
- (c) are designated in accordance with paragraph 5 below,
- shall become assets of the overseas life assurance fund at the relevant time.
- (2) In sub-paragraph (1) above “the relevant time” means—
- (a) where the asset is not an asset of the [F⁶long-term insurance fund] of the company throughout the period, the time when it became such an asset, and
- (b) in any other case, the end of the period.
- (3) Where the value of the assets mentioned in paragraph 2(1) above at the end of the period is greater than the amount mentioned in paragraph 4 below, assets which—
- (a) are assets of the [F⁶long-term insurance fund] of the company at the end of the period,
- (b) have a value at that time equal to the difference, and
- (c) are designated in accordance with paragraph 5 below,
- shall cease to be assets of the overseas life assurance fund at the end of the period.

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Textual Amendments

F6 Words in Sch. 19AA para. 3(1)(a)(2)(a)(3)(a) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 52(1)(k)(ii)

4 ^{F7}(1) The amount referred to in paragraph 3 above shall be determined by the formula—

$$A + B - C - D$$

where—

A is the liabilities of the company's overseas life assurance business at the end of the period of account,

^{F8}B is the aggregate of—

(a) the appropriate part of the investment reserve at that time, and

(b) the appropriate part of any liabilities of the company's ^{F9}long-term insurance fund] at that time which represent a money debt,]

C is the value, at that time, of any land in the United Kingdom which is an asset linked solely to the company's overseas life assurance business, and

D is the relevant fraction of the value, at that time, of any land in the United Kingdom which is an asset linked both to the company's overseas life assurance business and to some other category of business.]

^{F10}(2) In sub-paragraph (1) above, in B, the "appropriate part" of the company's investment reserve at the end of the period of account, or of any liabilities of its ^{F9}long-term insurance fund] at that time which represent a money debt, is—

(a) where none (or none but an insignificant proportion) of the liabilities of the company's ^{F11}long-term] business at that time are with-profits liabilities, the part which bears to the whole the proportion A/B; and

(b) in any other case, the part which bears to the whole the proportion C/D.

For this purpose—

A is the amount of the liabilities of the company's overseas life assurance business at the end of the period of account,

B is the whole amount of the liabilities of the company's ^{F11}long-term] business at that time,

C is the amount of the with-profits liabilities of the company's overseas life assurance business at that time, and

D is the whole amount of the with-profits liabilities of the company's long-term business at that time.]

^{F12}(3) In this Schedule "land" includes buildings and other structures, land covered with water, and any estate, interest, easement, servitude, right or licence in or over land.

(4) In sub-paragraph (1) above, in D, "the relevant fraction" is the fraction of which—

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- (a) the numerator is the value, at the end of the period of account, of such of the liabilities of the company's overseas life assurance business as were liabilities in respect of benefits to be determined by reference to the value of the asset; and
- (b) the denominator is the value, at that time, of all the liabilities of the company's ^[F11]long-term] business which were liabilities in respect of benefits to be so determined.]

^[F13](5) In this paragraph—

“investment reserve”, in relation to an insurance company, means the excess of the value of the assets of the company's ^[F11]long-term] business over the aggregate of—

- (a) ^[F14]the value of the liabilities of that business, and
- (b) any money debts of the company not within paragraph (a) above which are owed in respect of that business;]

“money debt” has the same meaning as in Chapter II of Part IV of the Finance Act 1996 ^{M1}.]

Textual Amendments

- F7** Sch. 19AA para. 4(1) substituted (10.1.1995 with effect in accordance with art. 1 of the amending S.I.) by [The Overseas Life Assurance Fund \(Amendment\) Order 1994 \(S.I. 1994/3278\)](#), **art. 4(1)**
- F8** Sch. 19AA para. 4(1): definition of "B" substituted (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by [The Overseas Life Assurance Fund \(Amendment\) Order 2000 \(S.I. 2000/2188\)](#), **art. 3(2)**
- F9** Words in Sch. 19AA para 4(1)(2)(5) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 52(1)(k)(iii)**
- F10** Sch. 19AA para. 4(2) substituted (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by [The Overseas Life Assurance Fund \(Amendment\) Order 2000 \(S.I. 2000/2188\)](#), **art. 3(3)**
- F11** Words in Sch. 19AA para 4(2)(a)(b)(4)(b)(5) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 52(2)(m)(ii)**
- F12** Sch. 19AA para. 4(3)(4) inserted (10.1.1995 with effect in accordance with art. 1 of the amending S.I.) by [The Overseas Life Assurance Fund \(Amendment\) Order 1994 \(S.I. 1994/3278\)](#), **art. 4(3)**
- F13** Sch. 19AA para. 4(5) inserted (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by [The Overseas Life Assurance Fund \(Amendment\) Order 2000 \(S.I. 2000/2188\)](#), **art. 3(4)**
- F14** Words in Sch. 19AA para. 4(5) substituted (with effect in accordance with [Sch. 33 para. 28](#) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **Sch. 33 para. 27**

Marginal Citations

- M1** 1996 c. 8.

- 5 (1) Any designation of assets required for the purposes of paragraph 3 above shall be made by a company in accordance with the following provisions of this paragraph.
- (2) When designating assets for the purposes of paragraph 3(1) above, a company shall not designate an asset falling within any paragraph of sub-paragraph (5) below unless it designates all assets falling within each of the preceding paragraphs of that sub-paragraph.

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- (3) When designating assets for the purposes of paragraph 3(3) above, a company shall not designate an asset falling within any paragraph of sub-paragraph (5) below unless it designates all assets falling within each of the succeeding paragraphs of that sub-paragraph.
 - (4) When an asset falls within more than one paragraph of sub-paragraph (5) below, it shall be taken for the purposes of this paragraph to fall only within the first of them.
 - (5) The categories of assets referred to in sub-paragraphs (2) and (3) above are—
 - (a) assets [^{F15}, other than land in the United Kingdom,] linked solely to overseas life assurance business;
 - (b) so many of any assets denominated in an overseas currency, other than any non-overseas linked assets, as have a value at the end of the period not exceeding the amount of the company's [^{F16}non-linked liabilities] in respect of benefits expressed in that currency so far as referable to overseas life assurance business;
 - [^{F17}(c) assets, other than land in the United Kingdom, which—
 - (i) are shown in the books of the company as being held as assets of a fund where all, or all but an insignificant part, of the liabilities of the fund are in respect of overseas life assurance business carried on by the company at or through a [^{F18}permanent establishment] outside the United Kingdom; or
 - (ii) are managed under the control of a person whose normal place of work is at a [^{F18}permanent establishment] outside the United Kingdom at or through which the company carries on overseas life assurance business;
 - (d) assets other than land in the United Kingdom;
 - (e) land in the United Kingdom;but assets linked solely to [^{F19}pension business, life reinsurance business or basic life assurance and general annuity business] are not within any paragraph of this sub-paragraph (and may not be designated for the purposes of paragraph 3 above).
- [^{F20}(5A) For the purposes of sub-paragraph (5)(a) above, in determining whether assets are linked solely to overseas life assurance business, assets linked to policies or contracts which, by virtue of regulation 18 or 19 of the Insurance Companies (Overseas Life Assurance Business) (Compliance) Regulations 1995 ^{M2} are to be treated as referring to basic life assurance and general annuity business, shall be treated as linked solely to overseas life assurance business.]
- (6) For the purposes of sub-paragraph (5)(b) above assets are “non-overseas linked assets” if they are linked assets and none of the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of overseas life assurance business.
 - [^{F21}(6A) For the purposes of sub-paragraph (5)(b) above “non-linked liabilities” means liabilities other than liabilities in respect of benefits to be determined by reference to the value of linked assets [^{F22}falling within sub-paragraph (5)(a) above].]
 - (7) ^{F23}.....

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- F15** Words in Sch. 19AA para. 5(5)(a) inserted (10.1.1995 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 1994 (S.I. 1994/3278), **art. 5(a)**
- F16** Words in Sch. 19AA para. 5(5)(a) substituted (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 2000 (S.I. 2000/2188), **art. 4(2)(a)**
- F17** Sch. 19AA para. 5(5)(c)-(e) substituted for para. 5(5)(c)-(g) (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 2000 (S.I. 2000/2188), **art. 4(2)(b)**
- F18** Words in Sch. 19AA para. 5(5)(c) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 153(1)(a)**
- F19** Words in Sch. 19AA para. 5(5) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 8**
- F20** Sch. 19AA para. 5(5A) inserted (31.12.2004 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 2004 (S.I. 2004/3275), **art. 3(2)**
- F21** Sch. 19AA para. 5(6A) inserted (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 2000 (S.I. 2000/2188), **art. 4(3)**
- F22** Words in Sch. 19AA para. 5(6A) inserted (31.12.2004 with effect in accordance with art. 1 of the amending S.I.) by The Overseas Life Assurance Fund (Amendment) Order 2004 (S.I. 2004/3275), **art. 3(3)**
- F23** Sch. 19AA para. 5(7) omitted (1.9.2000 with effect in accordance with art. 1 of the amending S.I.) by virtue of The Overseas Life Assurance Fund (Amendment) Order 2000 (S.I. 2000/2188), **art. 4(4)**

Modifications etc. (not altering text)

- C2** Sch. 19AA para. 5 modified (20.3.1997 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), **reg. 31**
- C3** Sch. 19AA para. 5 modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 25**; and that modifying reg. 25 is omitted (14.8.2007 with effect in accordance with reg. 1(2) of the revoking S.I.) by virtue of S.I. 2007/2134, **regs. 1(1), 23**
- C4** Sch. 19AA para. 5(5) modified (6.4.1999) by The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. 1998/1871), **regs. 5, 19**
- C5** Sch. 19AA para. 5(5) modified (6.4.2005) by The Child Trust Funds (Insurance Companies) Regulations 2004 (S.I. 2004/2680), **regs. 1, 4, 17**; S.I. 2004/3369, **art. 2(1)**

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- M2** S.I. 1995/3237

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