

*Status: Point in time view as at 01/02/1991.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1989, Cross Heading: Underwriters. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 11

#### DEEP GAIN SECURITIES

##### **Modifications etc. (not altering text)**

- C1** Sch. 11 modified (27.7.1993) by 1993 c. 34, ss. 65(2)(4)(7)(8), 66(1)  
Sch. 11 applied (27.7.1993) by 1993 c. 34, ss. 164(12), (with s. 165)

##### *Underwriters*

- 10 (1) An underwriting member of Lloyd's shall be treated for the purposes of this Schedule as absolutely entitled as against the trustees to the securities forming part of his premiums trust fund, his special reserve fund (if any) and any other trust fund required or authorised by the rules of Lloyd's, or required by the underwriting agent through whom his business or any part of it is carried on, to be kept in connection with the business.
- (2) Where a security forms part of a premiums trust fund at the end of 31st December of any relevant year, for the purposes of this Schedule—
- (a) the trustees of the fund shall be treated as transferring it on that day, and
  - (b) they shall be treated as obtaining in respect of the transfer an amount equal to the market value of the security at the time of the transfer;
- and for this purpose relevant years are 1989 and subsequent years.
- (3) Where a security forms part of a premiums trust fund at the beginning of 1st January of any relevant year, for the purposes of this Schedule—
- (a) the trustees of the fund shall be treated as acquiring it on that day, and
  - (b) they shall be treated as paying in respect of the acquisition an amount equal to the market value of the security at the time of the acquisition;
- and for this purpose relevant years are 1990 and subsequent years.
- (4) Sub-paragraph (5) below applies where the following state of affairs exists at the beginning of 1st January of any year or the end of 31st December of any year—
- (a) securities have been transferred by the trustees of a premiums trust fund in pursuance of an arrangement mentioned in section 129(1) or (2) of the Taxes Act 1988,
  - (b) the transfer was made to enable another person to fulfil a contract or to make a transfer,
  - (c) securities have not been transferred in return, and
  - (d) section 129(3) of that Act applies to the transfer made by the trustees.

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- (5) The securities transferred by the trustees shall be treated for the purposes of sub-paragraphs (2) and (3) above as if they formed part of the premiums trust fund at the beginning of 1st January concerned or the end of 31st December concerned (as the case may be).
- (6) Paragraph 7(1) above shall not apply where the individual concerned is an underwriting member of Lloyd's and the security concerned forms part of a premiums trust fund, a special reserve fund or any other trust fund required or authorised by the rules of Lloyd's, or required by the underwriting agent through whom the individual's business or any part of it is carried on, to be kept in connection with the business.
- (7) In a case where an amount treated as income chargeable to tax by virtue of paragraph 5(2) above constitutes profits or gains mentioned in section 450(1) of the Taxes Act 1988—
- (a) section 450(1)(b) shall apply, and
  - (b) paragraph 5(2)(c) above shall not apply.
- (8) For the purpose of computing income tax for the year 1987-88 sub-paragraph (7) above shall have effect as if—
- (a) the reference to section 450(1) of the Taxes Act 1988 were to paragraph 2 of Schedule 16 to the <sup>M1</sup>Finance Act 1973, and
  - (b) the reference to section 450(1)(b) were to paragraph 2(b) of that Schedule.
- (9) In this paragraph “business” and “premiums trust fund” have the meanings given by section 457 of the Taxes Act 1988.

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**Marginal Citations**

**M1** 1973 c. 51.

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