



Finance Act 1989

1989 CHAPTER 26

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Life assurance

[^{F1}82E. Section 82D: treatment of transferors under insurance business transfer schemes

- (1) This section applies where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).
 - (2) Where the last period of account of the transferor ending before the transfer ends otherwise than immediately before the transfer, there is to be deemed for the purposes of this section and section 82D above to be—
 - (a) a period of account of the transferor beginning immediately after the last period of account ending before the transfer and ending immediately before the transfer;
 - (b) a period of account of the transferor beginning immediately after the transfer.
 - (3) In applying section 82D above and this section, where subsection (2) above applies, no account shall be taken of a period of account of the transferor which includes the time of the transfer.
- [^{F2}(4) The transferor may make an election under this subsection if—
- (a) the transferee is a company which is a non-profit company, or
 - (b) the transfer is to a non-profit fund of a company which is a not a non-profit company,

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and (in either case) the transferee carries on life assurance business otherwise than on a mutual basis in the period of account of the transferee in which the transfer takes place and the profits of that business for that period are charged to tax under the I minus E basis.]

- (5) An election under subsection (4) above—
- (a) is irrevocable; and
 - (b) is to be made by notice to an officer of Revenue and Customs no later than the end of the period of 28 days beginning with the day following that on which the transfer takes place.
- [^{F3}(6) Where the transferor makes an election under subsection (4) above, then for any period of account of the transferor ending on or after the transfer—
- (a) in the case of a transfer of the whole of the long-term business, no amount shall be brought into account under section 82D(2)(b) above;
 - (b) in the case of a transfer of part of the long-term business, the amount to be so brought into account shall be reduced by the appropriate amount mentioned in section 82F(4) below.
- (7) Where the transferor does not make an election under subsection (4) above, then in computing profits [^{F4}in accordance with the life assurance trade profits provisions]—
- (a) in the case of a transfer of the whole of the long-term business—
 - (i) the aggregate of all the amounts that would have been brought into account under section 82D(2)(b) above for periods of account of the transferor subsequent to the transfer if the transfer had not taken place shall be brought into account as a trading receipt of the transferor for the period of account ending immediately before the transfer, and
 - (ii) in relation to periods of account of the transferor subsequent to the transfer, section 82D(2)(b) above shall have no effect;
 - (b) in the case of a transfer of part of the long-term business—
 - (i) the transferor's relevant proportion of the aggregate referred to in paragraph (a)(i) above shall be brought into account as a trading receipt of the transferor for the period of account ending immediately before the transfer, and
 - (ii) in relation to periods of account of the transferor subsequent to the transfer, the amount to be brought into account under section 82D(2)(b) above shall be reduced by the transferor's relevant proportion.]
- [The transferor's relevant proportion referred to in subsection (7) above is that
- ^{F5}(8) proportion which the total amount of the liabilities of the transferor to policy holders and annuitants transferred to the transferee or the transferees bears to the total of such liabilities of the transferor immediately before the transfer.
- (9) But in the case of a transfer where the total amount of the liabilities of the transferor so transferred is below nil, the transferor's relevant proportion is such proportion of the aggregate referred to in subsection (7)(a)(i) above as is just and reasonable.]]

Textual Amendments

- F1** Ss. 82E, 82F inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), arts. 1(1), **13**

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- F2** S. 82E(4) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) \(No. 2\) Order 2008 \(S.I. 2008/3096\)](#), arts. 1(1), **3(2)**
- F3** S. 82E(6)(7) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) \(No. 2\) Order 2008 \(S.I. 2008/3096\)](#), arts. 1(1), **3(3)**
- F4** Words in s. 82E(7) 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. 343** (with [Sch. 2 Pts. 1, 2](#))
- F5** S. 82E(8)(9) added (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) \(No. 2\) Order 2008 \(S.I. 2008/3096\)](#), arts. 1(1), **3(4)**

Modifications etc. (not altering text)

- C1** S. 82E applied (with modifications) by 1988 c. 1, s. 432YA(6) (as added) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), arts. 1(1), **3(5)**

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