Finance Act 1989

1989 CHAPTER 26

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Life assurance

83 Receipts to be brought into account

(1) Where the profits of an insurance company in respect of its life assurance business are, for the purposes of the Taxes Act 1988, computed in accordance with the provisions of that Act applicable to Case I of Schedule D, then, so far as referable to that business, the following items, as brought into account for a period of account (and not otherwise), namely,—

(a) the company's investment income from the assets of its long-term business fund, and

(b) any increase in the value (whether realised or not) of those assets,

shall be taken into account as receipts of the period; and if for any period of account there is a reduction in the value referred to in paragraph (b) above (as brought into account for the period), that reduction shall be taken into account as an expense of that period.

(2) Except in so far as regulations made by the Treasury otherwise provide, in subsection (1) above "brought into account" means brought into account in the revenue account prepared for the purposes of the Insurance Companies Act 1982.

(3) Subject to subsection (5) below, this section has effect with respect to periods of account ending on or after 1st January 1990; and the following provisions of this

section shall apply for the purposes of the application of this section to any such period which begins before that date (in this section referred to as a "straddling period").

(4) Subject to subsection (5) below, for the purposes referred to in subsection (3) above, it shall be assumed that the straddling period consists of two separate periods of account, —

(a) the first beginning at the beginning of the straddling period and ending on 31st December 1989 (in this section referred to as "the first notional period"); and

(b) the second beginning on 1st January 1990 and ending at the end of the straddling period (in this section referred to as "the second notional period");

and any reference in subsection (6) or subsection (7) below to a time apportionment is a reference to an apportionment made by reference to the respective lengths of the two notional periods.

(5) In the case of any company which, by notice in writing given to the inspector on or before 31st December 1992, so elects,—

(a) subsections (3) and (4)(b) above shall have effect as if for "1st January 1990" there were substituted "14th March 1989"; and

(b) subsection (4)(a) above shall have effect as if for "31st December" there were substituted "13th March".

(6) To determine the profits of the first notional period,—

(a) in the first instance the profits of the straddling period shall be computed as if subsections (1) and (2) above did not apply with respect to any part of that period; and

(b) there shall then be determined that part of the profits computed under paragraph (a) above which, on a time apportionment, is properly attributable to the first notional period.

(7) To determine the profits of the second notional period,—

(a) in the first instance the profits of the straddling period shall be computed as if subsections (1) and (2) above applied with respect to the whole of that period; and

(b) there shall then be determined that part of the profits computed under paragraph (a) above which, on a time apportionment, is properly attributable to the second notional period.