



Finance Act 1989

1989 CHAPTER 26

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Life assurance

[^{F1}85A Excess adjusted Case I profits

- (1) Where for any accounting period an insurance company is charged to tax under the I minus E basis in respect of its life assurance business, the company shall be chargeable on any excess adjusted Case I profits under Case VI of that Schedule.
- (2) “Excess adjusted Case I profits” means any amount by which—
 - (a) the adjusted Case I profits (see subsection (3)), exceeds
 - (b) the relevant amount (see subsection (5)).
- (3) “The adjusted Case I profits” means the amount that would be the profits of the company's life assurance business for the accounting period if—
 - (a) computed in accordance with the provisions applicable to Case I of Schedule D, and
 - (b) adjusted in respect of losses (see subsection (4)).
- (4) The adjustment in respect of losses is a deduction of the amount which, disregarding section 434A(2)(a) of the Taxes Act 1988, would fall to be set off under section 393 of that Act against the company's income for the accounting period if the company had always been charged to tax under Case I of Schedule D.
- (5) The relevant amount (which may be a negative amount) is found by—

Status: Point in time view as at 19/07/2007. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1989, Section 85A. (See end of Document for details)

- (a) taking the relevant income (see subsection (6)), and
 - (b) deducting from it the relevant aggregate (see subsection (8)).
- (6) “The relevant income” means—
- (a) any income (including distributions received from companies resident in the United Kingdom) referable (in accordance with section 432A of the Taxes Act 1988) to the company's basic life assurance and general annuity business for the accounting period,
 - (b) any chargeable gains referable (in accordance with section 432A of that Act) to the company's basic life assurance and general annuity business for the accounting period (see subsection (7)), and
 - (c) any profits of the company chargeable for the accounting period under Case VI of Schedule D under section 436A of that Act.
- (7) “Chargeable gains referable (in accordance with section 432A of the Taxes Act 1988) to the company's basic life assurance and general annuity business” has the same meaning as in subsection (3A)(a) of section 88 below (see subsection (3B) of that section).
- (8) “The relevant aggregate” means the sum of—
- (a) the expenses deduction (see Step 8 in section 76(7) of the Taxes Act 1988) in the case of the company for the accounting period,
 - (b) any non-trading deficit on the company's loan relationships which is produced for the accounting period in relation to the company's basic life assurance and general annuity business by a separate computation under paragraph 2(1) of Schedule 11 to the Finance Act 1996, and
 - (c) any amount which in pursuance of a claim under paragraph 4(3) of that Schedule is carried back to the accounting period and (in accordance with paragraph 4(5) of that Schedule) applied in reducing profits of the company for the accounting period.
- (9) The Treasury may by regulations provide—
- (a) that, in circumstances prescribed by the regulations, the charge imposed by this section for an accounting period may be reduced or eliminated, and
 - (b) that the amount by which the charge is reduced, or (where the charge is eliminated) the amount of the charge, is instead imposed for a subsequent accounting period (or part of the amount is instead imposed for more than one subsequent accounting period).
- (10) Regulations under subsection (9) may include provision having effect in relation to times before they are made.]

Textual Amendments

F1 S. 85A inserted (with effect in accordance with s. 39(2) of the amending Act) by [Finance Act 2007](#) (c. 11), [Sch. 8 para. 14](#) (with [Sch. 8 Pt. 2](#))

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Changes to legislation:

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