

## SCHEDULES

### SCHEDULE 7

#### OVERSEAS LIFE ASSURANCE BUSINESS

5 After section 804 of that Act there shall be inserted—

**“804A Overseas life assurance business: restriction of credit**

- (1) Subsection (2) below applies where credit for tax which is payable under the laws of a territory outside the United Kingdom and computed otherwise than wholly by reference to profits arising in that territory is to be allowed (in accordance with this Part) against corporation tax charged by virtue of section 441 in respect of the profits of a company’s overseas life assurance business for an accounting period.
- (2) Where this subsection applies, the amount of the credit shall not exceed the greater of—
  - (a) any such part of the tax payable under the laws of the territory outside the United Kingdom as is charged by reference to profits arising in that territory, and
  - (b) the shareholders' share of the tax so payable.
- (3) For the purposes of subsection (2) above the shareholders' share of tax payable under the laws of a territory outside the United Kingdom is so much of that tax as is represented by the fraction

$$\frac{\mathbf{A}}{\mathbf{B}}$$

where—

A is an amount equal to the profits of the company for the period which are chargeable to tax under section 441; and

B is an amount equal to the excess of—

- (a) the amount taken into account as receipts of the company in computing those profits, apart from premiums and sums received by virtue of a claim under a reinsurance contract, over
  - (b) the amounts taken into account as expenses and interest in computing those profits.
- (4) Where there is no such excess as is mentioned in subsection (3) above, or where the profits are greater than any excess, the whole of the tax payable under the laws of the territory outside the United Kingdom shall be the shareholders' share; and (subject to that) where there are no profits, none of it shall be the shareholders' share.
  - (5) Where, by virtue of this section, the credit for any tax payable under the laws of a territory outside the United Kingdom is less than it otherwise would be,

---

*Status: This is the original version (as it was originally enacted).*

---

section 795(2)(a) shall not prevent a deduction being made for the difference in computing the profits of the overseas life assurance business.”