



# Finance Act 1993

## 1993 CHAPTER 34

### PART II

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER III

#### LLOYD'S UNDERWRITERS ETC.

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

- C1** Pt. II Chapter III applied (1.5.1995 with application as mentioned in s. 127(19) of the amending Act) by 1995 c. 4, s. 127(16)(a)(19)
- C2** Pt. II Chapter III modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 3(1)(a)

##### *Main provisions*

#### **171 Taxation of profits and allowance of losses.**

- (1) Income tax for any year of assessment on the profits arising from a member's underwriting business shall be computed on the profits of that year of assessment.
- (2) As respects the profits arising to a member from his underwriting business for any year of assessment—
  - [<sup>F1</sup>(a) the aggregate of those profits shall be chargeable to tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 as the profits of a trade carried on in the United Kingdom; and
  - (b) accordingly, no part of those profits shall be treated as relevant foreign income, or be charged to tax under any other Part of that Act or any Part of the Income Tax (Earnings and Pensions) Act 2003;]

*Status: Point in time view as at 31/12/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter III. (See end of Document for details)*

but nothing in this subsection shall affect the manner in which the amount of any profits arising from assets forming part of an ancillary trust fund is to be computed.

<sup>F2</sup>(2A) .....

<sup>F3</sup>(2B) [<sup>F4</sup>Section 397(1) of the Income Tax (Trading and Other Income) Act 2005] (entitlement to tax credit) shall not apply where the distribution there mentioned is a distribution in respect of any asset of a member’s [<sup>F5</sup>premium] trust fund.]

<sup>F6</sup>(3) .....

(4) Subsection (2) above does not apply in relation to any profits arising before 6th April 1993 from assets forming part of an ancillary trust fund.

#### Textual Amendments

- F1** S. 171(2)(a)(b) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 464\(2\)](#) (with [Sch. 2](#))
- F2** S. 171(2A) repealed (31.7.1997 with effect in accordance with s. 36 and [Sch. 6 para. 20\(3\)](#) of the amending Act) by [1997 c. 58, ss. 36, 52, Sch. 6 para. 20\(2\)\(3\), Sch. 8 Pt. II\(11\)](#) Note
- F3** S. 171(2B) inserted (31.7.1997 with effect in relation to distributions made on or after 2.7.1997) by [1997 c. 58, s. 22\(1\)\(7\)](#)
- F4** Words in s. 171(2B) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 464\(3\)](#) (with [Sch. 2](#))
- F5** Word in s. 171(2B) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(a\)](#)
- F6** S. 171(3) repealed (3.5.1994 with effect for the year 1996-97 and subsequent years of assessment) by [1994 c. 9, ss. 228, 258, Sch. 21 para. 1\(2\)\(3\)\(b\), Sch. 26 Pt. V\(25\)](#) Note 2

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

- C3** S. 171 modified (9.3.1995 with effect in relation to profits or losses of a member's underwriting business arising in the underwriting year 1994 or 1995) by [S.I. 1995/352, reg. 13](#)

## 172 Year of assessment in which profits or losses arise.

(1) Subject to the provisions of this Chapter, for the purposes of section 171 above and all other purposes of the Income Tax Acts the profits or losses in any year of assessment of a member’s underwriting business shall be taken to be—

- <sup>F7</sup>(a) in the case of profits or losses arising directly from his membership of one or more syndicates, those of any previous year or years which are declared in the corresponding underwriting year;
- (b) in the case of profits or losses arising from assets forming part of a [<sup>F8</sup>premium] trust fund, those allocated under the rules or practice of Lloyd’s to any previous year or years the profits or losses of which are declared in the corresponding underwriting year; and]
- (c) in the case of other profits or losses, those derived from payments received or made in the corresponding underwriting year.

(2) Subsection (1)(c) above does not apply in relation to payments received or made before 6th April 1993.

*Status: Point in time view as at 31/12/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter III. (See end of Document for details)*

**Textual Amendments**

- F7** S. 172(1)(a)(b) substituted (3.5.1994 with effect as mentioned in Sch. 21 para. 2(2) of the amending Act) by 1994 c. 9, s. 228, Sch. 21 para. 2(1)(2)
- F8** Word in s. 172(1)(b) substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(b)

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

- C4** S. 172 modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 6(1)(b)

**<sup>F9</sup>173 Assessment and collection of tax.**

**Textual Amendments**

- F9** S. 173 repealed (20.7.2005 for specified purposes, 6.4.2006 in so far as not already in force) by Finance (No. 2) Act 2005 (c. 22), s. 45(1)(8)(9), Sch. 11 Pt. 2(11); S.I. 2005/3337, art. 3

*Members’ trust funds*

**174 [<sup>F10</sup>Premium] trust funds.**

- <sup>F11</sup>(1) For the purposes of the Income Tax Acts and the Gains Tax Acts—
  - (a) a member shall be treated as absolutely entitled as against the trustees to the assets forming part of a [<sup>F12</sup>premium] trust fund of his; and
  - (b) where a deposit required by a regulatory authority in a country or territory outside the United Kingdom is paid out of such a fund, the money so paid shall be treated as still forming part of that fund.]
- (2) Where an asset forms part of a [<sup>F12</sup>premium] trust fund at the beginning of any underwriting year, for the purposes of the Income Tax Acts—
  - (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 value of the asset at the time of the acquisition.
- (3) Where an asset forms part of a [<sup>F12</sup>premium] trust fund at the end of any underwriting year, for the purposes of the Income Tax Acts—
  - (a) the trustees of the fund shall be treated as disposing of it on that day, and
  - (b) they shall be treated as obtaining in respect of the disposal an amount equal to the value of the asset at the time of the disposal.
- <sup>F13</sup>(4) .....
- <sup>F13</sup>(5) .....
- (6) Subsections (2) to (5) above do not apply to FOTRA securities forming part of a member’s premiums trust fund at the beginning or end of any underwriting year if—
  - (a) the member is not domiciled in the United Kingdom at any time in the year, and

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- (b) he is either not ordinarily resident in the United Kingdom during the year or a non-resident United Kingdom trader in the year.

(7) In this section—

“FOTRA securities” has the same meaning as in section 715 of the Taxes Act 1988 (exceptions from accrued income scheme);

“non-resident United Kingdom trader” shall be construed in accordance with subsection (5) of that section;

“underwriting year” does not include the year 1993 or any earlier underwriting year.

#### Textual Amendments

- F10** S. 174: words in sidenote substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(c)
- F11** S. 174(1) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by 1994 c. 9, s. 228, Sch. 21 para. 3
- F12** Word in s. 174(1)(a)(2)(3) substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(c)
- F13** S. 174(4)(5) repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after such day as may be appointed by order) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. I paras. 6(a), 7(1), Sch. 18 Pt. VI(10) Note 1

#### 175 Special reserve funds.

- (1) If arrangements are made by the Council of Lloyd’s which—
- (a) enable such a special reserve fund as is referred to in Part I of Schedule 20 to this Act to be set up in relation to each member; and
  - (b) comply with the requirements of that Part and are approved by the Board, the provisions of that Part relating to taxation shall have effect in relation to any special reserve fund of a member set up under the arrangements.
- (2) The arrangements may from time to time be varied with the consent of the Board.
- (3) If, after giving notice of their intention to do so to the Council of Lloyd’s, the Board cancel the approval which they have given with respect to the arrangements, paragraph 3 of Schedule 20 to this Act shall not apply, in the case of any member, to any year of assessment after the year of assessment in which the approval is cancelled.
- (4) The provisions of Part II of Schedule 20 to this Act shall have effect as respects the winding up of any special reserve fund which—
- (a) was set up under the arrangements mentioned in section 452(1) of the Taxes Act 1988; and
  - (b) belongs to a member for whom a special reserve fund may be set up under the arrangements mentioned in subsection (1) above.

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

- C5** S. 175 excluded (1.12.1997 with effect with respect to accounting periods of Lloyd’s Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 7
- C6** S. 175(4) applied (with modifications) (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 15(1)

*Status: Point in time view as at 31/12/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter III. (See end of Document for details)*

**176 Ancillary trust funds.**

- (1) A member shall be treated for the purposes of the Income Tax Acts and the Gains Tax Acts as absolutely entitled as against the trustees to the assets forming part of an ancillary trust fund of his.
- (2) The cost of acquisition and the consideration for the disposal of assets forming part of an ancillary trust fund—
  - (a) shall be left out of account in computing for the purposes of income tax the profits or losses of the member’s underwriting business; and
  - (b) accordingly, shall not be excluded for the purposes of capital gains tax under section 37 or 39 of the Gains Tax Act.
- (3) None of the following provisions (which apply where an individual entitled to securities dies), namely—
  - (a) subsections (1) to (4) of section 721 of the Taxes Act 1988 (accrued income scheme);
  - <sup>F14</sup>(b) .....
  - <sup>F14</sup>(c) .....
  - <sup>F14</sup>(d) .....shall apply where the individual concerned is a member and the security concerned forms part of an ancillary trust fund of his.
- (4) In a case where subsection (3)(a) above applies, the deceased’s personal representatives shall be treated for the purposes of sections 710 to 728 of the Taxes Act 1988 as the transferor or transferee in relation to transfers of securities as to which the deceased was the transferor or transferee (as the case may be) in the interest period in which he died.

**Textual Amendments**

**F14** S. 176(3)(b)-(d) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**

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

**C7** S. 176 modified (1.12.1997 with effect with respect to accounting periods of Lloyd’s Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, **reg. 5(1)**

*Other special cases*

<sup>F15</sup>**177** .....

**Textual Amendments**

**F15** S. 177 repealed (28.7.2000 with effect as mentioned in s. 107(12)(c) of the amending Act) by 2000 c. 17, ss. 107(11), 156, **Sch. 40 Pt. II(16)**, note 2

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## 178 Stop-loss and quota share insurance.

- (1) In computing for the purposes of income tax the profits of a member’s underwriting business, each of the following shall be deductible as an expense, namely—
- (a) any premium payable by him under a stop-loss insurance, and any repayment of insurance money paid to him under such an insurance;
  - (b) any amount payable by him into the High Level Stop Loss Fund, and any repayment of an amount paid to him out of that Fund; and
  - <sup>F16</sup>(c) where an amount is payable by him under a quota share contract—
    - (i) so much of that amount as exceeds the amount of transferred losses that are declared on or before the date the contract takes effect (“the declared amount”), or
    - (ii) if the contract does not take effect, the amount so payable under the contract.]
- (2) Subject to subsection (3) below, each of the following, namely—
- (a) any insurance money payable to <sup>F17</sup>a member] under a stop-loss insurance in respect of a loss in his underwriting business; and
  - (b) any amount payable to a member out of the High Level Stop Loss Fund in respect of such a loss,
- shall be treated as a trading receipt in computing the profits arising from that business for the year of assessment which corresponds to the underwriting year in which the loss <sup>F18</sup>was declared].
- (3) Where, as respects the payment of any such insurance money or amount as is mentioned in subsection (2) above—
- (a) the inspector is not notified of the payment at least 30 days before the time after which any assessment or further assessment of profits for the year of assessment is precluded by section 34 of the Management Act (ordinary time limit of six years), and
  - (b) the inspector is not entitled, after that time, to make any such assessment or further assessment by virtue of section 36 (fraudulent or negligent conduct) or 40(2) (assessment on personal representatives) of that Act,
- that subsection shall have effect in relation to that insurance money or amount as if it referred instead to the year of assessment which corresponds to the underwriting year in which the payment is made.
- <sup>F19</sup>(3A) Where the amount payable by a member under a quota share contract is less than the declared amount, the difference between the two amounts shall be treated as a trading receipt in computing the profits arising from the member’s underwriting business in the year of assessment which corresponds to the underwriting year in which the contract takes effect.
- (3B) Where a member has entered a quota share contract, any amount paid by him to cover a cash call in respect of transferred losses that are not declared at the time the contract takes effect shall be treated—
- (a) for the purposes of subsection (1)(c)(i) and (3A) above, as an amount payable under the contract, and
  - (b) for the purposes of section 172, as a payment made at the time the contract takes effect.]
- <sup>F20</sup>(4) For the purposes of this section—

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“cash call” has the same meaning as in Part 1 of Schedule 20 to this Act;  
“quota share contract” means any contract between a member and another person which—

- (a) is made in accordance with the rules or practice of Lloyd’s, and
- (b) provides for that other person to take over any rights and liabilities of the member under any of the syndicates of which he is a member;

and where the taking over of a member’s rights and liabilities is conditional upon the occurrence of any event, the contract does not take effect until that event occurs; and

“transferred loss”, in relation to such a contract, means a loss for which that other person takes over liability under the contract (disregarding, in the case of a loss that has been declared at the time it is taken over, any part of it in respect of which the member has paid a cash call before that time).]

#### Textual Amendments

- F16** S. 178(1)(c) substituted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 2**
- F17** Words in s. 178(2) substituted (3.5.1994 with effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years) by 1994 c. 9, s. 228, **Sch. 21 para. 5(1)(a)(2)**
- F18** Words in s. 178(2) substituted (3.5.1994 with effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years) by 1994 c. 9, s. 228, **Sch. 21 para. 5(1)(b)(2)**
- F19** S. 178 (3A)(3B) inserted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 2**
- F20** S. 178(4) substituted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 4**

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

- C8** S. 178(3) excluded (9.3.1995 with effect as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, **regs. 1, 5(1)(c)**

### Miscellaneous

#### 179 Cessation: final year of assessment.

- (1) Subject to subsection (5) below, this section applies where a member ceases to carry on his underwriting business, whether by reason of death or otherwise.
- (2) Subject <sup>F21</sup> . . . to the provisions of any regulations made by the Board, the member’s final year of assessment shall be that which corresponds to the underwriting year in which his deposit at Lloyd’s is paid over to him or his personal representatives or assigns.
- <sup>F22</sup>(3) . . . . .
- (4) For the purposes of section 171 above and all other purposes of the Income Tax Acts, any profits or losses arising to the member from his underwriting business which are not taken (by virtue of the provisions of this Chapter) to be profits or losses of an earlier year of assessment shall be taken to be profits or losses of his final year of assessment.

*Status: Point in time view as at 31/12/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter III. (See end of Document for details)*

- (5) This section does not apply in any case where the member's deposit at Lloyd's is paid over to him or his personal representatives or assigns before 1st January 1993.

**Textual Amendments**

- F21** Words in s. 179(2) repealed (3.5.1994 with effect in any case where the member dies after the end of 1993-94) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 6(1)(3), Sch. 26 Pt. V(25) Note 3
- F22** S. 179(3) repealed (3.5.1994 with effect in any case where the member dies after the end of 1993-94) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 6(1)(3), Sch. 26 Pt. V(25) Note 3

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

- C9** Ss. 179, 179A excluded (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 14(2)
- SS. 179, 179A excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 4(1)

**[<sup>F23</sup>179A Death of member.**

- (1) This section applies where a member ceases to carry on his underwriting business by reason of death.
- (2) For the purposes of assessing the profits of the member's underwriting business, the member shall be treated as having died at the end of the year of assessment which corresponds to the underwriting year immediately preceding that in which he actually died.
- (3) For the purposes of the Income Tax Acts—
- (a) the carrying on of the member's underwriting business by his personal representatives shall not be treated as a change in the persons engaged in the carrying on of that business; and
  - (b) subject to the provisions of any regulations made by the Board, the business shall be treated as continuing until the member's deposit at Lloyd's is paid over to his personal representatives.]

**Textual Amendments**

- F23** S. 179A inserted (3.5.1994 with effect in any case where the member dies after the end of the year 1993-94) by 1994 c. 9, s. 228, Sch. 21 para. 6(2)(3)

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

- C10** Ss. 179, 179A excluded (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 14(2)
- Ss. 179, 179A excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 4(1)

**[<sup>F24</sup>179B Conversion to limited liability underwriting**

Schedule 20A to this Act (which makes provision for certain reliefs to be available where a member converts to limited liability underwriting) shall have effect.]



*Status: Point in time view as at 31/12/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter III. (See end of Document for details)*

**Textual Amendments**

**F24** S. 179B inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 25 para. 2](#)

**180 Underwriting profits to be earned income.**

- (1) In relation to any member, all profits arising to him from his underwriting business—
  - (a) shall be treated for the purposes of the Income Tax Acts as immediately derived from the carrying on by him of that business, and
  - (b) accordingly, shall constitute earned income for those purposes.
- (2) This section does not apply in relation to profits of the year 1992-93 or earlier years of assessment.

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

**C11** S. 180 excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by [S.I. 1997/2681](#), [reg. 8](#)

**181 Lloyd’s underwriting agents.**

In section 43 of the <sup>M1</sup>Finance Act 1989 (Schedule D: computation), subsections (6) and (7) (which extend certain time limits for persons permitted by the Council of Lloyd’s to act as underwriting agents at Lloyd’s) shall cease to have effect in relation to periods of account ending on or after 30th June 1993.

**Marginal Citations**

**M1** 1989 c. 26.

*Supplemental*

**182 Regulations.**

- (1) The Board may by regulations provide—
  - (a) for the assessment and collection of tax charged in accordance with section 171 above <sup>F25</sup> . . . ;
  - (b) for making, in the event of any changes in the rules or practice of Lloyd’s, such amendments of this Chapter as appear to the Board to be expedient having regard to those changes;
  - (c) for modifying the application of this Chapter in cases where a syndicate continues after the end of its closing year or a member dies or otherwise ceases to carry on his underwriting business;
- <sup>F26</sup>(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a [<sup>F27</sup> premium] trust fund are the subject of—
  - <sup>F28</sup>(i) . . . . .

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(ii) any such arrangements or agreements as are mentioned in section 737E(2) and (8) of the Taxes Act 1988 (sale and repurchase of securities etc.);]

(d) for giving credit for foreign tax.

F<sup>29</sup>(2) .....

F<sup>29</sup>(3) .....

F<sup>29</sup>(4) .....

(5) Regulations made, or deemed to have been made, under any of the following enactments (regulations about Lloyd’s underwriters), namely—

- (a) section 451(1) or (1A) of the Taxes Act 1988,
- (b) section 92(5) of the <sup>M2</sup>Finance Act 1989, or
- (c) section 209(4) of the Gains Tax Act,

which were in force immediately before 6th April 1992 shall continue in force for the year 1992-93 and subsequent years of assessment notwithstanding the repeal of that enactment by this Act, and shall be deemed to have been made under this section.

[<sup>F30</sup>(6) Any power to make regulations conferred by this section includes power to make—

- (a) different provision for different cases or different purposes, and
- (b) incidental, supplemental or transitional provision and savings.]

**Textual Amendments**

- F25** Words in s. 182(1)(a) repealed (20.7.2005 for specified purposes, 6.4.2006 in so far as not already in force) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [s. 45\(2\)\(8\)\(9\)](#), Sch. 11 Pt. 2(11); [S.I. 2005/3337](#), [art. 3](#)
- F26** S. 182(1)(ca) inserted (1.5.1995) by [1995 c. 4](#), [s. 83\(2\)](#)
- F27** Word in s. 182(1)(ca) substituted (1.12.2001) by [S.I. 2001/3629](#), [arts. 1\(2\)](#), [82\(d\)](#)
- F28** S. 182(1)(ca)(i) repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after such day as may be appointed by order) by [1997 c. 16](#), [ss. 76](#), [113](#), [Sch. 10 Pt. I paras. 6\(a\)](#), [7\(1\)](#), [Sch. 18 Pt. VI\(10\)](#) Note 1
- F29** S. 182(2)-(4) repealed (3.5.1994 with effect for the year 1997-98 and subsequent years of assessment) by [1994 c. 9](#), [ss. 228](#), [258](#), [Sch. 21 para. 7](#), [Sch. 26 Pt. V\(25\)](#) Note 4
- F30** S. 182(6) inserted (20.7.2005 for specified purposes, 6.4.2006 in so far as not already in force) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [s. 45\(3\)\(8\)\(9\)](#); [S.I. 2005/3337](#), [art. 3](#)

**Marginal Citations**

- M2** [1989 c. 26](#).

**183 Consequential amendments.**

F<sup>31</sup>(1) .....

(2) In section 481(5)(f) of that Act (meaning of “relevant deposit”), for the words “section 457) of an underwriting member” there shall be substituted the words “section 184 of the Finance Act 1993) of an underwriting or former underwriting member”.

F<sup>32</sup>(3) .....

*Status: Point in time view as at 31/12/2006.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Chapter III. (See end of Document for details)*

- <sup>F33</sup>(4) In section 710(14) of that Act (meaning of “business” and “premiums trust fund”), for the words “section 457” there shall be substituted the words “ section 184 of the Finance Act 1993 ”.
- (5) In the following provisions (which relate to nominees, trustees etc.), namely—  
Section 720(3) of the Taxes Act 1988,  
paragraph 18(1) of Schedule 4 to that Act,  
paragraph 10(1) of Schedule 11 to the Finance Act 1989, and  
paragraph 18(1) of Schedule 10 to the <sup>M3</sup>Finance Act 1990,  
the words from “his special reserve fund” to the end shall be omitted.
- (6) In the following provisions (which relate to the death of a member), namely—  
section 721(5) of the Taxes Act 1988,  
paragraph 18(8) of Schedule 4 to that Act,  
paragraph 10(6) of Schedule 11 to the Finance Act 1989, and  
paragraph 18(6) of Schedule 10 to the <sup>M4</sup>Finance Act 1990,  
the words from “a special reserve fund” to the end shall be omitted.
- (7) In section 206(2) of the Gains Tax Act (Lloyd’s underwriters), after the words “subsection (1) above” there shall be inserted the words “ and section 174(1) of the Finance Act 1993 ”.
- (8) In section 209 of that Act (interpretation, regulations about underwriters etc.)—  
(a) in subsection (1), for the words “sections 450 to 456 of the Taxes Act” there shall be substituted the words “ Chapter III of Part II of the Finance Act 1993 ” and for the words “sections 450 to 456”, in the second place where they occur, there shall be substituted the words “ that Chapter ”; and  
(b) in subsection (6), the words “or (4)” shall be omitted.

#### Textual Amendments

- F31** S. 183(1) repealed (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3 \(with Sch. 2\)](#)
- F32** S. 183(3) repealed (3.5.1994 with effect for the year 1997-98 and subsequent years of assessment) by [1994 c. 9, ss. 228\(2\)\(c\)\(4\), 230, 258, Sch. 26 Pt. V\(25\) Note 1](#)
- F33** S. 183(4)-(8) repealed (the repeals of subsections (4)-(6) having effect for the year 1994 and subsequent underwriting years and the repeals of subsections (7)-(8) having effect for the year of assessment 1994-95 and subsequent years of assessment) by [1993 c. 34, s. 213, Sch. 23 Pt. III\(12\) Notes 2, 4.](#)

#### Marginal Citations

- M3** [1990 c. 29.](#)  
**M4** [1990 c. 29.](#)

## 184 Interpretation and commencement.

- (1) In this Chapter, unless the context otherwise requires—  
“ancillary trust fund”, in relation to a member, does not include a [<sup>F34</sup>premium] trust fund of his or his special reserve fund (if any) but, subject

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to that, means any trust fund required or authorised by the rules of Lloyd’s, or required by a members’ agent of his <sup>F35</sup> . . .;

“closing year”—

- (a) in relation to a year of assessment, means the year of assessment next but one following that year;
- (b) in relation to an underwriting year, means the underwriting year next but one following that year; and
- (c) in relation to a syndicate, means the closing year of the underwriting year for which it was formed;

“the Gains Tax Act” means the <sup>M5</sup>Taxation of Chargeable Gains Act 1992 and “the Gains Tax Acts” means that Act and any other enactments relating to capital gains tax;

“the High Level Stop Loss Fund” means the fund of that name which, under the rules of Lloyd’s, has been established for the year 1993 and subsequent underwriting years;

“inspector” includes any officer of the Board;

“the Management Act” means the <sup>M6</sup>Taxes Management Act 1970;

“managing agent”, in relation to a syndicate and a year of assessment, means—

- (a) the person registered as a managing agent at Lloyd’s who was acting as such an agent for the syndicate at the end of the corresponding underwriting year, or
- (b) such other person as may be determined in accordance with regulations made by the Board;

“member” means [<sup>F36</sup>an individual who is a member of Lloyd’s and] is or has been an underwriting member;

“members’ agent”, in relation to a member of a syndicate and a year of assessment, means—

- (a) the person registered as a members’ agent at Lloyd’s who was acting as such an agent for the member at the end of the corresponding underwriting year, or
- (b) if two or more such persons were so acting and one of them was appointed by the member to be responsible for complying with the requirements of [<sup>F37</sup>the Lloyd’s Underwriters (Tax) Regulations 2005] in relation to all of the syndicates of which he is a member, that person, or
- (c) if two or more such persons were so acting and none of them was so appointed, the person who was so acting for the member in his capacity as a member of the syndicate, or
- (d) such other person as may be determined in accordance with regulations made by the Board;

[<sup>F38</sup>“premium trust fund” means a trust fund into which premiums receivable by members are paid in compliance with a trust deed under [<sup>F39</sup>Rule 8.2.19 of the Insurance Prudential Sourcebook] made by the Financial Services Authority under the Financial Services and Markets Act 2000 <sup>F40</sup>;

“prescribed” means prescribed by regulations made by the Board;

“profits” includes gains;

“special reserve fund”, unless the contrary intention appears, means a special reserve fund set up under the arrangements mentioned in section 175(1) above;

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“stop-loss insurance” means any insurance taken out by a member against losses in his underwriting business [<sup>F41</sup>, except insurance taken out by entering a quota share contract (within the meaning of section 178 above)];

“syndicate” means a syndicate of underwriting members of Lloyd’s formed for an underwriting year;

“underwriting business”, in relation to a member, means his underwriting business as a member of Lloyd’s, whether carried on personally or through an underwriting agent, and does not include any other business carried on by him, and in particular, where he is himself an underwriting agent, does not include his business as such an agent;

“underwriting year” means the calendar year.

- (2) For the purposes of this Chapter—
- (a) an underwriting year and a year of assessment shall be deemed to correspond to each other if the underwriting year ends in the year of assessment;
  - (b) the profits or losses of a member’s underwriting business include profits or losses arising to him from assets forming part of a [<sup>F42</sup>premium] trust fund or an ancillary trust fund; and
  - (c) any charge made on a member by the [<sup>F43</sup>managing agent] of a syndicate of which he is a member, and any expense incurred on his behalf by the [<sup>F43</sup>managing agent] of such a syndicate, shall be treated as expenses arising directly from his membership of that syndicate.
- (3) Subject to any provision to the contrary, the provisions of this Chapter have effect for the year 1992-93 and subsequent years of assessment.

#### Textual Amendments

- F34** S. 184(1): word in the definition of “ancillary trust fund” substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(e\)](#)
- F35** Words in definition in s. 184(1) repealed (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9, ss. 228, 258, Sch. 21 para. 8\(1\)\(a\), Sch. 26 Pt. V\(25\)](#) Note 6
- F36** Words in definition in s. 184(1) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9, s. 228, Sch. 21 para. 8\(1\)\(b\)](#)
- F37** Words in s. 184(1) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Lloyds Underwriters \(Tax\) Regulations 2005 \(S.I. 2005/3338\), regs. 1\(1\), 16](#)
- F38** S. 184(1): definition of “premium trust fund” substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 79](#)
- F39** Words in s. 184(1) substituted (31.12.2006) by [The Lloyds Sourcebook \(Finance Act 1993 and Finance Act 1994\) \(Amendment\) Order 2006 \(S.I. 2006/3273\), arts. 1, 2](#)
- F40** This sourcebook is part of the FSA Handbook. The FSA Handbook may be purchased on paper and on CD Rom from the Publications Department (Sales), Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and is available on line at [www.fsa.gov.uk](http://www.fsa.gov.uk).
- F41** S. 184(1): words in definition of “stop-loss insurance” inserted (24.7.2002 with effect as mentioned in [s. 86\(2\)](#) of the amending Act) by [2002 c. 23, s. 86, Sch. 32 para. 5](#)
- F42** Word in s. 184(2)(b) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(e\)](#)
- F43** Words in s. 184(2)(c) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9, s. 228, Sch. 21 para. 8\(2\)](#)

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

- C12** S. 184 applied (1.5.1995 with application as mentioned in [s. 127\(19\)](#) of the amending Act) by [1995 c. 4, s. 127\(16\)\(b\)\(19\)](#)

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**Marginal Citations**

**M5** 1992 c. 12.

**M6** 1970 c. 9.

**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1993, Chapter III.