

Status: Point in time view as at 31/12/1999.

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

SCHEDULES

SCHEDULE 20

LLOYD'S UNDERWRITERS: SPECIAL RESERVE FUNDS

Modifications etc. (not altering text)

- C1** Sch. 20 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(1)

PART II

WINDING UP OF OLD-STYLE FUNDS

Preliminary

- 12 (1) In this Part of this Schedule—
- “new-style fund” means a special reserve fund set up under the arrangements mentioned in section 175(1) of this Act;
 - “old-style fund” means a special reserve fund set up under the arrangements mentioned in section 452(1) of the Taxes Act 1988;
 - “the relevant period”, in relation to an old-style fund, means the period of three months beginning with the closing date.
- (2) For the purposes of sub-paragraph (1) above, the closing date for an old-style fund shall be the earliest date on which each of the following has occurred as respects the year 1991-92 and earlier years of assessments, namely—
- (a) the time for making any payments into the fund under section 452(5) of the Taxes Act 1988 has expired, or the member has given notice to the inspector that he will not be making any (or any further) such payments; and
 - (b) any payments required by section 453(1) of that Act to be made out of the fund have been so made.

Winding up of old-style funds

- 13 (1) A member may, at any time before the end of the relevant period, direct that so much of the capital of any old-style fund of his as represents sums paid into it under section 452(5) of the Taxes Act 1988 shall be transferred, at the end of that period, into his new-style fund; ^{F1} . . .
- (2) Where an amount of capital is transferred into a member's new-style fund under sub-paragraph (1) above, there shall be paid into that fund by the Board an amount equal to the amount of tax which, if the amount transferred were a net amount corresponding to a gross amount from which income tax had been duly deducted at the basic rate for the year 1992-93, would have been so deducted.

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- (3) If a member does not give a direction under sub-paragraph (1) above in relation to any old-style fund of his, so much of the capital of that fund as represents sums paid into it under section 452(5) of the Taxes Act 1988 shall be paid over, at the end of the relevant period, to the member or his personal representatives or assigns.
- (4) In either event, the remaining capital of any old-style fund of a member shall be paid over, at the end of the relevant period, to the member or his personal representatives or assigns.
- (5) For the purposes of sub-paragraphs (1) and (3) above, any payments made out of an old-style fund under section 453(1) of the Taxes Act 1988 shall be treated as having been met, so far as possible, out of payments made into the fund under section 452(5) of that Act.
- [^{F2}(6) A transfer or payment under this paragraph of an amount of capital shall be in money or in assets forming part of the fund or both, as the member may direct.]

Textual Amendments

- F1** Words in [Sch. 20 para. 13\(1\)](#) repealed (3.5.1994 with effect for the year 1992-93 and subsequent years of assessment) by 1994 c. 9, ss. 228, 258, [Sch. 21 para. 16\(1\)\(3\)](#), [Sch. 26 Pt. V\(25\)](#) Note 6
- F2** [Sch. 20 para. 13\(6\)](#) inserted (3.5.1994 with effect for the year 1992-93 and subsequent years of assessment) by 1994 c. 9, s. 228, [Sch. 21 para. 16\(2\)\(3\)](#)

Tax consequences of winding up

- 14 (1) Where an asset is transferred into a member’s new-style fund under paragraph 13(1) above, the transfer shall be treated, for the purposes of the Gains Tax Acts, to be a disposal of the asset by the member for a consideration equal to its market value.
- (2) Sub-paragraph (3) below applies where an amount is paid over to the member or his personal representatives or assigns under paragraph 13(3) above.
- (3) In computing for the purposes of income tax the profits of the member’s underwriting business for the year 1992-93, it shall be assumed—
- (a) that the amount paid were a net amount corresponding to a gross amount from which income tax had been duly deducted at the basic rate for that year; and
 - (b) that the corresponding gross amount were a trading receipt for that year.

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