

Status: Point in time view as at 11/05/2001.

Changes to legislation: Finance Act 1994, SCHEDULE 18 is up to date with all changes known to be in force on or before 05 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 18

Section 169.

INTEREST RATE AND CURRENCY CONTRACTS: INSURANCE AND MUTUAL TRADING COMPANIES

[^{F1} Application of insurance companies provisions relating to loan relationships]

Textual Amendments

- F1** Sch. 18 paras. 1, 1A and cross-heading substituted for Sch. 18 paras. 1 and 2 (29.4.1996 with effect as mentioned in [s. 105\(1\)](#) of the amending Act) by [1996 c. 8, s. 104](#), [Sch. 14 para. 79](#) (with savings etc. in [Pt. IV Ch. II \(ss. 80-105\)](#))

- ^{F2}1 (1) Part I of Schedule 11 to the Finance Act 1996 (special provision with respect to loan relationships for insurance companies) shall have effect (subject to subparagraph (2) below) in relation to qualifying contracts as it has effect in relation to loan relationships which are creditor relationships within the meaning of Chapter II of Part IV of that Act.
- (2) That Part of that Schedule shall have effect in its application in relation to qualifying contracts, as if—
- references to section 82(2) of the Finance Act 1996 were references to section 159 of this Act, and
 - references to credits and debits given by Chapter II of Part IV of that Act in respect of a loan relationship were references, respectively, to the profits and losses deriving from the contract.

Textual Amendments

- F2** Sch. 18 paras. 1, 1A and cross-heading substituted for Sch. 18 paras. 1 and 2 (29.4.1996 with effect as mentioned in [s. 105\(1\)](#) of the amending Act) by [1996 c. 8, s. 104](#), [Sch. 14 para. 79](#) (with savings etc. in [Pt. IV Ch. II \(ss. 80-105\)](#))

Modifications etc. (not altering text)

- C1** Sch. 18 para. 1 modified (20.2.1997) by [S.I. 1997/473](#), [reg. 51](#)

- ^{F3}1A (1) Where the I minus E basis is applied for any accounting period in respect of the life assurance business or capital redemption business of any insurance company, this Chapter shall have effect for that period in relation to contracts and options held for the purposes of that business as if the words in subsection (10) of section 150A from “but references” onwards were omitted.

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- (2) Expressions used in sub-paragraph (1) above and in Part I of Schedule 11 to the Finance Act 1996 have the same meanings in this paragraph as in that Part of that Schedule.

Textual Amendments

- F3** Sch. 18 paras. 1, 1A and cross-heading substituted for Sch. 18 paras. 1 and 2 (29.4.1996 with effect as mentioned in s. 105(1) of the amending Act) by 1996 c. 8, s. 104, **Sch. 14 para. 79** (with savings etc. in Pt. IV Ch. II (ss. 80-105))

Modifications etc. (not altering text)

- C2** Sch. 18 para. 1A(1) modified (23.3.1999) by S.I. 1999/498, **reg. 14**

Life assurance business: Case I of Schedule D

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- 2 (1) Subject to sub-paragraph (2) below, sub-paragraphs (3) and (4) below apply where—
- (a) a qualifying contract was at any time in an accounting period of an insurance company held by the company for the purposes of any life assurance business carried on by it, and
 - (b) the profits of the company in respect of that business are, for the purposes of the Tax Acts, computed in accordance with the provisions of the Taxes Act 1988 applicable to Case I of Schedule D.
- (2) Where the qualifying contract was held partly for the purposes of the life assurance business and partly for other purposes—
- (a) amounts A and B for the period shall be apportioned on a just and reasonable basis, and
 - (b) any reference in sub-paragraph (3) or (4) below to either of those amounts shall be construed as a reference to so much of it as is referable to the life assurance business.
- (3) Notwithstanding anything in sections 159 and 160 of this Act, amount A for the period shall not—
- (a) under or by virtue of this Chapter be chargeable to corporation tax as profits of the company, or
 - (b) be taken into account as a receipt in computing for the purposes of this Chapter the profits or losses of the company.
- (4) Notwithstanding anything in those sections, amount B for the period shall not—
- (a) be allowable as a deduction in computing for the purposes of this Chapter the profits or losses of the company, or
 - (b) under or by virtue of this Chapter be allowable as a deduction in computing any other income or profits or gains or losses of the company for the purposes of the Tax Acts.
- (5) Subsection (5)(a) of section 173 of this Act applies for the purposes of this paragraph as it applies for the purposes of that section.

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Non-life mutual business

- 3 (1) Subject to sub-paragraph (2) below, sub-paragraph (3) below applies where a qualifying contract was at any time in an accounting period of a mutual trading company held by the company for the purposes of any non-life mutual business carried on by it.
- (2) Where the qualifying contract was held partly for the purposes of the non-life mutual business and partly for other purposes—
- (a) the profit or loss on the contract for the period shall be apportioned on a just and reasonable basis, and
 - (b) any reference in sub-paragraph (3) below to that profit or loss shall be construed as a reference to so much of it as is referable to the non-life mutual business.
- (3) Notwithstanding anything in section 159 of this Act—
- (a) no part of the profit or loss on the contract for the period shall be treated for the purposes of the Tax Acts as a profit or loss of a trade or part of a trade, and
 - (b) accordingly, the whole of that profit or loss shall be treated for the purposes of section 160 of this Act as a non-trading profit or loss.

Interpretation

- 4 In this Schedule—

F4 . . .

F5 . . .

“non-life mutual business” means any mutual trading, or any mutual insurance or other mutual business, which (in either case) is not life assurance business.

F6 . . .

Textual Amendments

- F4** Definition of “the I minus E basis” in Sch. 18 para. 4 repealed (coming into force in accordance with Pt. IV Ch. II (ss. 80-105) of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**, Note
- F5** Definition of “life assurance business” in Sch. 18 para. 4 omitted (1.5.1995 with effect as mentioned in Sch. 8 para. 57(1) of the amending Act) by virtue of 1995 c. 4, s. 51, **Sch. 8 Pt. I para. 10(4)** (with Sch. 8 paras. 55(2), 57(1))
- F6** Words in Sch. 18 para. 4 repealed (the repeal coming into force in accordance with Pt. IV Ch. II (ss. 80-105) of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**, Note

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