

Status: Point in time view as at 31/07/1997.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Cross Heading: Franked investment income: supplementary provisions. (See end of Document for details)

SCHEDULES

SCHEDULE 8

LIFE ASSURANCE BUSINESS

PART I

GENERAL AMENDMENTS

Franked investment income: supplementary provisions

- 18 (1) Chapter V of Part VI of the Taxes Act 1988 is amended as follows.
- (2) In section 238(1) for the definition of “surplus of franked investment income” substitute—
- ““surplus of franked investment income” shall be construed in accordance with subsection (1A) below;”.
- (3) After that subsection insert—
- “(1A) For the purposes of this Chapter, a company has a surplus of franked investment income in an accounting period if the amount of the franked investment income of the company in that period exceeds the amount of the franked payments made by it in that period.
- For the purposes of determining whether a company has such a surplus, or the amount of the surplus, franked investment income that cannot be used to frank distributions of the company shall be disregarded.”.
- (4) For section 238(3) substitute—
- “(3) References in this Chapter to using franked investment income to frank distributions of a company are to using the income in accordance with section 241(1) and Schedule 13 so as to relieve the company from, or obtain repayment of, advance corporation tax for which the company would otherwise be liable.”.
- (5) In section 241(3) for the words from the beginning to “the excess” substitute “Where a company has a surplus of franked investment income for any accounting period, the surplus”.
- (6) In section 241(5) omit the words from “(that is to say,” to “otherwise be liable)”.
- [^{F1}(7) In section 242(1)(b) omit “for purposes of section 241(3)”.]
- [^{F1}(8) In section 242(9)—
- (a) omit “by virtue of section 241(5)”, and

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(b) for “a company” substitute “ the company ”.]

Textual Amendments

F1 Sch. 8 para. 18(7)(8) repealed (31.7.1997 with effect as mentioned in s. 20 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(4) Note (with s. 3(3))

19 (1) Section 434 of the Taxes Act 1988 is amended as follows.

^{F2}(2)

(3) For subsection (3) substitute—

“(3) The policy holders’ share of the franked investment income from investments held in connection with a company’s life assurance business shall not be used under Chapter V of Part VI to frank distributions made by the company; but it may be the subject of a claim under section 242 and shall be treated for that purpose as a surplus of franked investment income additional to any surplus under section 238(1A).

For the purpose of ascertaining whether any surplus or what amount of surplus franked investment income falls to be carried forward under section 241(3), relief under section 242 shall be treated as given against the policy holders’ share before other franked investment income.”.

Textual Amendments

F2 Sch. 8 para. 19(2) repealed (31.7.1997 with effect as mentioned in Sch. 3 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(6) Note (with s. 3(3))

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